

The Korean War and the Central Intelligence Agency
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The Historic Korean — US Relationship

The United States first signed a treaty establishing trade relations with the Korean monarchy as early as 1844, but relations with the Chosun dynasty remained stormy and problematic through the nineteenth century, occasionally resulting in notable, yet infrequent, military skirmishes and commercial contacts. Known in the West as the “Hermit Kingdom,” Korea remained a remote and closed peasant society, an undeveloped and relatively mysterious place to Americans who knew little of its people, or their culture, language, and history. The United States thus established an early pattern of sending confused and mixed signals about Korea that in turn resulted in ambivalent foreign and military policies toward it that persisted well into the twentieth century.

Most American diplomatic or commercial endeavors in Asia during the late nineteenth and early twentieth centuries focused on China, home to a large population, an active and competitive international community, a potentially lucrative “China market,” and a weakening, increasingly unstable Qing dynasty. Early in the twentieth century, American attention also increasingly turned to a rapidly modernizing Japan, a nation already perceived as a power to contend with, especially following its victories in the 1894 -1895 Sino-Japanese War and the Russo-Japanese War that followed a decade later. As a direct result of their triumph over Czarist Russia, Japanese troops entered Korea in 1905, formerly annexed the peninsula in 1910, ended the five-hundred year old monarchy and began some thirty-five years of thorough and ruthless exploitation of Korea’s people and resources. Japan violently suppressed Korean nationalist aspirations and repeatedly quelled demonstrations seeking independence. The Japanese installed a pervasive and highly bureaucratic colonial administration that maintained their unpopular rule with a sizeable secret police and military force.

Korean nationalists such as Syngman Rhee later recalled that the United States acquiesced in Japan’s annexation of Korea, in spite of treaties dating back to 1882, wholly ignored Korean pleas for independence and steadfastly refused to engage Japan even after Japanese troops killed an estimated 50,000 demonstrators staging independence rallies in 1919. More than a million Koreans fled the country during the early years of Japanese rule. Korean nationalists in exile, who formed a provisional government in exile as early as 1921, found no advocates for their cause in the United States, however, even after the Second World War erupted in Asia in 1941.

World War II

Korea did not enter the American consciousness until midway through the Second World War and then only as an adjunct to the war against Japan and as part of vague postwar plans for Asia. At Cairo in December 1943, President Franklin D. Roosevelt, British Prime Minister Winston S. Churchill, and Chinese Nationalist leader Chiang Kai-Shek noted in the Cairo Declaration that “mindful of the enslavement of the people of

Korea,” the three Allies were “determined that in due course Korea shall become free and independent” following Japan’s defeat. Yet no one defined “in due course.” At the Yalta Conference in February 1945, Korea again elicited scant attention from Roosevelt, Churchill, or Soviet dictator Joseph Stalin beyond vague mention of a possible four-power trusteeship involving American, Russian, British, and Nationalist Chinese participation. Korea’s postwar status remained unresolved at the last Big Three conference at Potsdam in July 1945, when President Harry S Truman, Churchill, and Stalin yet again neglected to address Korean issues in any substantive way. The USSR, however, committed to enter the war against Japan in August, now saw Korea as an area of strategic interest. This Soviet emphasis remained contrary to that of the Americans and British who remained focused on postwar Europe, although some in the US State Department had viewed Russian interest in the Far East with trepidation as early as 1943. At Potsdam, the three powers agreed to divide the Korean peninsula at the 38th parallel after the Japanese surrender and to dispatch Soviet troops north of that line and US Army forces to the south to disarm and repatriate some 600,000 Japanese military personnel and 70,000 civil servants stationed there.

Postwar Korea

Soviet troops entered Korea in mid-August 1945 as part of their invasion of neighboring Manchuria, moving to positions on the 38th parallel, occupying the mineral rich and more industrialized north. Soldiers of the US Army XXIV Corps under Maj. Gen. John R. Hodge, numbering some 40,000 men, entered the south on 4 September, occupying that portion of the peninsula containing most of the Korean population (21 of 30 million people), the prime agricultural areas, the capital of Seoul, and the nation’s only major port at Inchon. US Army forces in Korea found the country “a miserably poor, primitive, mountainous place with few paved roads or amenities.” Korea possessed an inhospitable climate described as “jungle hot and steamy in the rainy season” and “arctic cold in winter.” Few Koreans spoke English and even fewer Americans spoke Korean. Considered a hardship post, even when compared to war-torn Japan, US officials from President Truman to Secretary of War Robert P. Patterson, Army Chief of Staff Omar N. Bradley (later JCS chair), the Joint Chiefs of Staff, and General Hodge in South Korea, all sought an early and rapid withdrawal of US forces. In an era of increased defense demands, military cutbacks, and severe troop and equipment shortages, the JCS considered the Korean peninsula of little strategic interest.

Although US military leaders sought a decreased Korean commitment, the region drew more attention from American diplomats in the postwar era. An agreement regarding the future of Korea appeared in December 1945 when a foreign ministers meeting took place in Moscow. Here, the prior American neglect of Korea and the long-maintained position that the peninsula lacked importance began to change, although solid engagement was avoided. With US-Russian relations growing strained, suspicions of Soviet motives in the Far East heightened fears that Korea may come under Communist sway as was appearing the case with the nations of Eastern Europe occupied by the Red Army. The resumption of civil war in China and new conflicts involving communists in Indochina and elsewhere in Asia and Europe increased American fears that Soviet leaders

had embarked on a global campaign of expansion orchestrated from inside the Kremlin using puppet regimes as their proxies. The foreign ministers agreement reached in Moscow confirmed the earlier Cairo Declaration regarding Korean independence following a four – power trusteeship not to exceed five years. Although Great Britain and Nationalist China signed the agreement, their respective interests in the region soon waned as Soviet and American occupation forces established themselves north and south of the 38th parallel.

