

Chapter 1

“Wild Bill” Donovan and the Origins of the OSS

The origins of the Office of Strategic Services (OSS) lay in the dark early days of World War II in Europe. Employing a new, highly mobile form of warfare called *Blitzkrieg* (“lightning war”), Nazi Germany had quickly and brutally conquered Poland in 1939, then Denmark, Norway, Belgium, the Netherlands, and finally France by the middle of 1940. That summer German dictator Adolf Hitler launched a massive air offensive against Great Britain, and many believed that England would be the next to fall. Not until mid-September 1940 was it clear that the *Luftwaffe* had failed, and Britain would remain an island bastion against the Nazis’ expanding empire.¹

Faced with the German onslaught against the western democracies, President Franklin D. Roosevelt committed the United States to their aid, and then, when Britain was left standing alone against Germany, to all-out assistance—short of war—to the British under their new prime minister, Winston Churchill. Like many others at the time, both Roosevelt and Churchill believed that Hitler’s shockingly swift military victories were due not simply to prowess of the German Army and its *Blitzkrieg* tactics, but also by the effective use of demoralizing propaganda and internal subversion by Nazi sympathizers called “fifth columnists,” who engaged in espionage and sabotage for the German military intelligence services.² In the summer of 1940, one of the special envoys President Roosevelt sent to London to encourage the beleaguered British, to assess their ability to withstand the German onslaught, and to find out what London had learned and was doing about new methods of warfare, especially unconventional warfare, was a prominent New York lawyer and former war hero, William J. (“Wild Bill”) Donovan.³

¹ Gerhard L. Weinberg, *A World at Arms: A Global History of World War II* (New York: Cambridge University Press, 1994), 48-150; Allan R. Millett and Williamson Murray, *A War to Be Won: Fighting the Second World War* (Cambridge, Mass.: Harvard University Press, 2000), 44-90.

² The term “fifth columnists” originated in the Spanish Civil War of 1936-39, when rightist General Emilio Mola, leading four columns of troops against Madrid, the capital of the leftist Spanish Republic, declared that he had a “fifth column” inside the city. The belief that “fifth columnists” were a major factor in the fall of the western democracies from Norway to France, although widely believed in World War II was, in reality, vastly exaggerated, and as revealed afterwards as a myth. There were Nazi sympathizers and spies, but their role was minimal in the German military victories. Louis de Jong, *The German Fifth Column in the Second World War* (Chicago: University of Chicago Press, 1956).

³ Christof Mauch, *The Shadow War Against Hitler: The Covert Operations of America's Wartime Secret Intelligence Service* (New York: Columbia University Press, 2003), 20-21. There is no consensus on the origin of the nickname “Wild Bill,” with suggestions ranging from the football field to the battlefield. There are references to “Wild Bill” Donovan in the American press during World War I, but no record of that nickname in the Columbia College yearbooks, student newspaper, or sports journals. The 1905 Columbia yearbook, called him “quiet or always making a fuss,” and he won prestigious speaking award and was

As a young man, Donovan had acquired the nickname "Wild Bill," but in 1940, at age 57, however, he seemed anything but wild. He was a rather stocky, silver-gray haired, highly successful senior partner in a Wall Street law firm. Despite his social position and his somewhat reserved, soft-spoken, fatherly manner, however, there was, in fact, an adventurous, daring, driving, and inspiring side to the man. His intellectual ability, steady determination and fertile imagination had led him from a tough, working-class neighborhood in Buffalo to Niagara University and then via scholarship to Columbia College and Columbia Law School. Ultimately, he became part of the nation's economic, political, and foreign policy elite. Donovan was a fine athlete. He participated in boxing, rowing, and track, and a football and was a quarterback while an undergraduate at Columbia. With his law degree, Donovan returned to his home town in upstate New York and became a practicing attorney there in 1908. The handsome, blue-eyed, Irish Catholic with a quick wit and winning smile, who neither smoked nor drank, remained a bachelor until 1914 when, at the age of thirty-one, he married Ruth Rumsey, daughter of one of the leading and wealthiest families in Buffalo. She was a Protestant; he a Roman Catholic, but they both were Republicans.⁴

Donovan had some National Guard and other military training and service but no combat experience until World War I, when he became one of the most decorated heroes of the war. As a 35-year-old major and then lieutenant colonel in New York City's legendary Irish-American, National Guard Regiment, the "Fighting 69th," Donovan bravely directed his outnumbered battalion, despite being wounded, in attacking and overcoming a superior German force during the Second Battle of the Marne in France in July 1918. For that, he received the Purple Heart and the Distinguished Service Medal. Afterwards, in October during the Meuse-Argonne Offensive, when the units he led forward to attack the Hindenberg Line became dispirited and faltered under heavy machine-gun and artillery fire, Donovan rallied and regrouped them, waving his pistol overhead and urging his men to a more advantageous position. He continued to lead them even when he received a severe wound in his right leg and had to be carried. He refused to be evacuated and instead continued in command for five hours although in pain from a smashed knee and tibia and dizzy from loss of blood, until he and his men had halted a German counterattack. For his heroism, coolness under fire, and efficient leadership, Donovan was awarded the French *croix de guerre*, a bronze oak leaf cluster to his Distinguished Service Medal, and the Medal of Honor, the highest award in the U.S.

voted second best looking man in his class. Donovan's official graduation from Columbia Law School was 1908, but he subsequently insisted that it was 1907 and after he became a Trustee (1921-27), Columbia accepted his version. See seacjs@aol.com [Kyle Bradford Smith], "'Wild Bill' Donovan Response," *OSS Society Digest*, Number 1022, 6 May 2005, ossociety@yahoo.com, accessed 7 May 2005.

⁴ On Donovan's background, see various biographies, including Corey Ford, *Donovan of the OSS* (Boston: Little Brown, 1970); Anthony Cave Brown, *The Last Hero: Wild Bill Donovan* (New York: Times Books, 1982); and Richard Dunlop, *Donovan: America's Master Spy* (Chicago: Rand McNally, 1982); plus other works such as Thomas F. Troy, *Donovan and the CIA: A History of the Establishment of the Central Intelligence Agency* (Frederick, Md.: University Publications of America, 1981); *Wild Bill and Intrepid: Donovan, Stephenson and the Origin of the CIA* (New Haven, Conn.: Yale University Press, 1996). On Donovan's being a non-smoker and virtual teetotaler, see "Note on his terrific health and energy as assets," 3 September 1945, typescript notes by his assistant, Wallace R. Deuel, a journalist who prepared a series of postwar articles on Donovan, located in Wallace R. Deuel Papers, , Box 61, Folder 6, Library of Congress.

military. He also received another Purple Heart (he had been wounded three times), and by the end of the war, had been promoted to full colonel and was a national hero.⁵ With attendant publicity, he became nationally known as "Wild Bill" Donovan. He did not mind the publicity, but he disliked the nickname, preferring "Colonel Donovan" or to his close friends, simply "Bill."

Returning home from France in 1919, Donovan resumed his corporate law practice and became active in the new veterans' organization, the American Legion, and in the Republican Party. As a rising young Irish Catholic political star in the largely Anglo-Saxon Protestant Republican establishment, Donovan received appointments as U.S. Attorney in western New York and subsequently Assistant U.S. Attorney General in charge of the Anti-Trust Division under President Calvin Coolidge. Returning to private practice, he moved his firm from Buffalo to Wall Street, and soon had a list of corporate clients that was longer than before. He supported Herbert Hoover in 1928, but failed to receive an appointment as Attorney General of the United States as he had hoped.⁶ He ran unsuccessfully for governor of New York in 1932. Donovan supported the Republican Party's unsuccessful candidates against Democrat Franklin Roosevelt in the Presidential elections of 1932 and 1936.

Concomitant with his connections with Republican political, legal and financial figures, Donovan ran his Wall Street law firm and also continued an active interest in the military and in world affairs. He obtained overseas clients, including some of the London banks and some British politicians, including Winston Churchill. He traveled overseas frequently and obtained contacts around the world. During fascist Italy's invasion of Ethiopia, Donovan toured the battle lines there in 1935, and in 1936. Subsequently, in the Spanish Civil War, he studied the new modern weaponry and tactics being used by both sides. He reported his findings back to President Roosevelt. In the foreign policy debate in the United States between isolationists and interventionists in the late 1930s and early 1940s, Donovan was an active interventionist. In 1940, after the fall of France, he joined the Fight for Freedom organization, one of the new foreign policy pressure groups created to counter isolationists and to build support for vigorous assistance to Britain and other allies against Hitler.⁷

⁵ In 1940, amidst U.S. defense mobilization, Hollywood included Donovan's role in World War I in a feature film, *The Fighting 69th* (Warner Bros. , 1940), a vehicle for James Cagney and Pat O'Brien, who played Father Duffy, the regiment's chaplain, with George Brent, a 1930s leading male actor, portraying Donovan. Although the unit was actually the 165th Infantry Regiment in the American Expeditionary Forces, the press and the public continued to refer to its historic unit identification, the 69th Infantry Regiment of the New York National Guard, whose lineage stretched back to the Union Army's famed "Irish Brigade" in the Civil War. Stephen L. Harris, *Duffy's War: Fr. Francis Duffy, Wild Bill Donovan, and the Irish Fighting 69th in World War I* (Washington, D.C.: Potomac Books, 2006).

