

WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
Ch.2 Sec. B	The Senior Interdepartmental Group System Confidential open 12-2-83	78 pp	A
Ch.2 Sec. C	The Policy Planning Council Secret open 12-2-83	22 pp	A

FILE LOCATION

Administrative History of the Dept. of State, Vol. 1
Chapter 2 (Leadership and Structure of the Department)

RESTRICTION CODES

- (A) Closed by Executive Order 12356 governing access to national security information.
- (B) Closed by statute or by the agency which originated the document.
- (C) Closed in accordance with restrictions contained in the donor's deed of gift.

P
R
I
N
C
I
P
A
L

O
F
F
I
C
E
R
S

SERVICE SET

II. DEPARTMENTAL LEADERSHIP AND STRUCTURE

A. PRINCIPAL OFFICERS OF THE DEPARTMENT OF STATE

During the period 1963-69, which saw substantial innovation in the processes of foreign affairs decision-making, the basic structure of the Department of State underwent little change. At the beginning of the Johnson Administration, the Secretary of State was supported by the Under Secretary of State, an Under Secretary for Political Affairs, Deputy Under Secretaries for Political Affairs and Administration, and a group of regionally or functionally specialized Assistant Secretaries and officers of equivalent rank.

Another established institution was the Ambassadors-at-Large, senior statesmen designated as principal officers to act for the Secretary and the President in particular problem areas.

1. Secretary of State

Dean Rusk, former President of the Rockefeller Foundation, had been appointed Secretary of State by President Kennedy

2

in 1961. He remained in that office through the Johnson Administration as the President's principal agent and adviser in the field of foreign affairs.

2. Under Secretary of State

George W. Ball, a specialist in international law and commercial relations in private law practice, assumed the office in November 1961, and remained the Secretary of State's first deputy and alter ego until September 1966.

Ball was succeeded by Nicholas DeB. Katzenbach, who relinquished the office of Attorney General of the United States to become Under Secretary of State in September 1966. He held this office through the remainder of the Johnson Administration.

3. Under Secretary of State for Political Affairs

W. Averell Harriman, who had served in the Kennedy Administration first as Ambassador-at-Large, then as Assistant Secretary for Far Eastern Affairs and lastly as Under Secretary of State for Political Affairs from April 1963, continued in the latter position under President Johnson until March 1965.

Eugene V. Rostow, Dean of the Law School of Yale University, was appointed in October 1966 and served during the remainder of the Johnson Administration.

4. Under Secretary of State for Economic Affairs

The position of Under Secretary for Economic Affairs lapsed temporarily when George W. Ball, who had held the office at the outset of the Kennedy Administration, replaced Chester Bowles as Under Secretary of State in 1961.

Thomas C. Mann, who had been Assistant Secretary of State for Inter-American Affairs and Administrator of the Alliance for Progress, was named Under Secretary of State for Economic Affairs in March 1965, and remained until his departure from the Government in May 1966.

5. Ambassadors-at-Large

W. Averell Harriman, who had previously served as Ambassador-at-Large and Assistant Secretary during the Kennedy Administration, and then as Under Secretary for Political Affairs under both Kennedy and Johnson, was again named Ambassador-at-Large in March 1965. In this capacity he

continued to act for the Secretary and the President in questions of the most critical importance; in the last year of the Administration Ambassador Harriman headed the US Delegation in Paris for the negotiations seeking an end to the war in Viet-Nam.

Llewellyn E. Thompson, who had been Ambassador at Moscow, served as Ambassador-at-Large from October 1962 until December 1966 when he was again appointed to Moscow. Ambassador Thompson, whose concerns centered on East-West relationships, served concurrently as Deputy Under Secretary for Political Affairs from June 1964.

Ellsworth Bunker, whose previous diplomatic career had taken him to five continents, served as Ambassador-at-Large from October 1966 until his nomination as Ambassador to Viet-Nam in April 1967.

Henry Cabot Lodge, who had previously represented the United States at the UN and as Ambassador in Viet-Nam, was named Ambassador-at-Large in May 1967. He was named Ambassador to Germany a year later.

George C. McGhee, whose earlier career included periods of service as Under Secretary for Political and (1963-68) as Ambassador to Germany, was named Ambassador-at-Large in May 1968.

6. Chief of Protocol

Angier Biddle Duke, who had been appointed by President Kennedy, continued to serve under President Johnson until early 1965.

Lloyd N. Hand succeeded Ambassador Duke in January 1965 and remained in office for just over a year.

James W. Symington succeeded Ambassador Hand in March 1966 and remained in office two years.

Angier Biddle Duke, who had been serving as Ambassador to Spain, was again named Chief of Protocol in April 1968.

Tyler Abell was named Chief of Protocol in September 1968 following Ambassador Duke's appointment as Ambassador to Denmark.

7. Deputy Under Secretary of State for Political Affairs

U. Alexis Johnson, who had served as Ambassador in Czechoslovakia and Thailand, was named to the senior career

officer position in the Department of State in April 1961. He continued in the office under President Johnson until July 1964. After serving as Deputy Ambassador in Viet-Nam, he was again named to the post in September 1965, and remained in the office until his nomination as Ambassador to Japan a year later.

Ambassador-at-Large Llewellyn E. Thompson held the position on an acting basis during the period between Ambassador Johnson's incumbencies.

Foy D. Kohler, who had succeeded Thompson in Moscow, became Deputy Under Secretary in November 1966.

Charles E. Bohlen, who had been Ambassador in Moscow, Manila and Paris, replaced Ambassador Kohler as Deputy Under Secretary in February 1968, and held the post through the remainder of the Johnson Administration.

8. Deputy Under Secretary of State for Administration

William J. Crockett, a career officer and specialist in administrative affairs who had previously served as Assistant

7

Secretary of State for Administration, became Deputy Under Secretary in June 1963, and continued in office in President Johnson's Administration until his retirement in December 1966.

Idar Rimestad, a career Foreign Service Officer who had served as Counselor of Embassy for Administrative Affairs at Paris, succeeded to the office in January 1967.

9. Assistant Secretary of State for Administration

Dwight J. Porter, who had been appointed in the final weeks of the Kennedy Administration, held the office until his nomination as Ambassador to Lebanon in March 1965.

On Ambassador Porter's departure the functions of his office were absorbed into that of the Deputy Under Secretary for Administration.

10. Assistant Secretary of State for African Affairs

G. Mennen Williams, who had been appointed by President Kennedy, continued in office under President Johnson until March 1966.

Joseph Palmer 2nd succeeded Governor Williams in April 1966.

11. Assistant Secretary of State for Congressional Relations

Frederick G. Dutton, who had been appointed by President Kennedy, continued in office until early 1965, when he returned to private life.

Douglas MacArthur II succeeded Mr. Dutton in March 1965 and remained until his appointment as Ambassador to Austria in April 1967.

William B. Macomber was named to the post in March 1967.

12. Assistant Secretary of State for East Asian and Pacific Affairs

William P. Bundy succeeded Roger Hilsman, Jr. as Assistant Secretary of State for Far Eastern Affairs in March 1964.^{1/}

^{1/} The designation of the Bureau was changed to "East Asian and Pacific Affairs" as of November 1, 1966.

13. Assistant Secretary of State for Economic Affairs

G. Griffith Johnson, who had been appointed by President Kennedy, was the first Assistant Secretary for Economic Affairs during the Johnson Administration.

Anthony Solomon succeeded Mr. Johnson on the latter's return to private life in June 1965.

14. Assistant Secretary of State for Educational and Cultural Affairs

Lucius D. Battle held the office of Assistant Secretary at the time of President Johnson's accession.

Harry C. McPherson, Jr. was named to the post in August 1964 following Mr. Battle's nomination as Ambassador to the United Arab Republic.

Charles Frankel followed Mr. McPherson in September 1965, when the latter became a member of the White House staff.

Edward D. Re succeeded Dr. Frankel in February 1968, when the latter returned to private life.

15. Assistant Secretary of State for European Affairs

William R. Tyler, who had been appointed by President Kennedy, remained in office until his nomination as Ambassador to the Netherlands in mid-1965.

John M. Leddy became Assistant Secretary in June 1965.

16. Assistant Secretary of State for Inter-American Affairs
and US Coordinator for the Alliance for Progress

Thomas C. Mann was named Assistant Secretary of State for Inter-American Affairs by President Johnson on December 21, 1963.^{2/}

Jack Hood Vaughn was named to the post on Mr. Mann's nomination as Under Secretary for Economic Affairs in March 1965.

^{2/} Six days later, he was given the additional title and responsibilities of US Coordinator for the Alliance for Progress. This step made the Assistant Secretary directly responsible not only for the usual responsibilities of a geographic Bureau, but also for the direction of AID programs in the area. His successors have continued to exercise both functions and to bear both designations.

//

Lincoln Gordon succeeded Mr. Vaughn in February 1966 following the latter's nomination as Director of the Peace Corps.

Covey T. Oliver was named to the post in June 1967.