US officials arriving in Korea in 1945 encountered a volatile indigenous political situation with numerous fractious parties of the political left and right vying for control of the country. Two major parties dominated politics in the south, the left-leaning Korean People’s Party (KPR), soon banned by US military authorities, and a US-favored right-leaning group known as the Korean Democratic Party (KDP). A sizeable Communist Korean Workers’ Party under Kim Il-Sung dominated politics in the north with close Soviet support. Yet while Korean political factions battled each other for control, a US-Soviet Joint Commission established at the Moscow conference failed to work out details for a Korean trusteeship or independence after several fruitless meetings in 1946 and 1947. Given this impasse, on 17 September 1947 Secretary of State George C. Marshall, in spite of Soviet opposition, referred the Korean situation to the United Nations as the first stage in establishing a unified government. Two months later, the UN approved a US plan for general elections. While the United States desired to keep the peninsula out of the communist sphere, however, they also hesitated to become deeply involved in Korean politics or to commit to a long-term military relationship. Even though the Soviets and their North Korean allies denied the UN Temporary Commission on Korea that arrived in January 1948 access to areas north of the 38th parallel, the Commission nonetheless called for elections in the accessible parts of Korea for later that spring. The elections held that May, and boycotted by the north and Korean leftist parties, resulted in Syngman Rhee’s election as president. A Korean National Assembly formed the following month, and the Republic of [South] Korea (ROK) came into being on 15 August 1948 with its capital in Seoul. In December, the UN proclaimed the ROK the only legitimate Korean government. In the north, meanwhile, separate elections held in late August named Soviet-backed strongman Kim Il-Sung as premier. Kim quickly established a Soviet-style communist state known as the Democratic People’s Republic of Korea (DPRK) on 9 September with its capital in Pyongyang. Soviet troops withdrew from the northern portion of the peninsula that same month, recognizing Kim’s DPRK in October. Soon after, the northern regime began cross-border incursions and guerrilla attacks in hopes of destabilizing the south.

With establishment of separate and increasingly hostile Korean states, US military leaders sought to lessen the American commitment even though NSC-8, “Position of the United States with Respect to Korea,” issued in April 1948 had advised that the United States build-up the South Korean economy and armed forces. It also emphasized, however, that the ROK should defend itself without expectation of armed assistance. General MacArthur, who had long counseled against any US military commitment on the Asian mainland, informed the JCS in January 1949 that ROK forces could not probably defeat a North Korean invasion, but that the Far East Command lacked forces to defend

the country. In addition, MacArthur recommended that the United States withdraw its forces from Korea as soon as possible. The last US Army forces left South Korea on 29 June 1949. A small Korean Military Assistance and Advisory Group (KMAAG) of several hundred men replaced the former military force, but it denied the fledgling ROK heavy equipment, tanks, anti-tank weapons, and aircraft. In the north, however, the USSR provided the North Korean People's Army with large amounts of armor, artillery, aircraft, and other military equipment as well as training.

US military ambivalence toward Korea increasingly mirrored that of the Department of State and Congress. In a speech to the National Press Club on 12 January 1950, Secretary of State Dean G. Acheson delivered an address that seemed to deemphasize Korea's importance to the Truman Administration by indicating it lay beyond the US strategic defense perimeter. Partisan critics of President Truman and the Democratic Party, such as Republican Senators Robert Taft and Joseph McCarthy, later cited the speech as a major inducement to Joseph Stalin to agree to Kim Il-Sung's request to unify the peninsula by force. Yet Acheson did not intend to write Korea off. While the Korean peninsula was of secondary importance to Europe and other Asian hot spots, the region remained of interest.

While many in the US military and Truman Administration may have viewed Korean events as unimportant when compared to other more pressing issues, the nation's young Central Intelligence Agency continued reporting on developments in the region as it had done since late 1947. Focused primarily on Soviet and Soviet-inspired activities in Europe and Asia, like others, CIA noted developments in northeast Asia. While hindsight provides clarity not apparent at the time, the CIA reported ominous signs early on that Korea may one day become a crisis point demanding American attention.

The CIA and Intelligence Analysis

Created by the National Security Act of 1947 signed by President Truman in July and officially formed on 18 September, the Central Intelligence Agency numbered a few thousand employees worldwide as late as January 1950, although just 1,000 worked in Agency analytical offices. Divided into analytical, operations, and administrative branches brought over from the small Central Intelligence Group (CIG) formed by Truman in January 1946, the CIA had nowhere near the capabilities held by the 13,000-member wartime Office of Strategic Services (OSS). Indeed, the analytical functions performed by the 900-member OSS Research and Analysis Branch (R&A), in conjunction with other supporting and associated branches, had withered with abolition of OSS in September 1945 as members returned to civilian pursuits and only a small number of analysts transferred to the Department of State. Even though Director of Central Intelligence Lt. Gen. Hoyt S. Vandenberg began efforts to reconstitute an analytical capability within CIG with the July 1946 reorganization of the Central Reports Staff into a larger Office of Reports and Estimates (ORE), analytical production consistently lagged behind demand.