⁶ In the 1928 Presidential campaign, Donovan was probably the most well known Catholic to support Herbert Hoover, and perhaps the only prominent Irish Catholic to oppose New York governor Al Smith, the first Roman Catholic Presidential nominee by a major party. Donovan's friend, Frank Knox, a Hearst newspaper executive, later told Secretary of the Interior Harold Ickes that Hoover had led Donovan to believe he would be appointed U.S. attorney general as a result. But although Hoover was elected, he did not appoint Donovan, who was bitterly disappointed. Diary entry of 23 December 1939 in Harold L. Ickes, *The Secret Diary of Harold L. Ickes* 3 vols. (New York: Simon and Schuster, 1954-55), 3: 88-89.

⁷ In April 1940, Donovan and his wife suffered the greatest personal tragedy of their lives when their 22-year-old daughter, Patricia, was killed when her automobile crashed on a rain slicked road near

Donovan gained a major supporter in the Roosevelt Administration in June 1940, when the President appointed Frank Knox, a Republican newspaper publisher and a friend and admirer of Donovan's, to be Secretary of the Navy. Knox encouraged the President to draw upon the international lawyer and war hero. Roosevelt would do so throughout the war, but although Donovan had personal access to the President, he was never a member of Roosevelt's inner circle.⁸ In the early summer of 1940, the British, under attack by the German Air Force and Navy, sent representatives of their secret services to see Donovan. The key contact was an old friend of Donovan's, William Stephenson, a Canadian air ace in World War I, who had become a wealthy steel magnate, and was in 1940 appointed the New York station chief for the British Secret Intelligence Service (SIS, also known as MI6). In June 1940, Churchill dispatched Stephenson (code named "Intrepid") to New York to encourage increased American military aid. At a meeting at the St. Regis Hotel, Stephenson invited his old acquaintance, Donovan, to visit Britain and personally evaluate its military and intelligence capabilities and assess its chances for surviving the German attack. Donovan went as Roosevelt's personal envoy in July 1940.⁹

It was a fateful visit. Churchill understood the importance of Donovan's mission and sought to use it to persuade American leaders that Britain would not fall and that they should increase their aid for the island bastion against Hitler. To reinforce his position, he provided Donovan with extraordinary access to British military and intelligence secrets. Following meetings with Churchill and King George VI, Donovan was introduced to leading figures in British intelligence and special operations agencies, including Sir Stuart Graham Menzies, head of the civilian Secret Intelligence Service (SIS),¹⁰ and Admiral John H. Godfrey, director of the Royal Navy's intelligence service. Godfrey was especially attentive to Donovan, a kindred spirit. The President's envoy was shown the latest Spitfire fighter planes, the new radar warning system, and Britain's secret coastal defense arrangements. In fact, the only major secret Donovan was not shown was "Ultra," the new and evolving, super-secret process that was beginning to decipher radio

Fredericksburg, Virginia. Patricia's only sibling, David Donovan, named his daughter after his sister. Brown, *The Last Hero*, 78, 141-142.

⁸ Although Roosevelt's and Donovan's years at Columbia Law School had overlapped (Donovan from 1905-1908, Roosevelt from 1904-1906), they had not been friends there, nor did they associate much together before 1940. Even during the war, as head of OSS, Donovan never became a part of Roosevelt's inner circle. Bradley F. Smith, *The Shadow Warriors: O.S.S. and the Origins of the C.I.A.* (New York: Basic Books, 1983), 31; Robin W. Winks, *Cloak & Gown: Scholars in the Secret War, 1939-1961*, 2nd ed. (New Haven, Conn.: Yale University Press, 1996), 65-66. See also Elliott Roosevelt, ed., *F.D.R.: His Personal Letters*, 4 vols. (New York: Duell, Sloan and Pearce, 1947-1950), vol. 4, 975-76.

⁹ Thomas F. Troy, *Wild Bill and Intrepid: Donovan, Stephenson, and the Origin of the CIA* (New Haven, Conn.: Yale University Press, 1996), 19-30, 48-56; Diary Entry, 27 June 1940, *Secret Diary of Harold L. Ickes*, 3: 215.

¹⁰ Anthony Cave Brown, *"C": The Secret Life of Sir Stewart Graham Menzies, Spymaster to Winston Churchill* (New York: Macmillan, 1987). An official history of the British Secret Intelligence Service (MI6) was commissioned in 2005 to be written by Keith Jeffrey, an historian at Queen's University, Belfast, to be published to mark MI6's centenary in 2009. The official history of the British internal Security Service (MI5) was being written by Christopher Andrew, an historian at Cambridge University.

transmissions encoded by the German military's Enigma coding machine. Donovan also gathered information about the role of propaganda and subversion in countries that had been conquered by the *Wehrmacht*.¹¹

Equally important, Donovan was briefed on the new Special Operations Executive (SOE), a commando agency formed in July 1940 at Churchill's personal insistence. The prime minister had been fascinated by the way the *Wehrmacht* had used specially trained units, paratroopers and others, to infiltrate behind enemy lines and sabotage and otherwise disrupt their enemy's lines of communication and supply, confusing and throwing off balance the defending forces. After the British Army was driven off the continent at Dunkirk, Churchill needed to demonstrate that Britain could still lash back at Germany. One way was a conventional strategic bombing campaign that the prime minister launched against Hitler's heartland. But Churchill also adopted a new form of warfare, an unconventional subversive effort in German-occupied countries designed in his words to "set Europe ablaze."¹²

Setting German-occupied Europe ablaze with sabotage and guerrilla resistance was the mission that Churchill assigned to two different types of organizations. Commandos—new elite, highly trained, and independently acting units, such as the Royal Air Force's new Special Air Service, and similar units created in the British Army and the Royal Marines—would stage raids to cause havoc around the edges of Hitler's empire. Meanwhile, through a different organization, covert special operations teams, operating under the new Special Operations Executive (SOE), would be infiltrated into occupied Europe to help organize local anti-Nazi resistance groups, supply them with weapons, clothing, food, medical supplies and funds, and direct them in attacks against the German military's lines of communication and supply. Through subversion, sabotage, and the direction of local guerrilla forces, these SOE British agent teams had the mission of keeping the Germans off balance and impeding their military efforts, using primarily groups of young local men and women, like those of the French *maquis*, who actively resisted the German occupation of their country. It was optimistically hoped at the time that these efforts alone might help the conquered peoples of Europe overthrow the Nazi occupiers. Later, a more realistic appraisal redefined the mission to harassment designed to impede the effectiveness of occupiers and the *Wehrmacht*.¹³

¹¹ "Program—July 1940 Trip (Col. D)," and Admiral John H Godfrey to William J. Donovan, 28 July 1940, in William J. Donovan Papers, Box 81B, Vol. 34, U.S. Army Military History Institute, Carlisle, Pa., hereinafter Donovan Papers, USAMHI; for a full account of the trip, see Smith, *Shadow Warriors*, 33-37.

¹² Roy Jenkins, *Churchill: A Biography* (New York: Farrar, Straus, 2001), 629-641; Edward Spiro, *Set Europe Ablaze* (New York: Crowell, 1967). What became known as the Special Operations Executive (SOE) was established 16 July 1940, its recruits were drawn from civilian society as well as the military.

¹³ Weinberg, *A World at Arms*, 150-51; David Stafford, *Roosevelt and Churchill: Men of Secrets* (Woodstock, N.Y.: Overlook Press, 2000), 40-44; Stafford, *Britain and the European Resistance, 1940-1945: A Survey of the Special Operations Executive with Documents* (London: Macmillan, 1980); Michael R.D. Foote, *SOE: An Outline History of the Special Operations Executive, 1940-46* (Frederick, Md.: University Publications of America, 1985). For an internal COI/OSS account of the formation of the British commandoes in 1940, see OSS Strategic Services Training Unit, "Commando Troops," pp. 1-6, a 200-page typescript dated 6 July 1942, copy in OSS Records (RG 226), Entry 136, Box 165, Folder 1804, National Archives II, College Park, Md., hereinafter, OSS Records (RG 226), National Archives II.

Back in the United States, Donovan asserted publicly both the desirability of American aid for Britain and the need for a new, centralized American strategic intelligence agency to be prepared to wage unconventional warfare against the German challenge. Donovan warned that Hitler's shocking military successes were not due solely to the German Army but to new forms of warfare exploited by the Nazis: systematic propaganda to undermine civilian and military morale and active treachery by "fifth columnists" including espionage and sabotage.¹⁴ The United States, he argued needed a national agency to coordinate its efforts to combat and to employ these new forms of warfare. He urged a centralized intelligence agency capable of gathering, analyzing and acting on intelligence, including the use of propaganda to undermine the will of America's enemies and sabotage and guerrilla operations to impede their military capabilities.