17. Assistant Secretary of State for International Organization Affairs

Harlan Cleveland, who had been appointed by President Kennedy, remained in office until September 1965, when he was nominated by President Johnson to head the US Mission to the North Atlantic Treaty Organization.

Joseph J. Sisco, who had been Ambassador Cleveland's deputy, succeeded to the post.

18. Assistant Secretary of State for Near Eastern and South Asian Affairs

Phillips Talbot was appointed by President Kennedy and remained in office on President Johnson's accession.

Raymond A. Hare succeeded Ambassador Talbot in September 1965, following the latter's nomination as Ambassador to Greece.

Lucius D. Battle was appointed to the post in April 1967 following Ambassador Hare's retirement and remained until his own retirement in September 1968.

Parker T. Hart was named to succeed Ambassador Battle.

19. Assistant Secretary of State for Public Affairs

Robert J. Manning, who had been appointed in 1962, held the office under President Johnson until his return to private life in mid-1964.

James L. Greenfield replaced Mr. Manning in September 1964 and remained until his return to private life in March 1966.

Dixon Donnelley replaced Mr. Greenfield in March 1966.

20. Counselor of the Department and Chairman, Policy Planning Council

Walt W. Rostow, who had been appointed by President Kennedy, remained in office under President Johnson. When Mr. Rostow departed in March 1966 to accept a White House appointment, the two functions were separated.

Henry D. Owen succeeded Mr. Rostow as Chairman of the Policy Planning Council.

Robert R. Bowie succeeded Mr. Rostow as Counselor in September 1966, and returned to private life in February 1968.

21. Director General of the Foreign Service

Tyler Thompson, who became Director General at the outset of the Kennedy Administration, continued in office until his nomination as Ambassador to Finland in July 1964.

Joseph Palmer 2nd succeeded Ambassador Thompson in February 1964 and remained in the office until his nomination as Assistant Secretary for African Affairs.

John M. Steeves succeeded Ambassador Palmer in August 1966.

22. Director, Foreign Service Institute

George A. Morgan was named Director during the Kennedy Administration and remained until his nomination as Ambassador to the Ivory Coast by President Johnson in May 1965.

Howard E. Sollenberger was Acting Director for eight months following Ambassador Morgan's departure.

Ambassador George V. Allen was named Director in March 1966.

23. Inspector General, Foreign Assistance

John K. Mansfield, who had been appointed during the Kennedy Administration, remained in office under President Johnson.

24. Inspector General of the Foreign Service

Norris S. Haselton, who had been appointed during the Kennedy Administration, remained in office until his retirement from the Foreign Service.

Fraser Wilkins succeeded Ambassador Haselton in June 1964.

25. Director, Bureau of Intelligence and Research

Thomas L. Hughes, who had been named to the office in 1963, served throughout the Johnson Administration.

26. Director, International Scientific and Technological Affairs

Ragnar Rollefson, who had been named during the Kennedy Administration, continued in office until 1964, when he returned to private life.

Edwin Kretzmann served as Acting Director from September 1964 until his retirement at the end of the year.

Herman Pollack succeeded Mr. Kretzmann as Acting Director and retained this designation until his nomination as Director in July 1967.

27. Legal Adviser

Abram Chayes, who had been appointed by President Kennedy, remained in office under President Johnson until 1965.

Leonard C. Meeker, who had been Mr. Chayes' deputy, succeeded to the office following Mr. Chayes' return to private life in May 1965.

28. Administrator, Bureau of Security and Consular Affairs

Abba Schwartz, who had been named during the Kennedy Administration, remained in the office until his return to private life in March 1967.

Philip Heymann was Acting Administrator from Mr. Schwartz's departure until April 1967, when he joined the Under Secretary's staff.

Barbara Watson succeeded Mr. Heymann as Acting Administrator in April 1967.

29. Special Assistant to the Secretary and Executive Secretary of the Department

Benjamin H. Read, who was appointed during the Kennedy Administration, continued in office through the Johnson Administration.

S
I
G
S
Y
S
T
E
M

SERVICE SET

~~CONFIDENTIAL~~

DECLASSIFIED

Authority NLS 83-168

By us NARS, Date 11-2-83

B. THE SENIOR INTERDEPARTMENTAL GROUP

1. The Problem: Coordination of Foreign Affairs

a. Historical Context

The organization of the Senior Interdepartmental Group (SIG) and its regional counterparts during the administration of President Lyndon B. Johnson represents an imaginative attempt to solve the complex problem of how to coordinate and direct the foreign affairs of the United States. While the problem is one of very long standing, the demand for an effective solution has grown increasingly urgent in the years following World War II.

The war was a watershed in the history of United States foreign relations. Before 1941, with certain exceptions, our concern with foreign affairs tended to be sporadic, tentative, and incommensurate with our rapidly developing national power. By contrast, when the guns stopped in 1945 millions of Americans were deployed around the globe and the United States was master of the most awesome economic, industrial,

~~CONFIDENTIAL~~

SERVICE SET

and military establishment the world had ever known. Temporarily we bore alone the awful responsibility of atomic power. As chief architect of the alliance which had crushed the German and Japanese war machines, we were fated to play the foremost role in the task of bringing order out of the rubble of war.

Our characteristic hopes to dismantle our military might quickly and bring our troops home were soon dashed by the aggressive appetites of our erstwhile Soviet ally. Within a decade we found ourselves the keystone of a series of defensive military and political alliances stretching from Western Europe through Asia to the Pacific. Simultaneously, the United States undertook an unparalleled effort to feed and assist the peoples of Europe and other devastated areas, and to share in rebuilding their shattered economies. Billions of dollars and the energies of tens of thousands of Americans were expended in the great humanitarian adventure of the Marshall Plan, from which grew the

varied United States economic and military assistance programs which have become a constant feature of the post-war scene.

The immense range of our international involvements led inevitably to the growth of new government agencies and the expansion of the foreign programs of many older, established departments. Our overseas commitments not only became vastly more numerous and geographically diverse, but represented participation of an unprecedented scope and intensity in the political, economic, social, and cultural life of foreign nations. Entire new bureaucracies sprang into being to administer our assistance programs, to provide news and information about the United States, and not least to wage the silent war of intelligence on a scale we as a nation never before had contemplated.

b. Structure of Problem

At the same time the traditional diplomatic relations of the United States also expanded, as

~~CONFIDENTIAL~~

did the variety of demands placed upon its diplomats. But the growth of the Department of State and the Foreign Service after World War II was minuscule in comparison to the growth of other agencies operating abroad. By the mid-1960s of all Americans serving abroad--even excluding troops under purely military command--considerably fewer than 20% were directly responsible to the Department of State. The rest were representatives of other foreign affairs agencies of the government: Defense, USIA, AID, CIA, and the Peace Corps, as well as Agriculture, Treasury, Commerce, Labor, and several others. The disproportion of course would be even more striking if the annual budget of the Department of State were compared to the combined budgets of all other United States agencies and departments maintaining foreign programs.

Yet the Secretary of State, as the President's principal advisor on foreign affairs, continued to bear nominal responsibility for the conduct of United States activities abroad. And each Ambassador, as

~~CONFIDENTIAL~~

SERVICE SET

personal representative of the President, continued to exercise nominal control over all United States programs in the country of his assignment. With the immense expansion of our foreign affairs establishment over the past two decades, however, it has become progressively more difficult for any Secretary or any Ambassador to do his job properly.

At stake is far more than a sense of bureaucratic symmetry or preservation of State Department pride. In a large foreign post where there may be representatives of the Defense Department, AID, USIA, CIA, and the Peace Corps--not to mention Treasury, Commerce, Customs, and others--failure to coordinate the mission effort effectively can jeopardize the attainment of United States goals in the host country and cost the American taxpayer needless money for conflicting or overlapping programs. When a mission includes a number of able and energetic agency representatives--each with a separate line of bureaucratic subordination, separate

agency budget, sometimes even a separate communications system, each enjoying a separate Congressional mandate--central direction becomes an absolute requirement to avoid working at cross purposes. And the potential for confusion and policy conflict is magnified at the level of the foreign affairs community in Washington.

2. Varied Solutions to the Problem

Attempts to solve the problem of foreign affairs coordination have varied under past administrations according to the desire, interest, and personality of the President and his relationship with his chief cabinet aides. Throughout the administration of President Dwight D. Eisenhower, for example, responsibility in this area was vested in the Operations Coordinating Board (OCB) and its Planning Board, in what might be characterized as a military staff approach to the problem. The OCB has been criticized on the grounds that it represented the superimposition of another bureaucratic level on top of the

existing departmental structure, almost inevitably producing a high degree of "layering." A premium was placed on attaining consensus on key problems before their presentation to the President, often with the effect of homogenization of issues along the way.