Divided initially into regional research branches, by late 1946 ORE functional subunits began to appear, first for economics, and then for science, transportation, and map intelligence. With the new branches came an influx of personnel, reaching a few hundred by year's end, although most were new to government service and to intelligence analysis, a professional discipline still forming a distinct methodology. Current intelligence production dominated ORE work, drawn entirely from open sources. The office received a daily take of State Department telegrams, military dispatches, and internal CIG reports that went to specialized analysts for inclusion in ORE's main product, the *Daily Summary* that went to the White House. The popularity of the *Daily Summary* soon prompted the production of an equally popular *Weekly Summary*. Individual branches also produced *Intelligence Highlights*, largely for internal consumption, as well as *Intelligence Memorandums* for the DCI, who could then distribute these products at his discretion.

As indicated by its name, ORE also bore primary responsibility for producing intelligence estimates for the benefit of national policymakers in the White House, other government departments, and the military services, although the quality of those publications in the early days was clearly uneven. Demands for current intelligence prevented ORE from fulfilling its intended role in producing anything approaching a coherent and coordinated national estimate, and as time went on the office acquired so many other commitments that it became ever less likely and less able to direct its efforts to estimate production. In addition, individual analysts were eager to have their work noticed in the popular current summaries and tended to avoid longer-term work on the estimates that did not promise such immediate and high-level recognition. Analytical capabilities in CIA were by no means robust when DCI Vandenberg indicated his desire to leave the Agency to become the first chief of staff of the new US Air Force in 1947.

US Navy Rear Admiral Roscoe Hillenkoetter reluctantly agreed to President Truman's request that he replace Vandenberg as DCI. A career naval officer who had spent most of his time at sea and as a naval attaché, Hillenkoetter had served as Adm. Chester Nimitz's chief intelligence officer at the Joint Intelligence Center – Pacific Ocean Area (JICPOA) during World War II. Although possessing some intelligence background and serving as the first DCI of the newly formed CIA, Hillenkoetter directed an organization still attempting to gain headway in a large government national security establishment facing ever-growing threats and severe postwar retrenchments and fierce inter-service and inter-department rivalries. Mild-mannered with a low-key management style, and possessing a lower rank than his predecessor and his contemporaries in other intelligence departments, Hillenkoetter found navigating the bureaucratic morass troublesome and frustrating, especially when dealing with the plethora of NSC Intelligence Directives and the Intelligence Advisory Committee (IAC) established to provide guidance for CIA. The military services and departments continued to dominate CIA as they had CIG, and Hillenkoetter only rarely attended NSC meetings.

Under Hillenkoetter, the CIA's ORE continued to grow in 1948 and 1949 and was divided into three groups — Global Survey, Current Intelligence, and Estimates — to allow for specialization, although current intelligence continued to dominate Agency

analytical activities at the expense of the broader, potentially more useful estimates for policymakers. The president's *Daily Summary* retained priority within ORE, while the office continued to roll out new products, including *Situation Reports* consisting of an eventual 30 handbooks dealing with the relationships of specific countries to the security interests of the United States. In addition, ORE continued production of a monthly *Review of the World Situation*. The *Review* received high-level distribution but consisted solely of what analysts pieced together augmented by news accounts. In addition, ORE fielded a constant stream of official requests, many of which originated in the NSC, State Department, military services, and Joint Chiefs of Staff. ORE seldom declined requests from outside customers and increasingly catered to a working-level audience, losing its influence with policymakers. Many considered ORE a large, unwieldy organization with too many ill-defined functions and a host of independent intelligence products uncoordinated with other government offices. Increasingly, ORE neglected the national estimates function, prompting the NSC to conclude in 1949 that "the principle of the authoritative NIE [National Intelligence Estimate] does not yet have established acceptance in government." Each department still depended more or less on its own intelligence estimates and established plans and policies accordingly that did not go beyond their own premises. In the years before the outbreak of the Korean War, the main analytical arm of the CIA produced eleven regular publications with only one addressing strategic or national intelligence questions.

Many observers inside and outside the Agency had noted these omissions. Indeed, a January 1949 report from an independent panel comprised of intelligence professionals Matthias Correa, Allen Dulles, and William Jackson, noted deficiencies in the CIA's coordination of intelligence activities and the lack of correlation and evaluation involved in ORE's national intelligence products. The fragmented nature of collection and analysis in the CIA and throughout the rest of the federal national security structure failed to provide needed insights to inform policy.

CIA Reporting on Korea, 1948-1950

The CIA had only a few officers in Korea before the June 1950 invasion, and none reported to Agency analytical branches. Overwhelmingly, analysis that did appear came in the form of current intelligence, which filled lower-level customer demands, but did not meet high-level policymaker needs. CIA analytical production relating to Korea reflected the generally low priority given the region by the Truman Administration's State Department and the military services. Indeed, most ORE current intelligence products, including the *Daily Summary*, *Weekly Summary*, and *Review of the World Situation* contained information derived from State Department and military reporting, usually supplemented with open source media material from domestic and foreign sources. New information or unique CIA contributions only rarely entered the mix; the *Daily Summary*, for example, consisted of a highly selective digest of all dispatches and reports received on any given day from government sources, intended primarily for President Truman. From 1947 on, in response to customer demands, the *Daily* began to include CIA interpretive comments, although they were not extensive. All members of the NSC, plus principal officers in the State Department and Pentagon received the *Daily*,

as they did the later *Weekly Summary*. The *Review of the World Situation*, which first appeared one week before the founding of the CIA, differed from the summaries as it was somewhere between current intelligence — published uncoordinated each month and brought up to date as of publication — and estimative intelligence. Written primarily for the NSC, the *Review* did not initially circulate beyond that small group. Considering that President Truman did not attend NSC meetings until after the Korean invasion in June 1950, and that he favored the smaller *Daily* and *Weekly Summary*, it is doubtful the *Review* routinely came to his attention. By May 1948, however, copies of the *Review* did reach a minimum of twenty-four military and government offices, including the White House. Wider distribution, however, did not necessarily indicate the *Review* or the summaries had a wider readership or that government and military decision makers responded to the intelligence they contained by changing policies or formulating new courses of action.