Espionage and Guerrilla Warfare in the American Past

Although what Donovan advocated in 1940, America's first centralized intelligence and special operations agency, was unique, it was also imbedded within an American wartime history of sporadic intelligence gathering and subversion. In the colonial period, Europeans had imported to America their own tradition of using spies and other secret agents. Both were employed in the French and Indian War of 1754-63, along with an American innovation, frontier soldiers called "rangers," who took the lead as scouts as well as raiders harassing the enemy's rear. A New England frontiersman, Robert Rogers, organized and led "Rogers' Rangers" in a series of dangerous expeditions behind enemy lines, employing ambushes and other surreptitious, Indian-style warfare rather than European open-field battle in which lined-up ranks of infantrymen directly confronted each other. During the American Revolution, cavalryman Francis Marion, the "Swamp Fox," and rifleman Daniel Morgan, led similar operations. In the Civil War, Confederate cavalryman John S. Mosby organized a similar group, "Mosby's Partisan Rangers." In regard to intelligence gathering, General George Washington, commander-in-chief of the Continental Army, was his own chief intelligence officer, personally supervising a network of spies, including Nathan Hale. The Continental Congress established a Committee of Secret Correspondence to establish direct and clandestine connections with American sympathizers in a number of European countries-- including Great Britain.¹⁵

Later, as President of the United States, Washington obtained from Congress the prerogative to conduct intelligence-gathering operations and to spend appropriated funds

¹⁴ William J. Donovan and Edgar Mowrer, *Fifth Column Lessons for America* (Washington, D.C., 1940); see also, Franklin D. Roosevelt's reference to a "war of nerves" in an informal radio talk, in *FDR's Fireside Chats*, Russell D. Buhite and David W. Levy, eds. (Norman: University of Oklahoma Press, 1992), 161.

¹⁵ John Whiteclay Chambers II, editor-in-chief, *The Oxford Companion to American Military History* (New York: Oxford University Press, 1999), see especially the following entries, Timothy J. Naftali, "Counterintelligence," 191-92; Mark M. Lowenthal, "Intelligence, Military and Political," 334-37; Owen Connelly, "Rangers, U.S. Army," 588-89; and Rod Pascall, "Special Operations Forces," 669-71.

for unstated purposes. (Those purposes were especially for espionage, and by 1793, during the growing crisis with Revolutionary France, the secret funds had grown to 12 per cent of the federal government's budget.¹⁶) Various U.S. Presidents authorized covert operations, from rescuing Americans held by the Barbary states of North Africa in the 1790s and 1800s to providing additional secret missions for military officers such as John Charles Fremont, who helped American settlers in California rebel successfully against Mexican rule in 1846. During the nineteenth century, the United States largely forsook foreign espionage, except during wartime. In the Civil War, both North and South employed numerous spies, women as well as men. Rose O'Neal Greenhow spied for the Confederacy in Washington. Allan Pinkerton, detective and northern spy master, quickly established a network of Union agents behind Confederate lines. In 1863, he and attorney and Union Army officer George Henry Sharpe helped create a temporary Bureau of Military Information to centralize intelligence for the general in command of the Army of the Potomac. Not until the late nineteenth century, did the U.S. Army and Navy create permanent military intelligence units, the Office of Naval Intelligence (ONI) in 1882, and Military Intelligence Division (MID) in 1885. Both were small and worked mainly through American attachés overseas. Deferring to Congress, ONI and MID excluded domestic counter-intelligence as incompatible with American civil-military traditions. There was little U.S. intelligence or counter-intelligence operation in the brief war against Spain in Cuba in 1898, but the U.S. Army employed both in the long, counter-insurgency effort to suppress the Philippine Insurrection, 1899-1902.¹⁷

Sizable American intelligence bureaucracies emerged only with the First World War, in which all the major powers conducted extensive intelligence and counter-intelligence operations. In the period of American neutrality, 1914-1917, both Britain and Germany established extensive espionage and propaganda operations in the United States to aid their cause and hinder their enemy's. The British scored a major coup in early 1917 by decoding and revealing the infamous January 1917 telegram by German Foreign Minister Arthur Zimmermann seeking an alliance with Mexico against the United States. During American intervention in the war, 1917-1918, the United States expanded its own intelligence operations, at least temporarily. The Military Intelligence Division, for example, expanded from four to 1,300 persons. Another precedent was set in 1917, when MID established a secret code and cipher unit (the Cipher Unit, nicknamed the "Black Chamber"). That marked the beginning of U.S. military signals intelligence to augment information obtained from human sources, including spies. Fearing German subversion, espionage and sabotage within the United States, the Army and Navy, for the first time, created domestic counterintelligence bureaus. In addition, the Justice Department established a General Intelligence Division headed by an ambitious, young lawyer, J.

¹⁶ Rhodri Jeffreys-Jones, *Cloak and Dollar: A History of American Secret Service*, 2nd ed. (New Haven, Conn.: Yale University Press, 2003), 22. This Secret Service fund could be spent without detailed accounting, and sometimes it was used for covert operations.

¹⁷ For overviews, see Charles D. Ameringer, *U.S. Foreign Intelligence: The Secret Side of American History* (Lexington, MA: D.C. Heath, 1990); Christopher Andrew, *For the President's Eyes Only: Secret Intelligence and the American Presidency from Washington to Bush* (New York: Harper Collins, 1995); Stephen Knott, *Secret and Sanctioned: Covert Operations and the American Presidency* (New York: Oxford University Press, 1996).

Edgar Hoover, in its Bureau of Investigation (which had been created in 1908). The State Department sought temporarily to centralize intelligence from its various geographical area desks in a unit known only as "U-1" because it was located in the office of the Undersecretary of State. But it consisted of only a few analysts. In another major departure, the United States began joint intelligence cooperation with Great Britain.¹⁸

When peace returned, cutbacks became inevitable. The Justice Department's General Intelligence Division was shut down, although the Bureau of Investigation, later renamed the Federal Bureau of Investigation (FBI), was retained and soon came under the leadership of J. Edgar Hoover. MID and ONI were reduced in size. State established a central department to coordinate secret information obtained by its staff around the world. In regard to signals intelligence, MID's "Black Chamber," was turned into a joint operation, run by the War and State Departments. Its chief continued to be the idiosyncratic Herbert O. Yardley, a former telegrapher, code clerk, and brilliant, self-taught cryptologist. In 1919, Yardley, working under a professional cryptographer Ralph Van Deman, broke the main Japanese diplomatic code. This coup enabled U.S. delegates to the Washington Naval Arms Limitation Conference of 1921-22 to be aware of Tokyo's maximum concessions and confidently to push the Japanese down to that figure, a major success.¹⁹

With budget cuts by economy minded administrations in the 1920s, intelligence staffs were further reduced. State closed down its U-1 office in 1927, and in 1929, Herbert Hoover's new Secretary of State, Henry L. Stimson, closed down Yardley's "Black Chamber." As Stimson explained his action to his biographer eighteen years later, "Gentlemen do not read each other's mail." Despite the end of the War and State Departments' Cipher Unit, the Army continued its work on code-breaking.²⁰

American Intelligence Agencies at the Outset of World War II

When World War II broke out in Europe in 1939, U.S. intelligence operations were splintered among nearly a dozen federal agencies, often suspicious bureaucratic rivals accustomed to competing for appropriations in tight peacetime budgets. The primary intelligence agencies were the Army's Military Intelligence Division, the Navy's

¹⁸ Russell F. Weigley, *History of the United States Army* (New York: Macmillan, 1967), 379-80); Marc B. Powe and Edward E. Wilson, *Evolution of American Military Intelligence* (Fort Huachuca, Ariz.: U.S. Army Intelligence Center and School, 1973); David Kahn, *The Codebreakers*, 2nd ed. (New York: Scribner, 1996); Curt Gentry, *J. Edgar Hoover: The Man and the Secrets* (New York: W.W. Norton, 1991).

¹⁹ David Kahn, *The Reader of Other People's Mail: Herbert O. Yardley and the Birth of American Code-breaking* (New Haven, Conn.: Yale University Press, 2004).

²⁰ Stimson's remark is often misrepresented as having been made in 1929 when he closed the Cipher Bureau. Embittered, Yardley afterwards wrote a book revealing the operations of the "Black Chamber," an action that caused the Japan and other powers to change and increase the security of their ciphers, and the U.S. government to deny that the Cipher Bureau had ever existed. Herbert O. Yardley, *The American Black Chamber* (Indianapolis, Ind.: Bobbs Merrill, 1931); see also James Banford, *The Puzzle Palace* (Boston: Little, Brown, 1982). Due to Yardley's reckless action, Donovan refused to hire him for the OSS.

Office of Naval Intelligence, the State Department's various geographic area divisions, and the Justice Department's Federal Bureau of Investigation, but there were a number of others.²¹ Beyond this array of civilian and military units, however, there was no central coordinating body for sorting, evaluating and summarizing the masses of information that they obtained.

Inter-service rivalry hampered effective cooperation between the intelligence officers of the Army and Navy. The military also tended to focus on tactical rather than strategic information, and also unlike Donovan's proposed agency, they were reluctant to use employ spies or conduct other undercover operations, and they were relatively unconcerned with psychological, social, or economic intelligence. Yet the armed forces did achieve major successes in signals intelligence. Despite its limited, peacetime size and budget, the Army's code-breaking team in the Signal Intelligence Service finally broke the Japanese "Purple" cipher, Tokyo's main new diplomatic code, in September 1940. This top secret decoding process was labeled "Magic."²² The Navy had established its cryptographic unit, OP-20-G, later than the Army and suffered comparative lack of experience. Under a joint agreement, the two services had worked on breaking the Japanese diplomatic code. But once the Army had made the breakthrough, their rivalry prevented them from cooperatively exploiting it.²³ Such Army-Navy rivalry would continue throughout the war, hampering U.S. intelligence assessments and also complicating co-operation with other countries' intelligence services.²⁴

²¹ Other intelligence offices existed in the Treasury Department's Customs Service, Secret Service, and Bureau of Narcotics; the border patrol of the Labor Department's Immigration and Naturalization Service; and, in a different area, the Federal Communications Commission, which in addition to its regulatory duties, monitored nearly a million words a day of foreign radio broadcasts.