One of the earliest acts of President John F. Kennedy on assuming office was the abolition of the ^{1/}OCB. His personal predilection was for more direct contact between the White House and the foreign affairs agencies, on occasion extending down to the Desk Officer level. Wishing to reserve key decisions to himself, President Kennedy apparently believed that he and his staff could stay in touch with critical issues better through informal contacts than through a formal body such as the OCB. An associated result of this style of operation was the development of a skilled and powerful White

^{1/} The OCB and the Planning Board were abolished in February 1961.

~~CONFIDENTIAL~~

House staff, first headed by McGeorge Bundy, to assist the President. Liaison with key members of the administration was maintained largely through ad hoc personal contacts and informal luncheon meetings.

By contrast, President Kennedy sought to establish more formal procedures for the conduct of foreign relations in the field through a Presidential letter to all Ambassadors dated May 29, 1961, which stated in part:

You are in charge of the entire United States Diplomatic Mission and I shall expect you to supervise all of its operations. The Mission includes not only the personnel of the Department of State and the Foreign Service, but also the representatives of all other United States agencies which have programs or activities in (Country X).

This was not the first time that the inherent authority of the Ambassador had been bolstered by Presidential sanction--both Presidents Eisenhower and Truman also had made clear their support for this concept--but

~~CONFIDENTIAL~~

SERVICE SET

the Kennedy letter was perhaps more explicit and better publicized than its predecessors. There was still, however, no point in Washington (below the level of the White House) at which coordinating authority comparable to that which an Ambassador could impose on his Country Team could be exercised formally within the foreign affairs community.^{2/}

3. The Road to NSAM 341

a. Influence of the Bay of Pigs

According to General Maxwell D. Taylor, the absence of a suitable mechanism for the coordination of interdepartmental matters in foreign affairs finally was brought home to President Kennedy with

^{2/} Of course, even without a formal structure such as that created by NSAM 341, there was considerable scope for leadership by the Secretary of State--long regarded as primus inter pares in the Cabinet--and his principal deputies. But their capacity to coordinate and direct the whole span of United States foreign relations was dependent in large measure on variable factors such as the relationship between the Secretary and the President, and personal qualities of intellect, dynamism, and political influence.

painful clarity by the Bay of Pigs episode.^{3/} The President immediately asked a small group, including his brother Robert Kennedy, Allen Dulles, Admiral Arleigh Burke, and General Taylor, to investigate the Bay of Pigs operation and report on what had gone wrong.

In their report to President Kennedy, this group appraised the organizational shortcomings which made it difficult for any President to control a complex, interdepartmental operation, and made suggestions for possible alternatives. General Taylor described their findings in this way:

The organizational concept which we suggested called for a permanent committee with the title Strategic Resources Group, reporting to the President, capable of directing the use overseas of the resources of several departments. What-

^{3/} This and succeeding comments by General Taylor are taken from his address to the American Foreign Service Association on March 31, 1966, reprinted in the Foreign Service Journal, May 1966, Vol. 43, No. 5.

~~CONFIDENTIAL~~

ever its intrinsic merits, the suggestion was not received with any great enthusiasm, primarily because it seemed to suggest the United States might want to undertake another Bay of Pigs type operation, and that was not an appealing thought in 1961. However, the concept of having a permanent steering group of very senior officials who controlled all the resources of the principal departments engaged in overseas activities remained alive and reappeared in January, 1962, when President Kennedy approved the constitution of the so-called Special Group for Counter-Insurgency. This was really the Strategic Resources Group under a different name, with a slightly different membership and with a more restricted objective.

b. The Special Group (CI)

Although detailed discussion of the work of the Special Group (CI) under Presidents Kennedy and Johnson is beyond the scope of this inquiry, the Special Group deserves some attention since in a very real sense it was the direct lineal antecedent of the SIG. Designed to mobilize all the forces of the United States Government in response to the challenge of Communist "Wars of National Liberation", particularly in underdeveloped areas, the Special

~~CONFIDENTIAL~~

SERVICE SET

Group originally was chaired by the Military Representative of the President and included in its membership the Attorney General, the Deputy Under Secretary of State for Political Affairs, the Deputy Secretary of Defense, the Chairman of the Joint Chiefs of Staff, the Director of CIA, the Special Assistant to the President for National Security Affairs, and the Administrator of AID.^{4/} The working goal of the Special Group (CI) was to focus the attention of these top officials--who had full command over resources and could take rapid decisions--on urgent details of overseas operations, no matter how minor.

c. The Taylor Review

By the summer of 1965, now under the administration of President Johnson, there was a realization

^{4/} Although not among the original list of members, the Director of the United States Information Agency was added to the Special Group (CI) after it had been in operation three months.

that the Special Group (CI) had achieved certain successes but also had encountered problems which suggested that the time had come for a thorough review of its methods and structure. In August 1965 President Johnson requested that General Taylor, who had just returned from service as United States Ambassador in Saigon, study the full span of our activities in the field of counterinsurgency at home and abroad, and present appropriate recommendations.

As General Taylor has explained:

Having been asked to look into governmental effectiveness in the field of counter-insurgency, those of us involved soon felt that our directive was too restricted; since counter-insurgency literally means resistance to an insurgent movement, and obviously the last thing that we should want is to find ourselves in that kind of defensive situation. It seemed to us that we should give priority to the prevention of subversive insurgency and emphasize what should be done to improve preventive measures including the early detection of symptoms.

By December 1965 General Taylor and his fellow workers, guided by the philosophy described above, completed their work and presented to President

Johnson a series of recommendations which together laid the groundwork for National Security Action Memorandum (NSAM) 341, to be issued a little over two months later.

4. NSAM 341 and its Significance

a. Background of the NSAM

NSAM 341 of March 2, 1966 (the text appeared two days later as Foreign Affairs Manual Circular No. 385) for the first time formally accorded to the Secretary of State "authority and responsibility to the full extent permitted by law for the overall direction, coordination, and supervision of inter-departmental activities of United States Government overseas", and outlined the mechanisms of the Senior Interdepartmental Group, the Interdepartmental Regional Groups, and the Country Directors.^{5/} In historical perspective, NSAM 341 must be considered an innovative and conceptually thorough attempt to solve the problem of foreign affairs coordination. It would be difficult to move further towards the

^{5/} While not specifically mentioned in NSAM 341, the Country Director system was included in FAMC No. 385 and is considered throughout this paper as a part of the "NSAM 341 package".

ideal of central direction of the conduct of United States foreign affairs without major restructuring of the Executive Branch, which certainly would involve a number of fundamental legislative changes.

General Taylor has described some of the thinking that went into NSAM 341, placing stress on the importance of the "directive" responsibility in interdepartmental affairs assigned to the Secretary of State. In his view this represented a distinctly new departure, based to a degree on a rather casual statement by President Kennedy in January 1961 at the time of the abolition of the Planning Board and the OCB to the effect that the Department of State would assume some of the functions formerly performed by the OCB. No formal instructions or orders had ever been issued, however.

In the course of the Taylor review, consideration also had been given to the possibility of making the National Security Council--which had been little used since the beginning of the Kennedy

Administration--the focal point for coordination of interdepartmental matters in the foreign affairs area. General Taylor commented:

The National Security Council was organized with the intention of...supporting the President in his discharge of responsibilities in the field of security. But the record shows, I believe, that the National Security Council has not adequately fulfilled the original intent. In deciding how best to fill this void, I talked to many senior officials about refurbishing the National Security Council. I found virtually no enthusiasm for such a facelifting effort. The general feeling was that the National Security Council had the inherent weakness of being too big and that no President was likely to sit down in such a large group and use it as a forum for deciding major overseas matters. 6/

6/ In practice, since the issuance of NSAM 341, the National Security Council has continued to fulfill its role as the most senior advisory panel for the President. On major foreign policy questions the critical decisions continue to be made in the White House, and on occasion both the SIG and the NSC have been called upon to contribute to the analysis of issues and discussion of alternative courses of action related to a problem on its way to the President for decision.

Furthermore, the formation of another new organization at the White House level was rejected as being neither desirable nor practical; in effect this would have meant the re-creation of the old OCB.

Instead the conclusion of the Taylor review was to recommend what appeared to be the simplest and most logical course of drawing upon the existing resources of the Department of State to fulfill the coordination function. However, General Taylor made clear that in his eyes this represented a transfer of a limited portion of Presidential authority to the Secretary of State--as well as to those other officers of the Department of State who under NSAM 341 would assist the Secretary--rather than recognition of an organic State Department responsibility. As General Taylor put it, under NSAM 341 certain key State Department officials from the level of Ambassador up to the Secretary of State really would be "wearing a second hat--a Presidential hat--in fulfilling this function."

b. Structure for Coordination: The SIG

The mechanisms created by NSAM 341 to assist the Secretary of State in coordinating and directing interdepartmental activities in foreign affairs follow a clearly hierarchical succession. At the apex is the Senior Interdepartmental Group, which in composition and function most closely resembles the Strategic Resources Group proposed in the recommendations presented to President Kennedy in 1961. Organized at the immediate sub-Cabinet level, the SIG is chaired by the Under Secretary of State and includes among its members the Deputy Secretary of Defense, the Administrator of AID, the Director of CIA, the Chairman of the Joint Chiefs of Staff, the Director of USIA, and the Special Assistant to the President for National Security Affairs. In addition, the Under Secretary of State for Political Affairs (the corresponding title in March 1966 was Under Secretary for Economic Affairs) and the Deputy

Under Secretary of State for Political Affairs regularly attend SIG meetings, since under the terms of NSAM 341 either may be called upon to serve as chairman of the SIG in the absence of the Under Secretary. Representatives of other departments and agencies at a comparably senior level are invited to participate in SIG meetings whenever specific matters within their areas of responsibility are considered; they also may raise matters for consideration of the SIG.