Internal and external critics of CIA before and after 1950 focused on the relatively few references to Korea in ORE reporting. In particular, they noted the lack of any predictive estimates or other “actionable” indications and warning intelligence that would have allowed policymakers in the United States to act on Korean events before they reached the crisis stage. Yet CIA analysts did report frequently on Korea in the prewar years, although from a perspective that highlighted the Soviet Union’s involvement and saw Far Eastern events as the result of Soviet machinations and grand designs for world domination. Given the American acceptance of the concept of a monolithic world communist movement controlled from the Kremlin, it is perhaps understandable that CIA viewed Korean events as just one of many fronts in the Cold War, closely interrelated with other Soviet-induced crises but not of any greater importance. While analysts accurately and consistently reported current intelligence, the reports did not emphasize that the Korean situation represented anything extraordinary beyond routine Soviet mischief-making and proxy-sponsored “tests” of American resolve. The ORE reporting from 1947 through 1950 did provide many ominous predictions and did indicate possibilities of future crises, yet in a world menaced by communists everywhere, CIA reporting on Korea did not stand out — either in Agency publications or in the minds of policymakers.

As early as the 18 September 1947 edition of the *Review of the World Situation*, issued on the day of the CIA’s founding, ORE reported the Soviet military threat in Korea as part of general Kremlin-orchestrated subversion fomented worldwide. In December, the *Review* noted Soviet efforts to establish a communist regime in North Korea, attempts to force a US withdrawal from the south, the emergence of a rightwing political party under Syngman Rhee, and UN efforts to bring about elections. On 12 February 1948, the *Review* covered the run-up to elections and cited Korean nationalist’s frustration with UN and US delays in arranging prompt polling, while also stating that given the general instability it “seems improbable that any South Korean Government can maintain its independence after a US withdrawal.” The following month CIA reported the likelihood that two mutually hostile regimes would appear in Korea, with the southern one unlikely to survive. In addition, reporting from this time foretold that after the US and Soviet Union withdrew their military forces from the peninsula, the USSR would

“permit the Korean People’s Army to overrun the peninsula.” After the 1948 elections, ORE reported bitter political rivalries in the south and continued Soviet interference. The CIA consistently reported the need for a continued US military presence until the southern regime created an adequate security force, and that under “unremitting Soviet pressure” the United States could expect South Korea to remain dependent. Through 1948 and into 1949, ORE warned of potential negative consequences for Korea from the civil war in China, particularly as Communist military successes begin to foreshadow a nationalist defeat and possible ramifications of a cut in US military and financial aid.

Starting in 1949, CIA reporting on the potential for war in Korea became more explicit, especially as proposals for withdrawing American forces came closer to reality. The 28 February *Review of the World Situation* stated, “. . . it is doubtful if the Republic could survive a withdrawal of US troops in the immediate future.” In the absence of a US military presence, “it is highly probable that northern Korea alone, or northern Koreans assisted by other Communists, would invade southern Korea and subsequently call upon the USSR for assistance. Soviet control or occupation of Southern Korea would be the result.” The *Review* continued:

Withdrawal of US forces from Korea in the spring of 1949 would probably in time be followed by an invasion, timed to coincide with Communist-led South Korean revolts, by the North Korean People’s Army possibly assisted by small battle-trained units from Communist Manchuria. Although it can be presumed that South Korean security forces will eventually develop sufficient strength to resist such an invasion, they will not have achieved that capability by the spring of 1949. It is unlikely that such strength will be achieved before January 1950. Assuming that Korean Communists would make aggressive use of the opportunity presented them, US troop withdrawal would probably result in a collapse of the US-supported Republic of Korea, an event that would seriously diminish US prestige and adversely affect US security interests in the Far East. In contrast, continued presence in Korea of a moderate US force would not only discourage the threatened invasion but would assist in sustaining the will and ability of the Koreans themselves to resist any future invasion once they had the military force to do so and, by sustaining the new Republic, maintain US prestige in the Far East.

While this CIA assessment had the concurrence of the Departments of State, Navy, and Air Force, the Intelligence Division of the Department of the Army, reflecting the long held goal of the service favoring the withdrawal of its forces from Korea, dissented from the majority view. The Army stated that it considered an invasion a possibility rather than a probability with any remaining US military presence being “only a relatively minor psychological contribution to the stability of the Republic of Korea.” Already, when the ORE assessment appeared, the US military force had decreased from the original 40,000 to a mere 8,000 men, who returned to Japan in June 1949.