²² Ronald Lewin, *The American Magic: Codes, Ciphers and the Defeat of Japan* (New York: Farrar, Straus, Giroux, 1982).

²³ As an example, they decided that the Army would decode Japanese diplomatic messages sent on even dates and the Navy on those bearing odd dates. The two services took turns delivering the decoded intercepts (the "Magic" decodes) to the President, the Army one month, the Navy the next.

²⁴ Richard J. Aldrich, *Intelligence and the War against Japan: Britain, America and the Politics of Secret Service* (New York: Cambridge University Press, 2000), 73; Andrew, *For the President's Eyes Only*, 216-20. The greatest American intelligence and command failure was, of course, the inadequate preparation for a possible attacks that occurred against U.S. military facilities at Pearl Harbor, Hawaii, on December 7, 1941 and the next day on Luzon in the Philippines. American civilian and military leaders correctly viewed the Japanese invasion force as aimed at Malaya and the Dutch East Indies (now Indonesia), but they underestimated Japanese boldness and technological innovations that made possible the successful aerial attacks on the two American bases. Donovan's civilian organization was just in its infancy at the time, and neither the military nor the FBI had shared its intelligence readings of Japanese and German signals with the Office of the Coordinator of Information. On the intelligence and command failures at Pearl Harbor, see Gordon Prange, *At Dawn We Slept: The Untold Story of Pearl Harbor* (New York: McGraw-Hill, 1981); and Frederick Parker, *Pearl Harbor Revisited: U.S. Navy Communications Intelligence, 1924-1941* (Fort Meade, Md.: National Security Agency, 1994). In contrast, the U.S. Navy's greatest intelligence coup came a few months later in April 1942, when the Navy radio intelligence unit at Pearl Harbor broke the main Japanese naval operational code (labeled JN-25), in time to defeat decisively the numerically superior Imperial Fleet at the Battle of Midway in June 1942.

The outbreak of World War II and the shockingly quick conquest of most of Western Europe by the German Army had revealed the paucity and fragmentary nature of U.S. intelligence operations. Roosevelt had sent Donovan to Britain in July 1940 to provide an alternative source of information. In December 1940, a month after Roosevelt had been elected to an unprecedented third term, the President sent Donovan across the Atlantic again, this time on a much broader inspection tour. From December 1940 to March 1941, Donovan, with Churchill's support, inspected British military and diplomatic efforts in the Mediterranean, the Balkans, and the Middle East. Returning home, Donovan, at Roosevelt's request, gave a nationwide radio address praising American aid to countries fighting the Germans and Japanese, from England to Greece to China. He said "lend-lease" military assistance could in effect transform many of these local resistance movements into surrogate "expeditionary forces" that could block the growing enemy threat to America.²⁵

Donovan concluded that that the United States needed a central national intelligence and covert operations agency. As he wrote to Secretary of the Navy Knox a month after his return from the Mediterranean: "Modern war operates on more fronts than battle fronts. Each combatant seeks to dominate the whole field of communications. No defense system is effective unless it recognizes and deals with this fact. I mean these things especially: the interception and inspection (commonly and erroneously called censorship) of mail and cables; the interception of radio communication; the use of propaganda to penetrate behind enemy lines; the direction of active subversive operations in enemy countries." Donovan recommended that such an agency be headed by a Coordinator of Strategic Information, reporting directly to the President.²⁶

Roosevelt, who had only begun to think about a more effective intelligence establishment after the outbreak of the war, was initially more cautious about such a consolidation. Donovan's suggestion was vigorously opposed by existing intelligence agencies, particularly those in the Army and Navy and also by the State Department under Cordell Hull and the FBI under J. Edgar Hoover.²⁷ Beginning in 1939, fears in the United States of Nazi, fascist, or Communist espionage, sabotage, or other subversion by possible "fifth columnists" as well as some bungled attempted arrests that were highly

²⁵ Troy, *Donovan and the CIA*, 36-40; Ford, *Donovan*, 94-106. The best primary source on Donovan's 1940-41 tour is the diary of his official guide, Lt. Colonel [later Brigadier] Vivian Dykes, "Personal Diary of Trip with Colonel William Donovan, 26 December 1940 -- 3 March 1941," Tab 2, Exhibit III, Donovan Papers, USAMHI, Carlisle, Pa. This has been published as *Establishing the Anglo-American Alliance: The Second World War Diaries of Brigadier Vivian Dykes*, ed. Alex Danchev (London: Brassey's, 1990).

²⁶ William J. Donovan to Frank Knox, 26 April 1940, reproduced as Appendix A in Troy, *Donovan and the CIA*, 417-18. For a discussion of the memorandum, see *ibid.*, 56-57.

²⁷ For example, in April 1941, Gen. Sherman Miles, Assistant Chief of Staff for Intelligence (G-2), warned Army Chief of Staff Gen. George C. Marshall: "In all confidence ONI tells me that there is considerable reason to believe that there is a movement on foot, fostered by Col[onel] Donovan, to establish a super agency controlling *all* intelligence. . . . From the point of view of the War Department, such a move would appear to be very disadvantageous, if not calamitous." Troy, *Donovan and the CIA*, 49. Equally hostile was J. Edgar Hoover, who had deployed the FBI for counterintelligence work in Latin America and was planning an expansion that would involve stationing his agents as legal attachés at U.S. diplomatic posts around the world. Brown, *The Last Hero*, 159; and Don Whitehead, *The F.B.I. Story* (New York: Random House, 1956), 228.

publicized had led the President to request greater coordination among the various intelligence and counter-intelligence agencies. The agencies resisted, and Roosevelt became increasingly irritated at being forced to arbitrate their bureaucratic squabbles. He also strongly advised the intelligence agencies to take a broad strategic perspective rather than their narrow parochial views of the growing international challenges facing the nation.²⁸

Germany and Japan continued their expansion throughout 1941. Hitler's forces invaded Greece and Yugoslavia and then the Soviet Union. Roosevelt and Churchill, despite their distaste for Joseph Stalin's brutal communist regime, agreed to aid the Soviet empire, because it now bore the brunt of the fighting against Germany. In North Africa, Benito Mussolini's Italian forces were reinforced and led by German General Erwin Rommel and his *Afrika Korps*, which pushed the British Army back toward Egypt. In the Far East, in an attempt to restrain Japanese expansion, Roosevelt extended U.S. lend-lease assistance to China and began to curtail America's trade with Tokyo. However, Imperial Japan Army continued its expansion in China and increased pressure on French Indochina in an attempt to cut off British and American supplies to the Chinese Nationalist government and Army under Chiang Kai-shek (Jiang Jieshi).²⁹

To help meet the challenges and as part of the increasing Anglo-American cooperation under Roosevelt and Churchill, American and British military staffs began holding joint meetings in January 1941. Eventually the U.S. Joint Chiefs of Staff (JCS), which included the chiefs of the Army, Navy, and Army Air Forces, as well as the military adviser to the President, and the Combined [American and British] Chiefs of Staff, worked out the broad concepts of Allied strategy. Priority was given to the defeat of Nazi Germany, seen as a greater threat because of its domination of the resources of Europe. The defeat of fascist Italy and imperialist Japan, while important, were viewed as secondary and, therefore, were allocated fewer resources than those against Hitler's Germany. The Allied offensive plan envisioned obtaining naval control of the sea lanes, conducting strategic air bombardment of enemy industry, encouraging resistance movements to undermine the enemy's control in occupied countries, and finally launching massive ground campaigns to defeat the enemy armies.³⁰ In August 1941, Churchill and Roosevelt met secretly on warships off Newfoundland, pledged greater cooperation, and committed themselves to an "Atlantic Charter," a statement of broad, idealistic postwar aims, including freedom of speech and religion, freedom from fear and

²⁸ Michael Warner, *The Office of Strategic Services: America's First Intelligence Agency* (Washington, DC: Central Intelligence Agency, 2000), 2. Robert Dallek, *Franklin D. Roosevelt and American Foreign Policy, 1932-1943* (New York: Oxford University Press, 1979), 336.

²⁹ Williamson Murray and Allan R. Millett, *A War to Be Won: Fighting the Second World War* (Cambridge, Mass.: Harvard University Press, 2000), 91-166; Weinberg, *A World at Arms*, 138-254. Chiang Kai-shek, as he was known in the West (but more correctly Jiang Jieshi) was head of the Nationalist (Kuomintang) government and commander of the Nationalist's armed forces in China from 1928 to 1949.