The specific tasks of the SIG were outlined by NSAM 341 as follows:

- a. Ensuring that important foreign policy problems requiring interdepartmental attention receive full, prompt, and systematic consideration;
- b. Dealing promptly with interdepartmental matters referred by the Assistant Secretaries of State or raised by any of its members, or, if such matters require higher level consideration, reporting them promptly to the Secretary of State for appropriate handling;

~~CONFIDENTIAL~~

- c. Assuring a proper selectivity of the areas and issues to which the United States Government applies its resources;
- d. Carrying out other duties and responsibilities of the Special Group (Counter-insurgency), which has been abolished;
- e. Conducting periodic surveys and checks to verify the adequacy and effectiveness of interdepartmental overseas programs and activities.^{7/}

It was made clear that the SIG should encourage interdepartmental action and decision-making at the Assistant Secretary level to the greatest extent possible. Finally, NSAM 341 provided that the Chairman was to be supported by a full-time Staff Director, who initially also served as a Special Deputy Executive Secretary of the Department of State, and by a staff which might be drawn from SIG member agencies on the request of the Chairman.

^{7/} The full text of NSAM 341 is included in Volume II, Documentary Supplement.

~~CONFIDENTIAL~~

SERVICE SET

c. The IRGs

At the second level of the hierarchy are the five Interdepartmental Regional Groups (IRGs), which are chaired by the Assistant Secretaries of State for each major region--Africa (AF), Latin America (ARA), East Asia and Pacific (EA), Europe (EUR), and Near East and South Asia (NEA). The membership of each IRG reflects the same departmental representation as that of the SIG, and each is organized on the same pattern as the senior body, except of course that the mandate of each IRG is limited to the region of its competence.

d. The Country Director

Within each region, at the next subordinate level, NSAM 341 introduced the concept of designating senior State Department officers as Country Directors "to serve as the single focus of responsibility for leadership and coordination of departmental and interdepartmental activities concerning their

country or countries of assignment." Each Country Director is to ensure that the Ambassador or Ambassadors in the area under his jurisdiction are fully supported on policy, operations, and administration, both within the Department of State and throughout the government. The position of Country Director, working under the close guidance and supervision of the regional Assistant Secretary of State or one of his deputies, specifically replaced the former positions in the Department of State of Office Director and Officer-in-Charge.

e. The Ambassador and Country Team

Finally, although it was unstated in NSAM 341, General Taylor left no doubt in his later commentary that he considered the final level of the structure for interdepartmental coordination to be that of the individual Ambassador at the head of his Country Team--with his authority based on the terms of the President Kennedy letter of May 1961, later confirmed under the administration of President Johnson. In

fact, in simplest terms, the structure of NSAM 341 may be seen as the transfer of the Ambassador-Country Team relationship to the Washington level, with the Secretary of State formally accorded a directive role among the foreign affairs agencies.

5. Special Characteristics and Limitations

a. Executive Chairman Concept

Perhaps the most striking of the special characteristics of NSAM 341 is the Executive Chairman concept, which applies to the Under Secretary of State in the SIG and each regional Assistant Secretary of State in his IRG (but not to the Country Directors). In order to avoid what might be called the tyranny of consensus--the bureaucratic tendency to postpone action on any question until sufficient compromises have been made to accommodate the views of all participants--the Under Secretary and each Assistant Secretary are empowered to rule on all matters which come within their purview. They are expected to give a full and fair hearing to all points

of view, to seek the broadest possible support, but finally to make a decision on the issue at hand regardless of whether consensus has been reached.

b. Right of Appeal

In order to protect the interests of individual member agencies on the IRGs and the SIG, however, NSAM 341 also includes provision for the right of appeal to higher authority. In other words, if an IRG Executive Chairman rules on a given issue in a manner totally unacceptable to a member agency, that agency has the right to dissent from the decision, normally by submitting a written statement to the Executive Chairman. The effect of lodging such a dissent is to force consideration of the issue to the next higher level, in this case to the SIG. If there were a critical dissent from a ruling of the SIG Executive Chairman which could not be resolved through the intercession of the Secretary of State, the matter might ultimately go to the President himself.

c. Exclusions from SIG Authority

Foremost among the limitations placed on the exercise of authority under NSAM 341 is the specific exclusion from the rubric of interdepartmental activities of:

...United States military forces operating in the field where such forces are under the command of a United States area military commander and such other military activities as the President elects to conduct through military channels.

Furthermore, NSAM 341 provides that:

Activities which are internal to the execution and administration of the approved programs of a single department or agency and which are not of such a nature as to affect significantly the overall U.S. overseas program in a country or region are not considered to be interdepartmental matters.

Thus it was decided at the outset that neither the SIG nor the IRGs would have jurisdiction in either purely military matters, or in problems which are essentially the province of one agency or depart-

8/
ment alone.

In addition, there are two less specific limitations implicit in the language of NSAM 341. The statement assigning the Secretary of State authority for the direction, coordination, and supervision of interdepartmental activities overseas contains a key qualifying clause, "to the full extent permitted by law." This merely recognizes the fact that the Presidential directive could not cause any independent agency to transfer control over functions for which it had been assigned

8/ The exclusion of military command decisions from the authority of the SIG by no means has meant that it has not dealt with military matters. On the contrary, the trend has been for increasing use of the NSAM 341 mechanism to reach decisions on the growing family of politico-military problems, including military assistance policy, overseas base requirements, and even revision of military personnel levels abroad with the dual aim of achieving an improved balance of payments and reducing the total size of the United States establishment in selected foreign countries. In addition, establishment of new procedures for politico-military contingency planning (discussed later) has placed direct responsibility upon the IRGs and the SIG for advance decisions, often of key military significance.

~~CONFIDENTIAL~~

responsibility by the Congress. In a similar fashion, the statement that the SIG will assist the Secretary of State in dealing with interdepartmental matters is immediately followed by this modification:

...which cannot be dealt with adequately at lower levels or by present established procedures, including those of the Intelligence Community...

This represents an acknowledgement that the IRG/SIG mechanism must be reserved for problems of key importance, and that the usual procedures of office-level interdepartmental clearance for routine matters would continue, as well as reassurance that questions of primarily intelligence significance would be handled as before through the special channels of the Intelligence Community.

6. The Record of the SIG

The history of the SIG since its formation in March 1966 admittedly has been mixed. SIG activity has followed an irregular pattern falling into three distinct cycles, which might be termed the Early

~~CONFIDENTIAL~~

SERVICE SET

Period, the Dormancy, and the Second Incarnation. Each will be discussed in turn.

a. The Early Period

The Early Period began with Meeting #1--understandably devoted purely to organization--on March 8, 1966, just four days after the issuance of NSAM 341, and continued through Meeting #13 on July 26, 1966. These first thirteen meetings under the Executive Chairmanship of Under Secretary George Ball spanned slightly over four months, making an average of roughly three meetings per month. At the outset, naturally, there was a good deal of feeling the way. Necessary staff contacts were established, procedures were worked out, and all those concerned thought a good deal about how the SIG should approach its assigned tasks.

As envisaged in NSAM 341, a Staff Director was appointed and a small SIG Staff constituted--initially comprising only one officer and never

~~CONFIDENTIAL~~

exceeding two in the Early Period.^{9/} Simultaneously, the IRGs got under way with varying degrees of alacrity, and each was requested to submit to the SIG a list of current problems, together with an estimate of whether they would be handled below the IRG level, would be taken to the IRG, or would require action by the SIG. A comprehensive survey also was made of existing interdepartmental committees and task groups to see which logically might be abolished and their functions assumed by the new structures created under NSAM 341.

In substance the first thirteen meetings in the Early Period covered a wide range.^{10/} Perhaps the

^{9/} The SIG Staff in this period as well as those following has always been drawn from officers of the Department of State and the Foreign Service. The suggestion in NSAM 341 that the staff include participation from SIG member agencies has never been implemented.

^{10/} Examples of the minutes of SIG meetings in this and later periods at which important decisions were taken -- including, where appropriate, memoranda sent to the President pursuant to the findings of the SIG -- are included in Volume II, Documentary Supplement.

~~CONFIDENTIAL~~

SERVICE SET

~~CONFIDENTIAL~~

foremost immediate question was how the SIG should take up the responsibilities of the Special Group (Counter-Insurgency). At Meeting #2 on March 15, 1966 various critical country situations were discussed, that of Thailand among them, and it was announced by the Executive Chairman that he had requested Ambassador Randolph Kidder to review the status of the work of the Special Group (CI) and recommend how the SIG might best fulfill its role in this area.