In the spring and summer of 1950, ORE reports reaching American military headquarters in Japan and top policymaking circles in Washington indicated the

possibility of trouble ahead in Korea, although these assessments were based on vague military and State Department information. On 13 January 1950, CIA noted a “continuing southward movement of the expanding Korean People’s Army toward the thirty-eighth parallel,” and their acquisition of heavy equipment and armor, but like others, ORE did not see an invasion as imminent. Thereafter, through June, the *Review* contained little information that could conceivably be termed indications and warning of a pending North Korean attack.

ORE also produced occasional estimates with the short title “ORE” that were coordinated with the Intelligence Advisory Committee in the three years before the Korean War. Yet between the appearance of ORE 5/1, entitled “The Situation in Korea,” on 3 January 1947, and ORE 3-49, entitled “Consequences of US Troop Withdrawal from Korea in Spring 1949,” on 28 February 1949, the CIA produced only four other estimates related to Korean events (ORE-62, ORE 15-48, ORE 44-48, ORE 32-48) before the June 1950 invasion. While Korea did receive mention in other estimates, such as ORE 45-49 of 16 June 1949, entitled “Probable Developments in China,” which indicated that Communist Chinese successes would likely result in increased military and economic aid to the North Korea regime, the focus of the estimate still remained on Chinese activities and Soviet influence in the region.

It was not until the spring of 1950 that ORE produced another estimate specifically on Korea, appearing one week prior to the invasion. ORE 18-50, entitled “Current Capabilities of the Northern Korean Regime,” and dated 19 June, contained information available to the Agency as of 15 May. The estimate declared North Korea a “firmly controlled Soviet satellite that exercises no independent initiative,” possessing a military superiority over the south, and being fully capable of pursuing “its main external aim of extending control over southern Korea.” While recognizing the “the present program of propaganda, infiltration, sabotage, subversion, and guerrilla operations against southern Korea,” war did not appear imminent. “The ultimate local objective of the Soviet Union and of the northern Korean regime,” the estimate noted, “is the elimination of the southern Republic of Korea and the unification of the Korean peninsula under Communist domination.” Yet beyond noting a massing of North Korean forces, including tanks and heavy artillery, along the 38th parallel and the evacuation of civilians from these areas, the situation on the peninsula had not significantly changed from that described in earlier estimates or current intelligence reporting.

The War Begins

At 4:00 a.m. on Sunday, 25 June 1950 (Saturday, 24 June in the United States), North Korean troops, supported by tanks, heavy artillery and aircraft, crossed the 38th parallel and invaded South Korea. Notified at his home in Independence, Missouri, by Secretary of State Acheson, who had received a communication from the US Ambassador in Seoul, President Truman acted quickly and decisively, instructing the secretary of state to contact the United Nations as he returned to Washington. In the days following the outbreak of war, ORE’s Far Eastern/ Pacific Division *Intelligence*

Highlights noted, “all other Far Eastern developments . . . paled in comparison to the unexpected Communist invasion of southern Korea,” and predicted on 27 June that “it is doubtful whether cohesive southern Korean resistance will continue beyond the next 24 hours.” *Intelligence Memorandum* No. 300 that ORE issued on 28 June for DCI Hillenkoetter asserted that the invasion “was undoubtedly undertaken at Soviet direction” and with Soviet material support with the objective of the “elimination of the last remaining anti-Communist bridgehead on the mainland of northern Asia.” To meet the crisis, and at President Truman’s request, ORE began preparing a *Daily Korean Summary* that reported military developments and related international diplomatic and political events. The first issue appeared on 26 June 1950. Soon after, a special staff within ORE was created to monitor and report on Korean events.

Seeing the invasion as a Soviet orchestrated move heralding possible aggressions elsewhere, President Truman authorized US naval and air operations against North Korea within forty-eight hours of the invasion, as US personnel evacuated Seoul and Inchon for the safety of Japan. Truman then activated military reserve components in the United States and called on the UN to proclaim the North Korean attack a breach of world peace and assist the beleaguered ROK. Two days later the president committed US ground forces to the Korean peninsula under General MacArthur, who assumed command of all UN forces on 7 July. Within twenty-four hours of the presidential order, the first US troops arrived in Korea, joined during the next month by the first multi-national contingents from an eventual 21 countries.

The force of the North Korea onslaught, the relative lack of preparedness of the 95,000 members of the ROK armed forces prompted a quick retreat south. Seoul fell on 30 June, followed by Inchon on 3 July, Suwon on 4 July, and Taejon on 20 July. On 30 July, Communist forces had pushed the remnants of the ROK army and the remaining US forces to the toe of the peninsula around the port city of Pusan, where they prepared for a last stand. Although reinforcements were heading for Korea from around the globe, the prevailing attitude among many in the American public, in the Truman White House, and in the CIA was that a catastrophic and humiliating defeat may be just days away.

Change of Command at CIA — DCI Walter B. Smith

When the NSC met in the days following the Korean invasion to decide on a response, neither DCI Hillenkoetter nor any other high CIA official participated in the process or were even present during the discussions. The Korean invasion was widely regarded as an intelligence failure, and because of its role as the nation’s intelligence service, the CIA received the blame. Although Hillenkoetter claimed that the Agency had warned the president, the NSC, the secretaries of state and defense and others, as late as 20 June “that preparations for invasion were in high tempo,” the lack of a definitive prediction and clear warning prompted President Truman to change the Agency’s leadership as a necessary first step toward reform. Even though Hillenkoetter had indicated his desire to retire in May, it took until 21 August 1950 for Truman to announce the appointment of Lt. Gen. Walter Bedell Smith, a career staff officer who had served as Gen. Dwight D. Eisenhower’s chief of staff at the Supreme Allied Headquarters

(SHAEF) during World War II, as the next DCI. Smith was a proven manager, known for getting results, who immediately saw the need to implement a far-reaching reorganization of CIA offices as well as reforms of its processes and procedures.