³⁰ Mark A. Stoler, *Allies and Adversaries: The Joint Chiefs of Staff, the Grand Alliance, and U.S. Strategy in World War II* (Chapel Hill: University of North Carolina Press, 2000).

want, freedom of the seas, free trade, self-determination of peoples, and the disarmament of aggressor nations.³¹

Amidst these rapidly unfolding international events and faced with the apparent inability of the traditional intelligence agencies to cooperate, Roosevelt finally directed his attention to creating coordinated intelligence. The groundwork had been laid over the past year, but in the spring or early summer of 1941, the President had asked a Cabinet committee consisting of Secretary of War Stimson, Secretary of the Navy Knox, and Attorney General Robert Jackson, who oversaw the FBI, to make a recommendation. According to Donovan his meeting with the committee led it to recommend his idea to the President.³² But it was not really that simple. There had been a flurry of activity before the final decision was reached. Donovan had submitted his first formal proposal to the President at the end of May 1941.³³

After Donovan discussed his proposal fully with Knox, a copy was sent to Stimson. A number of people, with whom Donovan discussed the idea, endorsed it. Among them were certainly Knox, Presidential speechwriter Robert Sherwood, and probably Felix Frankfurter, a Supreme Court Justice and Presidential confidant.³⁴ Added to those pressing for it were two British intelligence officials, William Stephenson and Admiral John Godfrey, who had arrived in the United States on 25 May 1941 (accompanying Godfrey was his personal assistant, Commander Ian Fleming, later to become famous as the author of the *James Bond* novels, but who in late June 1941 wrote memoranda to Donovan on how to get his organization up and running by December).³⁵

Despite increasing American material support, the British felt frustrated by rivalries among the U.S. armed forces and various intelligence offices that hampered effective Anglo-American cooperation. Consequently, they joined in encouraging a centralized American intelligence agency. Godfrey met Donovan in New York and then journeyed to Washington, where the British admiral found the chiefs of the various

³¹ Theodore A. Wilson, *The First Summit: Roosevelt and Churchill at Placentia Bay, 1941*, rev. ed. (Lawrence: University Press of Kansas, 1999); Douglas Brinkley and David R. Facey-Crowther, eds., *The Atlantic Charter* (New York: St. Martin's Press, 1994).

³² *War Report of the OSS*, I, 7. Although this was also Donovan's explanation to military officials in September and November 1943 of what had happened, Troy, *Donovan and the CIA*, 55-56, does not see it as quite so simple. For Donovan's wartime explanations, see William J. Donovan to Maj. Gen. Walter Bedell Smith, 17 September 1943, Wash-Dir-Op 266, Folder 182; and Donovan, "Office of Strategic Services," lecture delivered at the Army and Navy Staff College, Washington, DC, 1 November 1943, typescript, Dir-Op-125, both in OSS Records (RG 226), National Archives II.

³³ The final version of the memorandum is William J. Donovan, "Memorandum of Establishment of Service of Strategic Information," 3-4, 6, Memorandum to the President of the United States, 10 June 1941, six-page typescript with proposed organizational chart attached, copy in OSS Records (RG 226), Entry 139, Box 221, Folder 3096, National Archives II.

³⁴ Troy, *Donovan and the CIA*, 59.

³⁵ Bradley F. Smith, "Admiral Godfrey's Mission to America, June/July 1941," *INS*, 1, 3 (1986): 441-50. For Commander Ian Fleming's role, Andrew Lycett, *Ian Fleming* (London: Wiedenfeld & Nicolson, 1995), 129-30; and Cmdr. I.L.Fleming, Memorandum to Colonel Donovan, 27 June 1941, copy in Thomas Troy Files, CIA Records (RG 263), Box 2, Folder 19, National Archives II.

intelligence agencies still unwilling to cooperate with each other. In desperation, Godfrey obtained an appointment with the President and on 10 June urged Roosevelt to create a centralized intelligence service. The President was typically loquacious, but Godfrey persevered, recalling, "At last I got a word in edgeways. I said it a second time, and a third time -- one intelligence security boss, not three or four."³⁶ Given their good working relationship with Donovan, the British actively, if carefully, championed him to direct it.³⁷ Meanwhile, Donovan on 10 June 1941 submitted directly to the President a slightly expanded version of his draft memorandum of late May. He had added two new paragraphs: one on the desirability of common, accurate economic information, and the other emphasizing the need for accurate foreign information in order to use radio most effectively as a weapon to demoralize the enemy.³⁸

Roosevelt Agrees to a Coordinator of Information (COI)

The President made his decision on 18 June 1941. At 12:30 p.m. that day, Donovan, accompanied by his friend Secretary of the Navy Frank Knox, met with Roosevelt and Ben Cohen, one of the President's most trusted legal advisers. It was a lengthy meeting and no minutes were taken, but it is clear afterward that Roosevelt had agreed to a new intelligence organization, and he had chosen Donovan to head it. At the meeting's conclusion, the President scrawled his approval in a hand-written note on the cover sheet of Donovan's 10 June memorandum. America would have its first centralized intelligence agency, the Office of the Coordinator of Information (COI).³⁹

Back in New York that night, Donovan met with Stephenson and reported on what had happened. According to the Stephenson, Donovan said he had accepted

³⁶ Adm. John H. Godfrey, "Naval Memoirs," pp. 132-33, John H. Godfrey Papers, Box 1, Folder 6, Churchill College Archive, Cambridge University, Cambridge, England, quoted in Jay Jakub, *Spies and Saboteurs: Anglo-American Collaboration and Rivalry in Human Intelligence Collection and Special Operations, 1940-45* (New York: St. Martin's, 1999), 26. Jakub also draws upon Godfrey's contemporary report of his 1941 visit located in Naval Intelligence Files, Admiralty Records, ADM 223/84, Public Records Office, Kew, London, United Kingdom.

³⁷ Troy, *Donovan and the CIA*, 59-61.

³⁸ *Ibid.*, 63.

³⁹ Roosevelt's 10 June 1941 handwritten note to John B. Blandford, Jr., Acting Director of the Bureau of the Budget, read: "Please set this up confidentially with Ben Cohen--Military--not O.E.M. FDR." As Thomas Troy explained, Roosevelt's use of the word "confidentially" probably referred to the fact that the new agency would have the use of secret (unvouchered) funds and that such use should be purposely vague in descriptions of the purpose and functions of the new agency. Since the agency was initially a civilian one, the term "Military" presumably referred to a promise Roosevelt apparently made to give Donovan a military rank, presumably a promotion from colonel to brigadier or major general. "Not O.E.M." meant, Troy presumed, that unlike most of the other numerous new civilian war agencies, Donovan's organization would not be included under supervision of the new Office of Emergency Management. Donovan had extracted an agreement from Roosevelt that his agency would report directly to the President. Troy, *Donovan and the CIA*, 63, a photographic reproduction of Roosevelt's scrawled note is on *ibid.*, 64.

appointment as Coordinator of Information "after [a] long discussion wherein all points were agreed. He said the new agency would coordinate intelligence and would also conduct offensive special operations; Donovan would report directly to the President and would have the rank of major general." In a cable to London a week later, Stephenson was elated by the results that were so much to Britain's liking.⁴⁰

Later, there would be considerable uncertainty, especially among Donovan's foes, concerning precisely what authority and roles Roosevelt had given him. But it was clear that the President had taken an historic step in establishing a central, national intelligence agency and, at least indirectly, authorizing it to use clandestine funds as well as covert methods. It would also become clear that Donovan would interpret and employ the President's authorizations to the fullest extent, particularly once the United States entered the war. He would include both gathering and analysis of intelligence as well as acting upon that information through special covert operations.

The establishment of America's first centralized intelligence agency owed much to the interest, ability and political sensibilities of William J. Donovan, who is quite properly called the "father" of the Central Intelligence Agency.⁴¹ Yet, the impetus for the organization and particularly its initial credibility owed much to the support of the British, who intelligence operations dating back hundreds of years and who had recently created much heralded commando and special operations teams.⁴² What remains debated and somewhat controversial is the degree of British influence in Donovan's selection and the nature of his organization, the COI and subsequently the OSS. Some sources, mainly British and Canadian, assert that both Donovan's selection and his organization were influenced by the British experience and actions of William Stephenson and Admiral John Godfrey. Others, mainly Americans, have belittled such assertions and argued that Donovan's selection was solely a Washington decision, that the agency was Donovan's own idea, although the COI and subsequently the OSS were genuinely American institutions with historic roots in the nation's history of sporadic intelligence gathering and guerrilla operations.⁴³

⁴⁰ All quotations from Stephenson's 18 June 1941 report are from his autobiography, William Stephenson, *A Man Called Intrepid* (New York: Harcourt, Brace Jovanovich, 1976), 249; or his earlier official biography by an aide, H. Montgomery Hyde, *The Quiet Canadian: The Secret Service Story of Sir William Stephenson* (London: Hamish Hamilton, 1962), 153.

⁴¹ Troy, *Donovan and the CIA*, 414; Aldrich, *Intelligence and the War against Japan*, 99.

⁴² Jakub, *Spies and Saboteur*, 23-28; see also Troy, *Wild Bill and Intrepid*.