Other topics taken up by the SIG during the Early Period were United States policy on economic sanctions towards Rhodesia; emergency airlift of foodstuffs to Ghana; possible recognition of Outer Mongolia; a NATO Military Payments Union; a contingency plan for Haiti; military assistance strategy towards Tunisia; the Indian nuclear weapons problem; and US-Japanese relations with special reference to the future of the Ryukyus.

~~CONFIDENTIAL~~

SERVICE SET

The 13th and final meeting of the Early Period of the SIG was devoted to the report of Ambassador Kidder and the assignment of counter-insurgency responsibilities among SIG members. Unfortunately, with this meeting the SIG entered its long dormant period for reasons discussed below, and there was no practical SIG follow-up on the performance of member agencies or of the IRGs in this special field until the beginning of 1968 during the Second Incarnation.

Probably the most telling criticism of the activity of the SIG in the Early Period was that too great emphasis was placed on its appellate function of providing a senior forum to resolve differences among agencies which could not be dealt with at lower levels. Of course this function was specifically envisaged in NSAM 341, but with no suggestion that the SIG need wait passively for interagency disputes to develop before taking action.

~~CONFIDENTIAL~~b. The Dormancy

During the period from July 26, 1966 until July 19, 1967--or essentially for the succeeding year--the SIG met only three times. Meeting #14 on September 13, 1966 provided further discussion of the Ryukyus problem, and Meetings #15 and #16 on January 31 and February 14, 1967, respectively, were devoted to military assistance to Morocco and arms policy towards India and Pakistan. However, this near-hiatus in the activity of the SIG over a year understandably gave rise to the impression in many quarters that the SIG as an institution was ^{11/}dead or dying.

This was not, of course, the case. It is not accidental that the quiescent period of the SIG

^{11/} For further comment on the activity of the IRGs during this period--which did not mirror that of the SIG--see section entitled "The SIG and the IRGs" below.

~~CONFIDENTIAL~~

SERVICE SET

~~CONFIDENTIAL~~

coincided very closely with the first year in office of Under Secretary of State Nicholas deB. Katzenbach, who formally replaced Mr. Ball on October 3, 1966. Under Secretary Katzenbach, as Executive Chairman, exercised his prerogative not to summon the SIG into session (except for the latter two meetings already cited) for a number of reasons. First, having come directly to the Department of State from five years at the Justice Department, Mr. Katzenbach wished to familiarize himself thoroughly with the internal structure of State before venturing into the interdepartmental arena. Second, and more important, he came to the Under Secretaryship with a mandate to explore the possibility of other, possibly more effective means of managing foreign affairs and coordinating interdepartmental activities. It was during this period that Professor Thomas Schelling of Harvard University was asked to study those alternative means, and, pending receipt of a

~~CONFIDENTIAL~~

SERVICE SET

report on the outcome of the Schelling investigation, Mr. Katzenbach abstained from giving any commitment to the SIG. It was also during this first year at State that Mr. Katzenbach was heavily occupied with his work as Chairman of the Presidential Commission on Law Enforcement.

Professor Schelling envisaged a major reorganization of the top administrative structure of the Department of State, and possible creation of a new position at the Deputy Under Secretary or Assistant Secretary level to head a managerial staff which would have been deeply involved in the area of inter-departmental coordination of foreign affairs. By late May 1967, however, it had become clear that Congress would not appropriate funds for such an innovation, and that Professor Schelling himself, who had been considered to serve as the first incumbent in the new managerial position, would be unavailable. In short, by the beginning of summer 1967, it was

obvious that the responsibilities of the Department of State in the field of interdepartmental coordination would be fulfilled, if at all, through the existing structure of the SIG and IRGs.

c. The Second Incarnation

(1) New Departures and Procedures

It is not inappropriate to term the third cycle of SIG activity, from July 1967 up to the present time, the Second Incarnation. For, in a very real sense, the original SIG had disappeared by mid-summer 1967. Not only had the Executive Chairman changed, but a number of the charter members had been replaced. Meeting #17 on July 19, 1967 (on United States policy towards Greece), marking the beginning of the third cycle, was in fact the last meeting for the original SIG Staff Director. After the long period of disuse of the SIG, he and his fellow SIG staff members progressed to other jobs, and the Second Incarnation got under way with a

completely new team. By early fall 1967 they numbered four in addition to the Staff Director; all were State Department or Foreign Service Officers.

The Second Incarnation has been marked by a number of procedural and substantive changes. First, the new Staff Director in August 1967 was appointed Special Assistant to the Under Secretary, rather than Special Deputy Executive Secretary of the Department, as was his predecessor. The fact that the Staff Director and his assistants are now directly involved in the day-to-day work of the office of the Under Secretary has proved to facilitate the use of the SIG in dealing with the most pressing problems of the day.

Second, by design, the SIG Staff has operated in an activist manner since the fall of 1967, seeking out problems which logically ought to be addressed in the SIG, regardless of whether they have been considered previously by an IRG or whether

any interagency dissent has been registered. This tactic has required maintenance of close liaison with the Staff Directors of the IRGs, as well as informal canvassing of other agencies to keep tabs on critical issues. In the early weeks of the Second Incarnation, the SIG Staff frankly sought to achieve the highest possible frequency of SIG meetings to reestablish the image of the SIG in the foreign affairs community, and to encourage other agencies to think in terms of using the SIG to resolve high-level interagency problems.

Third, in October 1967 Under Secretary Katzenbach authorized the formation of what is in effect a sixth IRG, although its mandate is functional and not regional. Named the Political-Military Group (PMG), and chaired by the Deputy Assistant Secretary of State for Politico-Military Affairs, this new organization was constituted specifically to deal at the sub-SIG level with a host of problems

~~CONFIDENTIAL~~

which cut across regional lines. Examples of topics which have come before the PMG are United States policy on responses to Allied inquiries about anti-ballistic missiles, implementation of the Conte-Long and Symington Amendments to the FAA, counter-insurgency matters, and politico-military contingency planning.

In practice all SIG members are now asked to hold each Thursday at 4:00 p.m. for a SIG meeting, with the expectation that there will be roughly two a month. Since July 1967 that frequency has been maintained on the average; Meeting #45 was held on October 10, 1968. The record of attendance by all members has been extremely good. As contemplated by NSAM 341, the SIG principals themselves virtually always come in person, sending deputies only in the event of illness, travel, or real emergency. The Under Secretaries of Agriculture and Treasury are now invited to attend SIG meetings regularly, since so many topics before the SIG have ramifications affecting their departments. Mr. Katzenbach has

~~CONFIDENTIAL~~

SERVICE SET

~~CONFIDENTIAL~~

personally chaired every meeting held during his tenure as Executive Chairman, and has actively directed and supported the work of the Staff Director and the SIG Staff.

(2) Types of Recent SIG Meetings

During the nearly fifteen months of the Second Incarnation, the SIG has met a total of 28 times to deal with a broad range of problems, varying both in geographic scope and operational urgency. The following description of the principal types of meetings towards which the SIG Staff has worked over the past year suggests the direction in which the SIG has been moving and provides a useful summary of its recent activity.^{12/}

^{12/} Examples of the minutes of SIG meetings referred to below -- including, in certain cases, a memorandum to the President if one was prepared pursuant to the SIG decision -- are included in Volume II, Documentary Supplement.

~~CONFIDENTIAL~~

SERVICE SET

(a) Long-Term Policy Guidelines

The goal of meetings in this category has been to set a policy framework for future decisions in a given problem area. No attempt has been made to pre-judge those decisions; rather, the emphasis has been on identifying all basic issues which would have to be addressed before any decision could be made. One example was SIG consideration of the Holmes Report on the Near East, North Africa, and the Horn of Africa (and related papers) at Meetings #21 and #26, held respectively on September 14 and November 29, 1967. Another was the SIG-sponsored Martin Study on Suggested United States National Strategy in Latin America, which was commissioned at Meeting #21 on September 14, 1967 and discussed at SIG Meetings #35 and #38 on May 2 and May 23, 1968, respectively.^{13/}

^{13/} In bureaucratic shorthand each of these reports inevitably acquired the name of the senior officer responsible for the study: in the first instance, the late Ambassador Julius C. Holmes, and in the second, Ambassador Edwin M. Martin.

In neither case was there any expectation that these two regional policy papers would be approved in toto by the SIG as a final definition of future United States posture in the areas under study, yet each report proved highly productive. Both served to focus top-level attention on key problems and stimulated further hard analysis in SIG member agencies. In each case SIG discussion revealed certain areas which deserved further study, and the appropriate IRGs were asked to fill in the gaps. The first SIG meeting on the Holmes Report contributed directly to the preparation of terms of reference for Ambassador Holmes' subsequent consultations in NATO capitals on the nature of the Soviet threat in the Near East and Mediterranean; and those consultations in turn influenced the NATO decision to undertake a Mediterranean Study as part of its own future work program. The Martin Study, as modified by SIG discussion and amplified by later contributions of the IRG/ARA, will

continue to serve as a useful and comprehensive analysis of our total Latin American policy, against which individual policy proposals may be measured in future years.