Although he received overwhelming Senate confirmation on 28 August, Smith was recovering from surgery to treat chronic ulcers and did not take office as DCI until 7 October. During the transition period, the analytical offices of the CIA continued to operate as before, providing a daily summary of events in Korea, to include both a military situation report as well as a brief summary of world events. Even before his arrival, Smith had had the opportunity to read the various internal reports on CIA's alleged weaknesses as well as to reflect on the Agency's larger role as the nation's primary intelligence organization. Smith saw the CIA's allegedly poor performance as related to both growing pains, a lack of budget and personnel, and equally poor organization and coordination. At his first meeting with the NSC on 12 October, he announced intentions to implement most of the reforms suggested in the 1949 Dulles-Jackson-Correa Report to include realigning intelligence production, reforming the Intelligence Advisory Committee, integrating collection responsibilities, regrouping support staffs, and strengthening coordination mechanisms. Smith immediately restored the IAC to its intended place as the principal forum for discussing interagency problems, and jurisdictional conflicts, and as the final review committee for national intelligence estimates. The new DCI became an early, active, and vocal proponent of the CIA on Capitol Hill and at the White House. Smith pushed for massive budget increases to finance the rebuilding of the organization, for hiring thousands more intelligence officers, and for funding more operations, not just in support of war in Korea but worldwide. Yet the recommended reforms Smith sought to implement, which promised to transform CIA from a small organization into a large and effective intelligence agency required time, and events in Korea would give all concerned an increased sense of urgency.

Anticipating Victory

The CIA's change in leadership and announcement of organizational restructuring came amid growing optimism within the Truman Administration and among military commanders in Korea that the United Nations was on the cusp of victory. During August and September 1950, growing numbers of UN forces defended the Pusan perimeter against North Korean attempts to push them from the peninsula. Yet during this time as well, the Pusan perimeter transformed from what had been a position of a probable desperate last stand into a mightily reinforced bridgehead where UN forces stood poised by mid-September to take the offensive against what were now exhausted North Korean troops. Then, on 15 September, in a brilliant tactical maneuver, UN forces launched an amphibious assault far behind North Korean lines at the port city of Inchon, north of Seoul. Within days, and against limited opposition, US Marines captured Kimpo airfield near the South Korean capital and prepared to storm the city itself. Meanwhile, on 16 September, the long-awaited United Nations offensive out of Pusan began. In days, North Korean resistance collapsed, and Communist forces began a hasty retreat north. UN forces liberated Seoul on 28 September, and by 1 October, North Koreans were retreating across the 38th parallel. On 27 September, MacArthur received authorization to cross the

parallel to destroy all Communist forces and to continue his advance so long as no signs existed of actual or impending Chinese or Soviet intervention, and with the understanding that only ROK troops should fight in the provinces bordering Manchuria and Siberia (an instruction he ignored). On 2 October, the CIA reported that ROK forces crossed the 38th parallel; US forces followed one week later. In a meeting with President Truman on Wake Island on 15 October, MacArthur assured the president that the war would be over by Christmas and that the North Korean regime faced imminent defeat. Any Soviet or Chinese intervention was unlikely. A CIA report of 12 October confirmed MacArthur's assessment, stating that while the Chinese could intervene, they were unlikely to do so. Not everyone in CIA remained so sure.

The Chinese Intervention and CIA Reporting

The belief within the Truman Administration that the USSR orchestrated both the Korean War and communist movements worldwide prompted early concern at the CIA that the North Korean invasion would soon lead Moscow to order the People's Republic of China to intervene. While China received direct ORE attention during the years of the civil war in all political, military, and economic respects, the initial reports concerning possible Chinese intervention in the first month of the war remained ambiguous. Yet between July and November 1950, CIA produced several hundred reports from various sources bearing on a possible Chinese intervention. ORE alone produced ten *Intelligence Memorandums* for DCIs Hillenkoetter and Smith between 10 July and 9 November speaking of Chinese intentions. In addition, human intelligence reporting, as well as radio broadcasts from the USSR, China, and other Far East locations, monitored by the CIA's Foreign Broadcast Information Service from early October onward, indicated an increased likelihood that China may become involved militarily. Press reports appearing in Hong Kong, Shanghai, Tokyo, Bangkok, and Hanoi told of Chinese troop movements, material and medical acquisitions, and public and private pronouncements of PRC leaders indicating possible moves towards direct participation. The Far East Command and Washington policymakers received these reports within days of their arrival through IAC channels. Indeed, one later CIA History Staff assessment reported that:

Among OSO's [Office of Special Operations] intelligence reports were some 554 reports disseminated during the critical period July – November 1950. According to the OSO's summary in April 1951 'a considerable number of reports derived from Chinese sources . . . trace the movement of Chinese Communist military forces northwards into Manchuria and towards the Korean border, indicating units, equipment, and other order of battle details'. Also included in OSO's listing of reports are seven 'indications based on Chinese Communist commercial activities in Hong Kong . . . and thirteen indications of CHICOM or CHICOM-USSR conferences and policy statement relating to war preparations.'