⁴³ One school, predominantly but not exclusively British and Canadian, has emphasized British tutelage of the Americans, including their allegedly decisive influence on Donovan's ideas on intelligence and special operations, his appointment, and indeed of the COI/OSS itself. See, for example, Hyde, *The Quiet Canadian*, 151-80; William Stephenson, *A Man Called Intrepid* (New York: Harcourt, Brace, Jovanovich, 1976), which emphasize Stephenson's role; and Donald McLachlan, *Room 39: A Study in Naval Intelligence* (New York: Atheneum, 1968), 224-39, with its emphasis on Adm. John Godfrey's influence. In contrast, another school of interpretation, composed predominantly American historians of the OSS and biographers of Donovan, tends to reject such claims as exaggerated. The Americans generally portray Donovan as too robust to be the malleable character depicted by the British and Canadians, and they emphasize the importance of U.S. history and the contemporary context, Donovan's own ideas developed over many years, his dynamic personal qualities, his political judgment, and a combination of good timing and high-level connections, including Donovan's ability to keep the agency from being killed, before or after its

The Office of the Coordinator of Information (COI) was officially created by Roosevelt on 11 July 1941 under his executive authority. The President simultaneously appointed Donovan to head it.⁴⁴ The agency's name had been considerably altered since Donovan's original proposal. The Army and Navy had objected to any use of "strategic" or "defense" in the title. The resulting title, Coordinator of Information, was, as the director of the Bureau of the Budget complained in presenting it to the President, "vague and is not descriptive of the work Colonel Donovan will perform."⁴⁵ Pressures from the armed services had resulted in the new agency being stripped of any military character. The agency would be entirely civilian until the inclusion of military personnel after became the Office of Strategic Services (OSS) in June 1942.⁴⁶ Even the OSS remained a civilian agency throughout the war, although some three-quarters of its personnel were assigned from the military or were awarded military rank.⁴⁷

The press release of 11 July 1941 announcing the creation of the new office and Donovan's appointment offered a rather vague and circumscribed view of the COI's authority. Prepared by White House press secretary Stephen Early, it stated that "Mr. Donovan will collect and assemble information and data bearing on national security from the various departments and agencies of the Government and will analyze and collate such materials for the use of the President and such other officials as the President may designate. Mr. Donovan's task will be to coordinate and correlate defense information, but his work is not intended to supersede...or involve any direction of or interference with, the activities of the General Staff, the regular intelligence services, the Federal Bureau of Investigation, or of other existing departments or agencies."⁴⁸ What

birth, by its rivals among the American intelligence bureaucracies. See, for example, Lyman B. Kirkpatrick, *The Real CIA* (New York: Macmillan, 1968), 14-17; Ford, *Donovan of the OSS*, x; Smith, *OSS*, 2. For balanced assessments by an American, see Troy, *Wild Bill and Intrepid*, 186-211; and by a Briton, see Rhodri Jeffreys-Jones, "The Role of British Intelligence in the Mythologies Underpinning the OSS and Early CIA," in David Stafford and Rhodri Jeffreys-Jones, eds., *American-British-Canadian Intelligence Relations, 1939-2000* (London: Frank Cass, 2000), 5-19.

⁴⁴ The order is reprinted in *War Report of the OSS*, I, 8; and also in its entirety as Appendix C in Troy, *Donovan and the CIA*, 423.

⁴⁵ Harold D. Smith, Director, Bureau of the Budget, Memorandum for the President, 3 July 1941, Official File 4485, Box 1, OSS, 1940-41, Franklin D. Roosevelt Papers, Franklin D. Roosevelt Library, Hyde Park, N.Y., hereinafter Franklin D. Roosevelt Papers, Hyde Park, N.Y.

⁴⁶ On the maneuvering in late June and early July 1941, especially the Army's successful efforts to limit the COI, see Troy, *Donovan and the CIA*, 63-70.

⁴⁷ Maj. Gen. William J. Donovan to Adjutant General of the Army, 15 May 1945, subject: Recommendation for Promotion [of Col. Millard P. Goodfellow], p. 3, located in Millard Preston Goodfellow Papers, Box 2, Folder: Biographical Material, in the Millard Preston Goodfellow Papers, Hoover Institution, Stanford, Calif., hereinafter, Goodfellow Papers, Stanford, Calif.

⁴⁸ "White House Statement Announcing the President's Appointment of William J. Donovan as Coordinator of Information, July 11, 1941," in Franklin D. Roosevelt, *The Public Papers and Addresses of Franklin D. Roosevelt*, ed. Samuel I. Rosenman, 13 vols. (New York: Harper & Brothers, 1950), 10: 264. The original draft with some phrases crossed out because of objections by Press Secretary Steven Early and Budget Director Harold D. Smith, is attached to Harold D. Smith, Director, Bureau of the Budget, Memorandum for the President, 3 July 1941, Official File 4485, Box 1, OSS, 1940-41, Franklin D.

Steve Early did not explain, however, was that the authority under the executive order itself was broad enough to allow Donovan not just to collect information but to engage in all sorts of actions to obtain and act upon information vital to national security. Donovan would ultimately make the most of the executive order and include what he and the British had envisioned: offensive action, including psychological warfare, political warfare, subversive operations, guerrilla warfare, espionage, and sabotage.⁴⁹

Although to the public, the ostensible purpose of the COI was to gather and coordinate information and to project propaganda overseas, both of which were true in part, the secret activities of Donovan's organization, espionage, counter-espionage, and special operations, were purposely covered up, as the country was not yet at war.⁵⁰ Beside propaganda, the COI was intended as an intelligence-gathering agency with additional authority to engage in unorthodox warfare. The vague but operable paragraph in Roosevelt's executive order issued under his authority as commander-in-chief, gave the COI "authority to collect and analyze all information and data, which may bear upon national security; to correlate such information and data, and to make such information and data available to the President, and to such departments and officials of the Government as the President may determine; *and to carry out, when requested by the President, such supplementary activities as may facilitate the securing of information important for national security not now available to the Government* [emphasis added]."⁵¹ It was to be an unprecedented action in American history—an attempt to establish an effective unified organization that would handle research, intelligence, propaganda, subversion, and commando and guerrilla operations in modern war. It had the potential, like the intelligence, propaganda, and subversive operations in Britain, to have an independent strategic role, a "Fourth Arm" added to the Army, Navy, and air force.⁵²

Not unexpectedly, the new organization came under renewed attack from other American intelligence agencies, jealous of their prerogatives and suspicious of Donovan, whom they believed had achieved his coup through political connections on both sides of the Atlantic. These rivals derided the Wall Street lawyer and most of the civilian associates he recruited to run the COI and later the OSS as rank amateurs in the fields of intelligence, counter-intelligence, and military operations. To discredit him, rumors were planted with certain columnists that Donovan was seeking to establish an American "*Gestapo*," the Nazis' secret police, and that he wanted to emulate Nazi propaganda minister Joseph Goebbels in having strict control over the mass media. Rumors were

Roosevelt Papers, Hyde Park, NY. On the press coverage, see *New York Times*, 12 July 1941, 5; "Job for Donovan," *Newsweek*, 21 July 1941, 15-16; "High Strategist," *Time*, 4 August 1941, 12.

⁴⁹ John H. Waller, *The Unseen War in Europe: Espionage and Conspiracy in the Second World War* (New York: Random House, 1996), 148.

⁵⁰ Lecture by "Captain [Francis P.] Miller on OSS [History] (Oct. 10, 1944)," p. 2, OSS Records (RG 226), Entry 161, Box 8, Folder 91, National Archives II. Miller was a member of the OSS headquarters staff, who had been with the organization since it was the COI.

⁵¹ *War Report of the OSS*, I, 8.

⁵² Troy, *Donovan and the CIA*, 129, 152, 218-19;

floated that Donovan had created a “super spy agency” that would give him power over the Army, the Navy, and the FBI, and that his influence on strategy would allow him to dictate to the General Staff. Even six months later, Roosevelt was still trying to explain to the press that such rumors were totally false.⁵³

Viewing Donovan as a potential intelligence “czar,” FBI director J. Edgar Hoover had fought vigorously against the COI, and its creation represented one of the major bureaucratic defeats of his long career. But Hoover was able to protect the bureau’s territory by getting the President to prohibit Donovan’s agency from conducting espionage or counter-espionage operations within the United States or in Latin America, where Hoover had obtained jurisdiction for the FBI.⁵⁴ Later, the bureau was able to infiltrate the COI/OSS with an informant, a woman in the message center, who kept Hoover informed of activities in Donovan’s organization. The female “mole” was finally identified and dismissed, but the Hoover had already used her information to outflank or embarrass Donovan’s organization on a number of occasions.⁵⁵ After U.S. entry into the war, the COI staged a number of night-time break-ins at foreign embassies in Washington, illegal operations conducted with the President’s knowledge, to photograph codebooks and other important documents. The Vichy French embassy break-in was successful, but when Donovan’s agents clandestinely entered the Spanish embassy, opened the safe, and took out the code books, and photographed their contents, Hoover’s men arrived, sirens screaming, and accompanied by the press. The FBI publicly arrested Donovan’s agents and confiscated their copied materials. Hoover refused to release the agents until Donovan himself appeared before him and took personal responsibility for the break-in, but the FBI director would not turn over the copies of the codebooks to the Donovan, giving them instead to another COI rival, the Army’s Military Intelligence Division.⁵⁶

Donovan Builds the COI

Without any of the usual fanfare accompanying a new agency, Donovan began to set up shop. In the space-tight capital, he obtained a few rooms and telephones, and with half a dozen assistants began to recruit an organization. After several moves, each into larger quarters, Donovan, in September 1942, consolidated into what would be his

⁵³ Ford, *Donovan of the OSS*, 109.

⁵⁴ Brown, *The Last Hero*, 222-24; Richard Grid Powers, *Secrecy and Power: The Life of J. Edgar Hoover* (New York: Free Press/Macmillan, 1987), 267-269.

⁵⁵ Edwin J. Putzell, a member of COI/OSS headquarters secretariat, oral history interview, 11 April 1997, pp. 39-40, conducted by Tim Naftali, OSS Oral History Transcripts, Box 3, CIA Records (RG 263), National Archives II. Donovan’s organization was also convinced that columnist Drew Pearson had planted an informant in the organization (or was getting information from Hoover’s “mole”) because on several occasions, deciphered coded messages were printed in Pearson’s column.