Both the Holmes Report and the Martin Study were prepared under the auspices of the Special State-Defense Study Group (SSDSG), and yet a third major research project for the SIG--a worldwide review of United States overseas base requirements in the 1970s--is now in progress in the SSDSG under the direction of General Robert J. Wood with a December 15, 1968 reporting date. The working relationship between the SIG and the SSDSG developed informally at first, but became official in April 1968. At that time, on the demise of the Senior Policy Group, the SIG assumed direct responsibility for policy guidance of the SSDSG.

Still another highly significant long-term policy study being conducted at present under SIG direction concerns United States national security policy in

Korea. Growing out of a Presidential request following the Cyrus Vance mission to Seoul at the time of the seizure of the USS PUEBLO, the Korean project began with a far-reaching policy review prepared for the SIG by a special group headed by Mr. Joseph Yager, then Vice Chairman of the State Department Policy Planning Council. This paper was the subject of SIG Meeting #43 on September 19, 1968. A second stage of the project--detailed cost analysis of alternative solutions to various military problems in Korea--is now under way with the understanding that the findings will be reviewed by the SIG before the end of the year.

(b) Threshold Decisions

The goal of meetings of this type has been to seize a problem at a critical juncture when it appears that timely SIG action can help set a logical pattern for future decisions. There have been a number of recent good examples. One of the earliest in this

period was SIG consideration in Meeting #22 on September 28, 1967 of the pros and cons of the sale of sophisticated military jet aircraft to Latin American countries, with particular reference to the strong desire of Peru to purchase the Northrup F-5. This highly charged issue not only was of immediate operational importance, but was the subject of active and vocal interest in Congress. It directly involved the White House and inevitably would have far-reaching impact on the future of United States economic and military assistance in Latin America. The SIG recommendations to the President aided in setting a national policy on this question which has been ^{14/} maintained to the present time.

^{14/} Although not mentioned in each case, the quality of many of the SIG meetings cited in this discussion was greatly enhanced as a result of able prior handling of the issue at the IRG level. More detailed comments on IRG activity and the relationship between the SIG and the IRGs will be found in a later section.

Similarly, in the aftermath of the Arab-Israeli War of June 1967, pressures mounted for the supply of United States arms and military equipment to Israel in response to the widely-publicized build-up of inventories of Soviet weapons in the Arab states to replace the vast losses they had suffered during the six-day conflict. Once again, the SIG--in Meeting #26 on November 29, 1967--served as a useful forum to hear out interdepartmental differences at the highest sub-Cabinet level, and eventually to establish an agreed recommendation to the President.

Another example which might be adduced was SIG participation in framing United States policy on military assistance to the newly-constituted military regime in Greece, following the ouster of the monarchy, which was the subject of SIG Meeting #34 on April 10, 1968. Finally, in its early period the SIG had been instrumental in setting our policy on

arms supply to India and Pakistan, and the group returned to the same topic in Meetings #40 and #45 on June 27 and October 10, 1968. SIG reconsideration of this extremely sensitive and complex problem was prompted by new developments and demands, especially concerning Pakistani interest in purchasing tanks, and resulted in a new memorandum of recommendations to the President.

(c) Preparation for International Negotiations

It would be hard to overestimate the value of having a carefully prepared, interdepartmentally agreed, position for the use of United States participants well in advance of international negotiations, and over the past year the SIG has proved particularly useful in this regard. For instance, SIG Meeting #20 on August 25, 1967, dealt with United States policy on the future of the Ryukyu Islands, a question of exceptional political and military significance affecting our relations with Japan and other nations

of the Far East as well as our entire military posture in the Pacific. Establishment of the United States position led to renewed working level discussions in Washington and Tokyo, and prepared the way for the visits to the United States of the Japanese Foreign Minister and Prime Minister during late 1967.

More recently the mechanism of the SIG was used to work out the final United States position in anticipation of the talks between the Spanish Foreign Minister and Secretary Rusk on the renewal of our base rights agreement with Spain. SIG discussion in Meeting #42 on September 5, 1968 resulted in a memorandum to the President which, following White House approval, constituted the basic United States negotiating package.

(d) Foreign Affairs Management

During the Second Incarnation the SIG gradually assumed an increasing role in the administrative management of foreign affairs. Meeting #27 on

December 14, 1967 was devoted to the so-called "Operation Topsy" then underway in Brazil, as an object lesson in the rationalization of management of an overseas mission. When President Johnson announced his comprehensive program for the protection of the United States balance of payments position in January 1968, he assigned specific responsibility to the SIG for the reduction of personnel in overseas missions and the restriction of official travel outside the United States. A special joint State-Budget task force ("Operation BALPA") was created under the aegis of the SIG to carry out this complicated project, under the supervision of Ambassador Findley Burns, Jr. and Mr. James Clark of the Bureau of the Budget. In their reports to the President in April and August 1968 (which followed SIG Meetings #33 and #41 on March 28 and August 6, 1968), the SIG task force announced success in achieving a combined total reduction of 18% of

American personnel abroad (from the on-board December 31, 1967 base) and a corresponding reduction of 16% in local personnel. The entire NSAM 341 structure-- Ambassadors, Country Directors, the IRGs, and the SIG--was intimately involved in the operation from beginning to end. A longer-term BALPA project devoted to the reduction of functions overseas is continuing under the direction of Ambassador J. Graham Parsons.

Potentially one of the most important actions recently taken by the SIG--both from the point of view of administration and of policy--was its approval in Meeting #38 on May 23, 1968 of a thorough revision of the United States Overseas Internal Defense Policy (USOIDP), which had governed actions in the field of counter-insurgency since 1961. The revision, completed at SIG direction by a special committee of the Political-Military Group and entitled United States Policy on Internal Defense in Selected Foreign Countries (FIDP), took into account the many lessons learned over the past seven years in Viet-Nam and

~~CONFIDENTIAL~~

elsewhere. Adoption of the new policy and the subsequent actions still being taken in its implementation--which affect such varied fields as foreign assistance, civilian and military training, and research and development--constitute the most rigorous effort by the SIG in the field of counter-insurgency since the issuance of NSAM 341.

At the same Meeting on May 23, 1968, the SIG addressed the associated problems of contingency planning and crisis management. For the first time procedures were agreed for the preparation of inter-agency Studies in Anticipation of Foreign Crises (SAFC) through the IRGs, and for the utilization of the NSAM 341 structure as a nucleus for the management of international crises.^{15/} The transfer of responsibility

^{15/} As a result, the Contingency Coordinating Committee, which had been charged with responsibility for politico-military contingency planning since 1965, was abolished. Assumption of this responsibility by the IRGs, with the Political-Military Group performing a staff function on behalf of the SIG in reviewing military aspects of the plans, exemplifies the trend of increasing SIG/IRG involvement in what are frequently significant military decisions.

~~CONFIDENTIAL~~

SERVICE SET

~~CONFIDENTIAL~~

for contingency planning to each regional Assistant Secretary paid dividends in the ability of the European Bureau to respond quickly to the August invasion of Czechoslovakia by Soviet and other Warsaw Pact troops, drawing upon a contingency study prepared and updated during the spring and summer of 1968. Further Soviet pressures in Eastern Europe led in October 1968 to the formation of a special sub-group of the IRG/EUR to coordinate Eastern European contingency planning.

(e) Legislative Strategy

During its Second Incarnation the SIG came to play an increasing role in framing legislative strategy and setting worldwide priorities for economic and military assistance in the face of severe Congressional cuts in the AID and MAP programs. The depth of these reductions made it virtually impossible to respond by imposing an across-the-board percentage cut in all countries or all programs. Reaching interdepartmental agreement on a scale of priorities was an imperative

~~CONFIDENTIAL~~

SERVICE SET

~~CONFIDENTIAL~~

first step towards deciding whether it would be necessary to reduce drastically or even eliminate existing programs in certain countries or in an entire region where there was only minimal United States national security interest, in order to preserve a meaningful level of assistance in those parts of the world where we had inescapable national commitments. The IRG/SIG machinery proved its usefulness in paving the way for such hard judgments.

A great deal of attention was demanded by the special limitations added in the Conte-Long and Symington Amendments to the Foreign Assistance Act of 1967. For example, a total of three SIG meetings-- #29, #30, and #31 of January 9 and 25, and February 13, 1968--were devoted mainly to working out a unified Executive Branch position on the two amendments and establishing guidelines for handling the many specific country problems which have continued to appear on the agendas of the IRGs and the PMG throughout 1968.