The first ORE *Intelligence Memorandum* stating the possibility of Chinese intervention appeared on 8 July, declaring that the USSR may order Chinese overt or covert participation. Again on 19 July, ORE's *Review of the World Situation* gave special notice to Chinese capabilities to intervene but indicated that China would not enter unless

the USSR ordered it. On 16 August, ORE repeated the warning that China had the military capability to intervene in Korea, while a situation summary of 1 September predicted that “the stage has been set for some form of Chinese Communist intervention or participation in the Korean War” and that “some form of armed assistance to the North Koreans appears imminent.” The following week, an *Intelligence Memorandum* of 8 September entitled “Probability of Direct Chinese Communist Intervention in Korea” reported that while no direct evidence existed to indicate that China would enter the conflict, “limited covert Chinese Communist assistance to the North Korean invaders, including the provision of individual soldiers, is assumed to be in progress at present.” This memorandum reported an “increasing Chinese Communist build-up of military strength in Manchuria, coupled with the known potential in that area, make it clear that intervention in Korea is well within immediate Chinese Communist capabilities. Moreover, recent Chinese Communist accusations regarding US ‘aggression’ and ‘violation of the Manchurian border’ may be stage-setting for an imminent overt move.” The report detailed that potentially 400,000 Communist soldiers had already massed in Manchuria or would soon arrive there.

In the week after the Inchon landing, and as North Korean armies crumbled, the PRC leadership gave no indication that events on the peninsula would prompt their reaction. Indeed, the lack of Chinese activity lulled many into a false sense of security. If China hoped to intervene decisively to prevent a North Korean collapse, the reasoning went, they had missed the opportunity to do so. Nonetheless, CIA continued to address Chinese capabilities and the possibility of some outside communist intervention in the war. The ORE *Review* on 20 September expressed the idea that while both the USSR and Chinese had the capability to intervene, their likely covert response would involve the provision of Chinese Communist “volunteers” for integration into North Korean combat units. The Communist forces currently massed on the Manchurian border, ORE warned, “could enter the battle and materially change its course at any time.” As late as 12 October 1950, however, ORE 58-50 “Threat of full Chinese Communist Intervention in Korea” stated the contrary. “Despite statements by Chou-En-Lai, troop movements to Manchuria, and propaganda charges of atrocities and border violations . . . there are no convincing indications of an actual Chinese Communist intention to resort to full-scale intervention in Korea,” and “such action is not probable in 1950.” “From a military standpoint, the most favorable time for intervention in Korea had passed.” ORE 58-50, with a cover memorandum from DCI Smith, went directly to President Truman, then preparing for his first meeting face-to-face with General MacArthur at Wake Island. An 18 October *Review of the World Situation* repeated the assertion passed a week earlier to the president.

A week before Pyongyang fell on 19 October, more than 30,000 Chinese Communist troops crossed the Yalu River into Korea, followed by another 150,000 by the end of the month. These troops first engaged ROK and US forces on 25 October during the start of their “First Phase Offensive” that lasted for one week until ending abruptly on 2 November. During this opening phase, and over the course of several days through late October, both ROK and US forces captured and interrogated some 25 soldiers identified as being Chinese. On that latter date, Communist Chinese forces

mysteriously disengaged. In a memorandum for the president the night before, on 1 November, DCI Smith reported to Truman that in addition to fresh North Korean troops, “it has been clearly established that Chinese Communist troops are also opposing UN forces. Present field estimates are that between 15,000 and 20,000 Chinese Communist troops organized into task force units are operating in North Korea while their parent units remain in Manchuria.” While Smith remained unclear as to whether these Chinese forces were intervening directly in combat or were protecting hydroelectric plants along the Yalu as he had indicated to the president a week earlier, the fact remained that Chinese forces had entered Korea. NIE -2, published only one week later on 8 November, upped the estimated number of Chinese troops in Korea to some 40,000, who were now engaging UN troops at various points from 30 to 100 miles south of the Yalu River. The “present Chinese Communist troop strength in Manchuria,” the report stated, “is estimated at 700,000” of which “as many as 350,000 troops” could be made available “within 30 to 60 days for sustained ground operations in Korea.” The immediate cause of the Chinese intervention, the report maintained, “appears to have been the crossing of the 38th parallel by US forces and the consequent swift collapse of North Korean resistance.” By mid-month, as reflected in the 15 November *Review of the World Situation*, the fact that Chinese Communist forces were engaged in Korea seemed to have gained acceptance within the CIA, if not in the entire US government.

During the first weeks of November 1950, the Chinese infiltrated a further 300,000 troops into North Korea to support the remaining 65,000 soldiers of the North Korea army. Although CIA and US Army intelligence officers in Korea and at Far East Command headquarters in Tokyo uncovered increased evidence that Chinese troops had already entered and engaged in Korea, and that Chinese rhetoric concerning intervention may not be just propaganda, MacArthur renewed his offensive towards the Yalu River on 24 November, predicting it as the war’s last offensive. On that same day, NIE 2/1 entitled “Chinese Communist Intervention in Korea” appeared, a coordinated estimate with CIA, State, Army, Navy, and Air Force concurrence based on intelligence gathered as of 15 November. Reflecting the lack of consensus about the nature of the Chinese Communist involvement, the NIE concluded, “available evidence is not conclusive whether or not the Chinese Communists are as yet committed to a full-scale offensive effort.” The next day, 25 November, however, upwards of 300,000 Communist Chinese forces counterattacked in their “Second Phase Offensive,” sending UN troops reeling under the massive assault. Communist China had fully entered the war. On 28 November, President Truman remarked, “The Chinese have come in with both feet.” In a cable to President Truman, MacArthur described the dire tactical situation as US and ROK troops retreated toward the eastern North Korean coast and south, stating, “We now face an entirely different war.”