⁵⁶ Richard Hack, *Puppetmaster: The Secret Life of J. Edgar Hoover* (Beverly Hills, Calif.: New Millennium Press, 2004), 239-242; Brown, *Last Hero*, 222-230.

organization's headquarters throughout the war. It was a 13-acre, six-building complex at the far western end of E Street between that and Constitution Avenue, which ran parallel to E street, and bordered by 23rd Street to the east and 25th Street to the west. The buildings were those formerly occupied by the National Institutes of Health and the Navy Bureau of Medicine and Surgery. Donovan, who for security purposes was referred to in coded messages as "109" had his office on the southwest corner on the second floor of the South Building. Several large wooden huts, called temporary buildings, although some dated back to World War I, housed more offices, including most famously within the OSS, "Q" Building at 2430 E Street, N.W., the main personnel administration center where most new recruits reported. As the organization expanded during the war, OSS established additional administrative and storage facilities in a nearby former public skating rink and warehouses down the hill. Motorists driving along the then Rock Creek Park Drive generally paid no attention to the anonymous looking governmental structures scattered around a generally, rather disreputable industrial area.⁵⁷

Donovan had an anti-bureaucratic philosophy. Because he saw members of his agency as learning their way in new forms of warfare, he was more interested in initiative, innovation, and results than abidance by the rules and being held to strict accountability. He told subordinates that he would rather have them use their imagination, try new things, and take risks, even if it meant that they would make mistakes and sometimes fail, rather than simply to stick cautiously to traditional ways of doing things. Donovan was not interested in military expertise as much as people who could think quickly and clearly and find innovative solutions to difficult situations. He asked for bold, new thinking and action, and, to a surprising extent, he got them. The organization was infused with Donovan's own spirit of energy, experimentation, and possibility. He was an inspiring leader: visionary, bright, brave, quick to make decisions, open and fair. "He was open-minded," recalled Arthur M. Schlesinger, Jr., historian and veteran of the Research and Analysis Branch. "He listened to anything. He'd try anything. He was adventuresome. He was not a conventional figure."⁵⁸ The innovators, explorers, and point people in his organization probed new frontiers in the war against the Axis powers. They felt a sense of uniqueness, of special quality, of membership in an elite group. The members of Donovan's organization viewed themselves as an advanced guard leading at the point of attack against the Axis threat to civilization. No wonder that the OSS selected for its emblem, its shoulder patch, a golden spear point.⁵⁹

⁵⁷ *War Report of the O.S.S.*, 13; Ford, *Donovan of OSS*, 121; Troy, *Donovan and the OSS*, 77. A list of OSS buildings and personnel there in the District of Columbia and neighboring area in 1944, showed that, OSS occupied 340,000 square feet and had 3,400 personnel in the District. Federal Works Agency, Public Buildings Administration, Office of Planning and Space Control, "Bureau Space Record, Federal Space in the District of Columbia, Office of Strategic Services," 1 September 1944, Entry 132, Box 8, Folder 60, OSS Records (RG 226), National Archives II.

⁵⁸ Arthur M. Schlesinger, Jr., Oral History Interview, 9 June 1997, p. 4, conducted by Petra Marquardt-Bigman and Christof Mauch, OSS Oral History Transcripts, CIA Records (RG 263), Box 4, National Archives II.

⁵⁹ The proposed OSS insignia featured a gold spearhead on a black oval, and it is widely believed to have been the official emblem of the OSS and worn by its personnel. In fact, however, it fell victim to the antagonism of some professional officers of the regular armed forces toward what they considered Donovan's quasi-civilian, quasi-military organization of amateurs. Donovan had asked the Army's

With a free hand in hiring, Donovan began by enlisting a number of his able associates and then began recruiting Americans who had traveled abroad or were otherwise well versed in world affairs. In the early 1940s, that often meant educated or affluent members of the American elites or foreign émigrés. Donovan relied upon his personal contacts with people he or his subordinates trusted, and he drew most of his top aides from prestigious colleges and universities, businesses, and law firms, including his own.⁶⁰ As the war approached and particularly after the United States entered the war following the Pearl Harbor attack in December 1941, many Americans volunteered to serve their country. In that rush to service, Donovan's COI and its successor, the OSS, drew such a disproportionate number of socially prominent men and women that some wags claimed the initials of O.S. S. stood for "Oh-So-Social." Although prominent people held a number of high level positions in the agency, the vast majority of the men and women recruited by the OSS were neither prominent nor listed in the Social Register.⁶¹

First priorities were to obtain experts to evaluate incoming intelligence and also propagandists who would use some of that research to undermine enemy morale abroad. As early as June 1941, Donovan had obtained the support of the Librarian of Congress, poet Archibald MacLeish, to allow the prospective organization to use the library's extensive materials in analyzing the Axis' strengths and weaknesses. In July, Donovan hired the President of Williams College, James Phinney Baxter III, an historian, to head the COI's Research and Analysis (R&A) Branch. Baxter and Donovan quickly recruited noted scholars in various disciplines from prestigious colleges and universities and put them to work in the Library of Congress. Among the early recruits were Harvard historian William L. Langer; Edward Meade Earle from the Institute for Advanced Study in Princeton; economist Edward S. Mason from Harvard; Joseph Hayden, a University of Michigan political scientist and former vice governor of the Philippines; historian Sherman Kent of Yale; Wilmarth S. Lewis, millionaire Yale biographer of Horace Walpole; and James L. McConaughy, President of Wesleyan University, and many others. Within a few months, Donovan began sending to Roosevelt summaries of detailed R&A reports on strategic economic, political, social, and military information about conditions and strategic prospects in Europe, North Africa, and the Middle East.⁶² Robert E. Sherwood, noted playwright, pacifist turned interventionist and a speech writer for the President, enthusiastically endorsed the idea of undermining enemy morale and bolstering resistance via short-wave radio broadcasts and other media aimed at Nazi Germany and German-occupied countries, and Donovan quickly chose him to head

Quartermaster Corps to design an OSS insignia. On 16 June 1943, he approved the Quartermaster Corps' gold and black design and initiated a process for acquiring shoulder patches and collar devices, but the Joint Chiefs of Staff rejected his proposal, leaving the OSS with 195 cloth shoulder sleeve insignia patches and 200 metal collar devices with the proposed design that it no authority to use. Consequently, the insignia were not distributed and apparently not worn by OSS personnel. Les Hughes, "Insignia of the OSS," *The Trading Post* (Spring 1993); and Hughes, "The OSS Spearhead Insignia," <http://www.insigne.org/OSS-Spearhead.htm>, Accessed 14 March 2005.

⁶⁰ Troy, *Donovan and the CIA*, 78.

⁶¹ Ford, *Donovan of OSS*, 134-35.

⁶² *War Report of the O.S.S.*, 11; Winks, *Cloak & Gown*, 60-114.

COI's Foreign Information Service. Within a few months, Donovan added a Visual Presentation Branch, which would include Hollywood directors John Ford, famous for his westerns and other epics, and Merian C. Cooper, adventurer/filmmaker and creator of *King Kong*.⁶³ To facilitate COI's work in Europe and the German-occupied countries there, Donovan, with the permission of Roosevelt and Churchill, set up an office in London in October 1941, the first of many overseas regional headquarters.⁶⁴

Donovan's organization expanded dramatically. When the COI was established in July 1941, planners at the Bureau of the Budget had estimated that it would need only a small staff and an annual budget of about \$1.5 million. At the same time, Donovan warned that additional funds for the secret operations would be needed later. Still, the overall estimate was \$5 million. The Budget planners certainly underestimated Donovan. In November 1941, Budget Director Harold Smith was shocked by Donovan's budget request for \$14 million for fiscal year 1942. Roosevelt concurred in most of Donovan's requests, and by December 1941, COI had 600 staffers and a current budget of \$10 million, the major outlays of which were for international short-wave and medium-wave broadcasting to Europe and the Far East, counterespionage and secret activities in Europe, Research and Analysis, and the creation of a War Situation Room for the President. On December 8, 1941, the day after the Pearl Harbor attack, Roosevelt authorized an immediate additional \$3 million for the COI.⁶⁵

More importantly, although the majority of expenditures for COI/OSS—payrolls, supplies, and other regular expenses—were paid with vouchered funds, subject to government audit, COI and later OSS also obtained authority to use "unvouchered" funds (U.V.F.) from the President's emergency allocations. Congress granted these to the President and a few other designated officials to spend solely on their personal responsibility. They did not have to disclose the specific purpose for which the funds were used, and these secret expenditures were not subject to detailed audit. In practice, Donovan had only to sign a note certifying that the funds had been used properly for national security purposes. This fiscal authority, augmented by the espionage authority that Donovan received from the armed forces, allowed him to conduct a wide variety of secret activities, from hiring foreign spies, to sending American agents behind enemy lines with bags full of currency, gold or silver coins, or other inducements for recruiting

⁶³ Joseph McBride, *Searching for John Ford: A Life* (New York: St. Martin's Press, 2001); Mark Cotta Vaz, *Living Dangerously: The Adventures of Merian C. Cooper, Creator of King Kong* (New York: Villard, 2005); Harriet Hyman Alonso, *Robert E. Sherwood: The Playwright in Peace and War* (Amherst: University of Massachusetts Press, 2007), 235-38.

⁶⁴ "FDR" to "Dear Winston," 24 October 1941, Official File 4485 OSS, Box 1, OSS 1940-41, Franklin D. Roosevelt Papers, Hyde Park, NY.