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~(f) Specific Country Problems

Finally, the SIG has had a number of meetings in which the focus was limited to one country. In Meeting #36 on May 9, 1968, for example, the SIG reviewed our policy in the critical country of Thailand, placing special emphasis on the current estimate of the status of the insurgency and the effectiveness of Thai programs (with United States assistance) in combatting the threat. In the following week on May 16, SIG Meeting #37 set the course of United States policy in Guatemala in a particularly interesting discussion which centered on a difference of opinion which had arisen between our mission and the IRG/ARA over future strategy to be followed vis-a-vis the Guatemalan government. In each of these cases the American Ambassador accredited in the country under discussion was present and took an active part in the SIG deliberations.

~~CONFIDENTIAL~~

SERVICE SET

(3) Associated SIG Activities(a) Resource Management

One of the most promising areas of development during the Second Incarnation has been the fruitful collaboration between the SIG Staff and the International Division of the Bureau of the Budget. Not only did the two organizations share in directing the complex BALPA exercise, but they established close and continuing liaison in the field of the planning, programming, and budgeting of foreign affairs (PPBS). While by law and long-standing tradition each department and agency in the foreign affairs community maintains control over its own budget, there is a growing realization that the NSAM 341 structure provides a highly useful means to set unified targets for our overseas activities and to attempt to eliminate wasteful duplication.^{16/}

^{16/} On July 15, 1968, Under Secretary Katzenbach commented in a letter to the Jackson Subcommittee on the status of PPBS in foreign affairs.

As an initial step in that direction in the fall of 1967, there was a series of joint State-Budget consultations, which for the first time gave Country Directors and regional Assistant Secretaries of State (in their capacity as IRG Executive Chairmen), an opportunity to review the FY 1969 budget submissions from AID, MAP, USIA, the Peace Corps, and the Bureau of Educational and Cultural Affairs (CU) of the Department of State. Taken together, the budgets of these organizations comprise the major expenditures of United States funds for foreign activities--with the exception, of course, of those governed by the Department of Defense budget.

Agency memoranda were sent by the Bureau of the Budget to Assistant Secretaries in draft form, before the preparation of a final budget package for Presidential attention. The key area of review was the justification by each agency of its budget strategy. Under the new PPBS format, each agency must state

explicit objectives, and these must be clearly related to overseas programs, and integrated into our overall United States policy posture.

After the materials had been studied in each regional bureau by the Country Directors and regional officers, there was a lengthy and informative meeting between each regional Assistant Secretary--usually supported by his IRG Staff Director--and the Staff Director of the SIG and the chief of the International Operations Division of the Bureau of the Budget. Their goal was to review the regional and country plans for each participating foreign affairs agency to ensure that all programs were compatible and aimed toward the same foreign policy goals, and that supporting data were complete and well organized to make the most convincing case to the Congress.

There were justified criticisms of this operation, in particular that it came too late in the budget cycle to allow more than a quick look and superficial observations, but there was widespread agreement that

this kind of interdepartmental coordination in the planning and budgeting area is highly desirable. The same procedure already is under way for the FY 1970 budget submissions, and every effort is being made to involve responsible State Department officers (in their NSAM 341 capacities) earlier in the budget cycle.

As an extension of this experiment in resource management, the SIG Staff participated with officers in two State regional bureaus, with the advice of the Bureau of the Budget, on the preparation in late 1967 of two country memoranda--one on the Philippines and the other on Colombia. The aim of this project was to look across agency lines at the individual country as the basic building block of the PPBS system. However, although considerable work was done on both country memoranda and several drafts completed on the Philippines, neither of these papers ever was completed. It was found that, as presently constituted, neither the SIG Staff nor the officers on country desks could

devote the requisite time, nor did they possess adequate background in systematic analysis, to meet the very great demands of such a project. Furthermore, the attention and support of the Bureau of the Budget inevitably diminished in the face of the mounting demands of the end of the annual budget cycle.

(b) Information Handling and Government Research

Although SIG activity in these two distinct fields so far has been minimal, there have been enough indications of growing future involvement to justify their inclusion here. For example, it is becoming clear that the process of building interagency systems for automatic handling of intelligence and foreign affairs information over the coming years will sharpen the challenge to State leadership posed by NSAM 341. A high premium will be placed on effective coordination of agency efforts, particularly since systems for collection, storage, and retrieval of information on foreign affairs must be uniform, in

large part owing to the great cost of automatic information handling equipment. Even though it appears certain that foreign affairs intelligence eventually will be handled in one system in Washington and foreign affairs program information in another, the Department of State probably will occupy a central position in the overlap of these two systems. There inevitably will be new demands upon State to exercise its mandate under NSAM 341 in this highly specialized field.

Similarly, the lack of any single point of control over the vast programs of research funded by various government departments and agencies has given rise to suggestions that the SIG might have a role to play in this area. So far the scope of the task of coordinating government research is far beyond the capability and immediate interest of the SIG and SIG Staff. However, working procedures already have been proposed for utilizing each IRG, or a special

sub-group of the IRG to coordinate research on their respective regions. As with information handling, however, involvement of the NSAM 341 machinery is so far only in the nascent stage.

7. The SIG and the IRGs

No review of the implementation of NSAM 341 would be complete if limited solely to the history of the SIG. First, as explained above, there have been long periods since March 1966 when the SIG has not met at all. Second, even during the very active Second Incarnation the work of the SIG has been closely coordinated with--and in large measure has relied upon--the work of the IRGs. Third, and finally, the SIG necessarily must restrict its attention to the most critical and sensitive issues, and it is inevitable that most of the formal coordination and direction of United States foreign affairs will be accomplished

by the IRGs and the Country Directors.^{17/}

a. Pattern of IRG Activity

It would be quite incorrect to assume that the pattern of activity of the IRGs has mirrored that of the SIG. On the contrary, even during the period of nearly a year when the SIG was inactive, at least two of the IRGs (in the Latin American and the Near East and South Asian bureaus) maintained very busy and productive schedules. In other bureaus use of the IRG mechanism has fluctuated widely. Perhaps the least active during the initial two years under NSAM 341 was the IRG/EUR--with, however, reasonable justification. In the European Bureau, dealing with countries in which agencies such as AID, MAP, or the

^{17/} And, as NSAM 341 made explicit, nothing in the SIG/IRG structure ever was intended or expected to supplant the sort of everyday, office-level coordination and clearance which always has gone on, and always will go on, among the departments and agencies of the foreign affairs community.

Peace Corps, for example, play little or no role, the preference was to do business through direct bilateral contacts outside the forum of the IRG. The IRGs in the African and East Asian and Pacific bureaus have been used with greater frequency, but without question the two most active from the outset have been in ARA and NEA.

In ARA the procedures specified by NSAM 341 could be smoothly and quickly implemented in large part because the bureau on its own initiative already was operating a Latin American Policy Committee (LAPC) with membership very close to that of the IRG/ARA. Furthermore, the Latin American bureau already was organized in a fashion designed to promote close coordination. Under the rubric of the Alliance for Progress, the daily operations of State and AID offices dealing with Latin America had been amalgamated, and the ARA Assistant Secretary also wore the hat of Coordinator of the Alliance for Progress. The stage thus was set for rapid and energetic employment of

~~CONFIDENTIAL~~

the tools offered by NSAM 341.

While there was less historic foundation in NEA on which to base the operation of the IRG, the active interest of the Assistant Secretary and the determined and able efforts of the small staff of the IRG/NEA have made it one of the most convincing examples of the value of such a forum for interdepartmental coordination. The work of the IRG/NEA immediately before, during, and after the Arab-Israeli War of July 1967 was especially energetic and productive.

Since espousing the SIG as his "chosen instrument" in the coordination of interdepartmental activities, Under Secretary Katzenbach has been persistent in urging that each regional Assistant Secretary make maximum use of his IRG as an effective management tool. At least in part because of this strong encouragement from the SIG Executive Chairman--and because of growing recognition of the potential of the IRG system--all of the IRGs have been in active operation

~~CONFIDENTIAL~~

SERVICE SET

since January 1968. Furthermore, as pointed out earlier, the trend definitely has been toward greater allocation of responsibility to the Assistant Secretary and the IRG, in such fields as foreign internal defense, contingency planning, crisis management, and foreign affairs resource management.

There was some apprehension at the beginning of the Second Incarnation that a more active SIG would diminish the importance attached to the IRGs--especially those in ARA and NEA--by member agencies. At considerable effort these IRGs had established the understanding that each agency would be represented at an IRG meeting by a single officer with sufficient background and authority to speak authoritatively on the question at hand. Some feared that, with the SIG meeting roughly twice a month, an agency might take its responsibilities less seriously at the IRG level with the expectation that the real decision would be made by the SIG. While there was an element of

realism in this pessimistic estimate of bureaucratic behavior, the experience of the past year has been reassuring on this point. Never have all the IRGs been as active, and their substantive responsibilities have constantly increased. The role of the Assistant Secretary and the IRG in the NSAM 341 structure--far from being degraded--has been given added weight during the Second Incarnation.

b. IRG/SIG Staff Coordination

During the Second Incarnation of the SIG, there has been close, often daily, contact between the Staff Directors of each IRG and the SIG Staff Director or other members of his staff. In most cases the outlines of a significant problem are discerned first at the regional level, and the issues discussed and analyzed in a meeting of the IRG. Then, if the problem is not capable of resolution at the regional level, or if it is of sufficient importance to warrant involving the principals on the SIG--presumably because

the matter will require Presidential decision -- the staff of the senior group works with the IRG staff in the preparation of papers for a meeting of the SIG. Throughout this process it is always the goal of the staffs at both the regional and senior level to pose key issues with maximum clarity, rather than to strive for an agreed interagency position prior to an IRG or SIG meeting.