CIA’s Reorganization under Smith

In the wake of the now-much wider Korean War, the CIA continued to reorganize. Although Smith’s reforms and reorganizations affected all parts of the Agency, perhaps nowhere did they have as much impact as in the Agency’s analytical offices. Working with William H. Jackson, Smith determined three major areas of

improvement in the execution of CIA's mission: the need to insure consistent, systematic production of estimates; the need to strengthen the position of the DCI relative to the departmental intelligence components; and the need to delineate CIA's research and analysis function. At his first meeting with the Intelligence Advisory Committee on 20 October, he noted that the CIA had the primary responsibility for insuring that surprise or intelligence failure did not jeopardize national security — as happened at Pearl Harbor or with the outbreak of the Korean War. In addition, the CIA had to consolidate and coordinate the best intelligence opinion in the country based on all available information. Smith stated that the national intelligence estimates produced by the CIA should command respect throughout the government, and to make sure this came to pass, he announced the formation of the Office of National Estimates (ONE). He appointed as its chief former OSS Research and Analysis Branch veteran Walter Langer, who took office on 13 November 1950, five days after the appearance of NIE 2, and two weeks before NIE 2/1 addressed prospects for Chinese intervention. While Smith envisioned an operation of 1,000 people, Langer prevailed in his proposal for a smaller office to consist of a group of senior officers, never more than 50 in number, who came from a variety of academic and scholarly backgrounds. ONE would have two parts, one composed of analysts who would draft the estimate, and a board of seniors who would review and coordinate the finished estimate with other departments. The process change insured that the ONE final product benefited from coordination with all interested parties. After November 1950, ONE could approach other intelligence agencies and government departments directly, reaching out to counterparts for an interchange of ideas and information. Smith also insured that the IAC would perform a final review process with each NIE before it advanced to the policymaker. ONE would also create a list of intelligence issues for collection and frequent analytical reporting to guarantee that standing requirements always received the Agency's attention and policymakers never lacked up-to-date assessments. Between 1950 and 1952, ONE's major effort was dominated by production of estimates related to the Korean War, particularly those involving analyses of Soviet intentions.

The formation of ONE signaled the final demise of ORE. A new office created on 13 November 1950, named the Office of Research and Reports (ORR), picked up older ORE functions while redefining the CIA's intelligence production mission. As originally configured, ORR consisted of the Basic, Geographic, and Strategic Divisions brought over from ORE, and new Economic Services, Materials, Industrial, and Economic Analysis Divisions. Basic Intelligence had no research function and served as a coordinating and editing staff in charge of the National Intelligence Surveys or country surveys. The Maps Division consisted of geographers and cartographers, unique to the federal government since the days of OSS, who provided a service of common concern, while the Economic Research Area became the focus of the CIA's analytical effort primarily examining the USSR. ORR products, unlike those of ONE, served the needs of senior and mid-level officials. The fact that ORR came into existence at the height of the Korean War when all federal departments needed intelligence services insured that the office would grow in size and influence, a trend that did not end with the Korean Armistice in 1953.

CIA's current intelligence function had regularly come in for criticism even before the war and Chinese intervention, and Smith noted that the Dulles-Jackson-Correa Report had pointed out that most current intelligence products were simply a rehash of State Department cables. Outgoing DCI Hillenkoetter had noted that the current intelligence publications had both the president and NSC as their primary consumers and thus provided a valuable and unique service unavailable elsewhere in government. Although the Dulles-Jackson-Correa Report had recommended halting current intelligence work altogether, under Smith ONE took on a current intelligence reporting function on 15 November 1950 by forming a Current Intelligence Staff responsible for all-source coverage in a *Daily Summary*, with a 24-hour watch service, provisions for handling "hot information," and the creation and maintenance of a situation room. On 12 January 1951, the Current Intelligence Staff combined with the much smaller Office of Special Services to form the Office of Current Intelligence. The new OCI, which added over 200 employees by April, continued to produce the *Daily Summary* and *Daily Digest*, as well as the *Current Intelligence Bulletin* and the *Current Intelligence Review*. During the war, OCI turned out two daily publications on events in Korea. Divided into four regional offices, OCI contained a Far Eastern office that promised better current reporting on Korean War events. Although controversy over the intelligence "failures" in Korea continued through the spring of 1951, involving General MacArthur among many other top US government military, diplomatic, and intelligence officials called to testify before Congress, the CIA continued refining its collection and analytical processes as the war itself stalemated.

The wholesale reorganization of CIA analytical activities, both within the Agency itself, and within the wider intelligence and defense community prompted DCI Smith to create the Deputy Directorate of Intelligence (DI). The DI would serve as the overall umbrella organization for analytical activities within the CIA. Veteran analyst Loftus Becker became the first Deputy Director for Intelligence on 2 January 1952. The new directorate contained six offices — all overt — the Office of Collection and Dissemination, the Office of Scientific Intelligence, the Office of National Estimates, the Office of Research and Reports, the Office of Current Intelligence, and the Office of Intelligence Coordination. The addition of another group, the Office of Operations, completed the CIA's analytical overhaul in late February 1952. The analytical capabilities of CIA continued to grow in quality, respect, budget and personnel through the remainder of the Korean War and by December 1953, the Directorate of Intelligence contained some ten times the number of trained analysts as had existed in June 1950.