⁶⁵ *War Report of the O.S.S.*, 9-11; Troy, *Donovan and the CIA*, 77. 80; W.O. Hall, Bureau of the Budget, 16 July 1941, report on his conversation with Donovan, COI/BOB file, excerpts in Thomas Troy File, CIA Records (RG 263), Box 2, Folder 19, National Archives II; for the November figures, see Harold R. Smith, Director of the Bureau of the Budget, Memorandum for the President, 5 Nov. 1941, subject: Budget Request for the Coordinator of Information, and attachment, "Summary of 1942 Budget Request, Coordinator of Information," with Roosevelt's handwritten adjustments; plus "mp" to Secretary of the Treasury, 12-8-41, with the President's allocation of \$3,162,786 to the Coordinator of Information. Both in Official File, 4485, OSS, Box 2, OSS Nov-Dec. 1941, Franklin D. Roosevelt Papers, Hyde Park, NY.

and purchasing supplies for indigenous guerrillas, for bribes for guards or turncoat officers, for theft, assassination attempts and a host of other clandestine purposes. As a CIA historian later put it, unvouchered funds were "the lifeblood of clandestine operations."⁶⁶

During the war, considerable sums were paid for secret ends. Neither the names of the OSS personnel in the field who made the secret payments, nor the identity of those who received them was revealed for the record. There was no detailed accounting of that kind of disbursement. "U.V.F. was dollar dynamite," recalled Stanley P. Lovell, chief of Research and Development. "Always haunting us was the specter of some postwar Congressional committee, which might well be empowered by the Congress to ignore all wartime secrecy and which, assuming a hostile attitude, might make a Teapot Dome type of thing [scandal] out of these large sums, for which no accounting whatever existed."⁶⁷ Consequently, Donovan placed responsibility for the unvouchered funds in the hands of a triumvirate of individually wealthy and highly respected financiers: Junius S. Morgan of J.P. Morgan and Company in New York; Robert H. Ives Goddard, an immensely wealthy financier from Providence, Rhode Island; and W. Lane Rehm, financial genius of one of the largest investment trusts in the United States. Together they performed the delicate task of approving or denying requests for use of unvouchered funds and assessing reports on their expenditure in secret activities.

When the COI was established in July 1941, Donovan focused first on building an administrative staff and then on recruiting college faculty, who were area experts, for research and analysis of available information, and setting up a propaganda system. But even before the U.S. entered the war, he had begun to plan a secret operational division that would engage in espionage, counter-espionage, and, as he confided to a representative of the Bureau of the Budget, "very secret activities dealing with sabotage and other ideas which might be developed as the program progresses."⁶⁸

In the fall of 1941, Donovan set up a small working group in COI called "Special Activities," instructing its members to study clandestine activities, not just espionage but also subversive special operations' activities by saboteurs, commandos or guerrilla units. His primary American advisers at COI and then OSS on espionage and subversion would be two old and trusted friends. One was David K.E. Bruce, a diplomat married to one of the Pittsburgh Mellons, who was allegedly the wealthiest woman in America. In early 1942, Donovan put Bruce in charge of a fledgling espionage unit known first as Special Activities, Bruce (or SA/B), and then once the COI became the OSS in June 1942, the Secret Intelligence Branch (SI).⁶⁹

⁶⁶ Warner, *Office of Strategic Services*, 4; *War Report of the O.S.S.*, 13-14, 84-85. Donovan, already wealthy, forsook any salary from the government. He received necessary transportation, subsistence, and other expenses connected to COI/OSS, but in fact, Donovan continued to spend a much of his own funds on his public service. Troy, *Donovan and the CIA*, 77.

⁶⁷ Stanley P. Lovell, *Of Spies and Stratagems* (Englewood Cliffs, N.J.: Prentice-Hall, 1963), 111-13.

⁶⁸ W.O. Hall, Bureau of the Budget, 16 July 1941 report on his conversation with Donovan, COI/BOB file, excerpts in Thomas Troy File, CIA Records (RG 263), Box 2, Folder 19, National Archives II

⁶⁹ Troy, *Donovan and the CIA*, 107. Bruce replaced Wallace Banta Phillips, who Donovan had hired in October 1941 to organize the espionage side of COI's Special Activities. An enterprising American businessman who also ran an industrial spy service, Phillips, was working for the Office of Naval

The other man was M. Preston Goodfellow, a Brooklyn newspaper publisher, who in 1942 would head the Special Operations Branch, and would play an important role in the creation of the training camps in the National Parks. As befitting his last name, Preston Goodfellow was a jolly, good-natured man, an executive with ability to charm and even to ingratiate himself to diverse people while, keeping his eye on the main chance. Born and raised in Brooklyn, he spent a career in New York newspapers. After graduation from New York University with a degree in journalism, he had worked his way up in the city's newspapers from copy boy to reporter to city editor. He had also joined the Army reserves as an officer, and in World War I, he served in the Army Signal Corps in the United States. After the war, Goodfellow rejoined the *Brooklyn Eagle* but this time on the business rather than the editorial side. A successful advertising manager there, he left to spend three years as assistant publisher of Hearst's *New York American*, then resigned in 1932 to become co-owner and publisher of the *Brooklyn Eagle*. Six years later, he formed his own business, which he ran until July 1941 when he was recalled by the Army to active duty. Major Goodfellow was assigned to duty in the office of the Assistant Chief of Staff for Intelligence (G-2) in Washington, D.C. There, the friendly 49-year-old New Yorker, who was at ease with both civilian and military personnel, became sympathetic to Donovan's ideas about unconventional warfare. Consequently beginning in September 1941, Goodfellow, by then a lieutenant colonel, was assigned by G-2 to work informally as liaison between Army Intelligence and the new Coordinator of Information.⁷⁰

At COI, Goodfellow became in effect head of the special covert operations planning side of Donovan's organization after Donovan had a falling out with the first head of that activity, Robert Solberg. In October 1941, Donovan has sent Solberg to England for three months to study the British Special Operations Executive. Goodfellow served as acting chief while Solberg was away and succeeded him in January 1942 when Solberg returned and proposed a plan to replicate British SOE that Donovan rejected.⁷¹

Intelligence in 1941, when he and their two dozen foreign agents were transferred to COI. Donovan asked him to prepare a plan for undercover intelligence activities, but he and Donovan had a falling out. Donovan fired him and replaced him with David Bruce. Joseph E. Persico, *Roosevelt's Secret War: FDR and World War II Espionage* (New York: Random House, 2002), 55-56, 112-13; Brown, *The Last Hero*, 175-78.

⁷⁰ Obituaries, M.P. Goodfellow, *New York Times*, September 6, 1973, 40; Washington Post, Sept. 7, 1973, C-4; entry in *Who's Who in America*, Vol. 36; and the following documents, William J. Donovan to the Adjutant General, 15 May 1945, subject: Recommendation for Promotion [Colonel Millard P. Goodfellow]; and three-page handwritten biographical notes beginning "Goodfellow came over to OSS first in September of 1941—worked as liaison between G-2 and COI," both in the Millard Preston Goodfellow Papers, Box 4, Folder 1, Stanford, Calif.

⁷¹ Goodfellow and others at Army Intelligence had recommended Robert Solberg to Donovan for developing special operations. A Pole who had served as an officer in the Czar's Army in the First World War, Solberg had fled Russia after the Communist takeover. He subsequently may have done espionage work for the British while acting as an international businessman in the interwar period. Early in 1941, the U.S. Army's Military Intelligence Division gave him a commission as a lieutenant colonel, and in October 1941, Donovan was persuaded to bring him to COI to develop a program of special operations. A few weeks later, Solberg left for Great Britain for nearly three months to study the organization and methods of the British Special Operations Executive (SOE). Smith, *Shadow Warriors*, 58-59, 91-92; Troy, *Donovan and the CIA*, 82-83, 106-1108; *War Report of the O.S.S.*, 80; and also the biographical material in the Solberg File, Box 2 and Donovan order of 9 October 1941, OSS Memoranda, 1941-March 1942 File, Box

With Solberg's departure, the office became known as Special Activities/ Goodfellow (or SA/G) until OSS was established in June 1942, when it became the Special Operations Branch. For nearly a year, from the fall of 1941 through August 1942, Goodfellow had divided his time between the two intelligence agencies, Donovan's and the Army's, before being assigned fulltime as deputy director of OSS.⁷² Goodfellow's main impact on Donovan's organization in 1942 was in launching Special Operations and the first American-based training program for agents of the OSS.

In October 1941, when Donovan had sent Solberg to Britain to study the organization, training, and effectiveness of the British Special Operations, the Coordinator of Information did not believe that it was either wise or practical for the Office of COI, being a civilian agency, to seek formal authorization for commandos or guerrilla units when the United States was not officially at war. Consequently, special operations planning in the Office of the COI had not gone beyond rudimentary ideas and an informal title by November 1941.⁷³ That would change dramatically, as would Donovan's entire organization, after the Japanese attacked Pearl Harbor, December 7, 1941.

4, M. Preston Goodfellow Papers, Stanford, Calif.; plus Maj. M.P. Goodfellow to Lt. Col. Ralph C. Smith, 10 October 1941, subject: Lt. Col. Robert A. Solberg and points on liaison," copy in Thomas Troy Files, CIA Records (RG 263), Box 2, Folder 19, National Archives II.

⁷² Troy, *Donovan and the CIA*, 107.

⁷³ *War Report of the O.S.S.*, 16.