By the same token, the memorandum on any problem referred for decision to the Secretary of State or the President includes description of the critical issues and possible alternative policy choices, together with an estimate of the political or economic cost attached to each. The working hypothesis of the entire organization under NSAM 341 is that no valid decision can be taken if points of difference between agencies are submerged, or alternative United States policy options neglected.^{18/}

^{18/} Examples of representative IRG documents are included in Volume II, Documentary Supplement.

c. The IRG/ARA and the CASP System

The Country Analysis and Strategy Paper (CASP) system in ARA warrants individual mention because it is sui generis in the history of the implementation of NSAM 341 and the development of PPBS in the field of foreign affairs. Started in 1967 on the initiative of the Latin American bureau without any direction--and indeed without any support--from the more senior level, the CASP system already has achieved recognition as a highly effective means to improve the coordination and management of United States overseas activities.

Under this system, each Latin American post receives general policy and procedural guidance near the beginning of the calendar year, and on this basis prepares an analytical paper--a CASP--on the host country. The CASP comprises a succinct statement of United States goals and objectives in the country, an analysis of the threats and prospects in the

local situation, and a detailed summary of all United States programs designed to achieve our objectives. Prepared as a combined mission product by the Country Team, each CASP stands as a unified statement with the sanction of the Ambassador.

The CASP is then reviewed by the IRG/ARA with participation of all interested agencies, and either approved as submitted or returned to the post for further work in accordance with the suggestions of the IRG. After final IRG approval, usually by mid-summer if not before, the CASP serves as the basic strategy document to support the budget submissions of each foreign affairs agency for the succeeding fiscal year. The timing of CASP submission and approval therefore is of critical importance.

The CASP system is only in its second annual cycle, and its sponsors in ARA would be the last to claim perfection in its operation. However, virtually all participating agencies have been quick to recognize

the utility of an annual unified policy document (which also includes a projection three fiscal years in advance). Other regional Assistant Secretaries, in their capacities as IRG Executive Chairmen, have begun to study the CASP system as employed in ARA and to appreciate the tighter control over policy and programs such a system offers.^{19/} And the SIG Executive Chairman as well as other SIG members have demonstrated their approval and support for the ARA system.

The strengths of the CASP system are obvious and fundamental. It is eminently rational to attempt to avoid overlapping, duplication, and conflicts by establishing a set of agreed premises each year to guide the budgeting of all foreign affairs agencies

^{19/} The IRG/NEA recently took the first step toward the establishment of an annual policy/program review for each country in the Near East and South Asian area, with essentially the same goals as the CASP in Latin America.

operating in a given country. The pressure for more detailed analysis and longer range planning inherent in the CASP system has the salutary effect of increasing management awareness and control both at the mission level and in Washington.

The weaknesses of the CASP tend to be procedural rather than substantive. For instance, assessments of country situations often have been inadequate or timorous; posts have permitted too great proliferation in listing United States objectives; and there has been a tendency to avoid quantification and to refer too often to program inputs rather than desired outputs. Finally, there has been only limited control at the Washington level to ensure that eventual agency budget submissions are in conformity with CASP policy. Further experience in the development of the CASP system hopefully will lead to correction of many of these weaknesses.

d. The IRG/ARA/COIN

Another unique feature of the IRG/ARA structure is its special sub-group on counter-insurgency (IRG/ARA/COIN). This group brings together experts in this specialized field from each member agency, who can keep in constant touch with Latin American insurgencies and, when necessary, provide a rapid response to a request for guidance or materiel from one of our missions. On more than one occasion the SIG Executive Chairman has praised the COIN operation and has urged that other IRGs facing current insurgency problems consider establishing a similar group. Primary responsibility for foreign internal defense matters resides with each IRG, and organization of the IRG/ARA/COIN has significantly enhanced United States ability to respond to the challenge of insurgency in Latin America.

8. The Country Directors

It is more difficult to generalize about the contribution of the Country Directors under NSAM 341 than about that of the SIG or the IRGs. Naturally, performance has varied widely according to personal qualities of the Country Director such as energy, experience, and intelligence, as well as to the degree to which he has grasped the potential of his role as a focal point for interagency coordination. In many cases Country Directors have been outstandingly active and successful, to the extent that some-- unjustly--have tended to regard IRG consideration of any problem related to their countries as an admission of failure. Others have taken an extremely limited view of their responsibilities, and for most purposes have functioned as a State Department Desk Officer. A probably valid criticism of this aspect of the NSAM 341 record is that the growing number of Deputy Assistant Secretaries in each regional bureau of the

Department of State has eroded the authority of the Country Directors, as has the practice of assigning a Country Director responsibility for two or more countries. Without doubt the greatest potential for improvement lies in persuading Country Directors to accept more fully their management role--to wear their "Presidential hat"--in dealing with their counterparts in the Washington foreign affairs community.

9. Criticism and Comment

The mechanisms originating in NSAM 341--the Country Directors, the IRGs, and the SIG--are, like most works of man, imperfect and the record of their performance over the past two and one-half years is nothing if not controversial. Among the charges that may be levied against the system, most of them basically procedural, are for example:

-- that the degree of decisiveness inherent in the Executive Chairman concept has not consistently

been attained, owing to presiding officers' frequent pursuit of consensus;

-- that there has been too little uniformity in the frequency and pattern of use of the IRGs, with some very active and others almost totally inactive;

-- that there has been a drift away from the decision-making function of the SIG and toward its use for briefing or orientation of the principals;

-- that materials for SIG meetings often have been circulated too late to allow thorough staffing in each member agency;

-- that there sometimes has been inadequate follow-up by the SIG Staff to ensure full and timely compliance with SIG directives and requests; and

-- that the close relationship contemplated in NSAM 341 between the SIG and the Secretary of State never has materialized in practice.

Many of these criticisms are justified, but there are valid counter-arguments as well. The inevitable role played by personalities in the way

the SIG, and in particular the IRGs, are employed has been discussed earlier. While it is true that some SIG meetings in fact have been called primarily for the orientation of members, even the summary review of SIG activity in this paper is sufficient to prove that the SIG has helped shape many key foreign policy decisions. Furthermore, it is sometimes overlooked that even a brief discussion in the SIG may lead to extensive further research and action within member agencies, the results of which may never be specifically identified with the SIG. At times the influence of the SIG may be exerted effectively even though a problem is never discussed formally in a meeting. In several cases papers have been circulated to members and comments or clearances collected by telephone, with the understanding that no meeting would be held unless there were a significant division of opinion among SIG members.

Those criticisms indicating areas for improvement in the work of the SIG Staff are generally well founded. It should be recalled, however, that the small size of the staff--varying from a low of one member to a high of four during the life of the SIG--has never permitted extensive monitoring of actions taken by agencies subsequent to SIG meetings. Almost inevitably the main efforts of the SIG staff have been directed toward preparation for forthcoming meetings rather than implementation of past SIG decisions. If there is to be more effective follow-up on SIG decisions in the future, the staff probably will have to be expanded, perhaps to include officers from SIG member agencies other than State as provided in NSAM 341. Such an expansion will become increasingly vital to the extent that the NSAM 341 machinery will be used in the development of a foreign affairs planning-programming-budgeting system, and in other specialized fields such as information handling and control of government research.

Finally, there is little doubt that the SIG-- and the IRGs and Country Directors as well--would be strengthened by greater direct commitment and support from the Secretary of State. However, the Under Secretary always has consulted closely with the Secretary on important SIG decisions, and SIG memoranda to the President--even though normally signed by Mr. Katzenbach as SIG Executive Chairman rather than Mr. Rusk--often include a reference to prior clearance with the Secretary of State or Defense, or both.

Even granting that the record of the SIG and the IRGs has been mixed, and that their accomplishments can be faulted on various grounds, most knowledgeable observers would agree that the NSAM 341 system is fundamentally sound and capable of achieving its goal. In any case few would deny that some form of central direction and coordination of United States overseas activities has become absolutely imperative, and that the Country Director/IRG/SIG structure provides one

logical approach to the problem. The potential of NSAM 341 is clearly very great, particularly in its provision of an orderly mechanism for the confrontation and resolution of adversary ideas on the conduct of foreign affairs. However, like any other bureaucratic system, it can only succeed if it enjoys clear and continuing support at the highest level, as well as the combined best efforts of all participating agencies.