

## The CIA's links to Wall Street

by Mark Gaffney via stele - ICH *Wednesday, Feb 22 2012, 10:44pm*

international / imperialism / other press

### The Truth shall set you Free

One of the most successful frauds ever perpetrated upon the American people is the notion that the CIA exists to provide intelligence to the president. In fact, the CIA's intimate links to Wall Street strongly suggest that the CIA was created to serve the perceived interests of investment bankers. The well documented links to Wall Street can be traced to the founding of the agency.



According to former CIA director Richard Helms, when Allen Dulles was tasked in 1946 to "draft proposals for the shape and organization of what was to become the Central Intelligence Agency," he recruited an advisory group of six men made up almost exclusively of Wall Street investment bankers and lawyers. Dulles himself was an attorney at the prominent Wall Street law firm, Sullivan and Cromwell. Two years later, Dulles became the chairman of a three-man committee which reviewed the young agency's performance. The other two members of the committee were also New York lawyers.<sup>i</sup> For nearly a year, the committee met in the offices of J.H. Whitney, a Wall Street investment firm.<sup>ii</sup>

According to Peter Dale Scott, over the next twenty years, all seven deputy directors of the agency were drawn from the Wall Street financial aristocracy; and six were listed in the New York social register.<sup>iii</sup> So we see that from the beginning the CIA was an exclusive Wall Street club. Allen Dulles himself became the first civilian Director of Central Intelligence in early 1953.

The prevalent myth that the CIA exists to provide intelligence information to the president was the promotional vehicle used to persuade President Harry Truman to sign the 1947 National Security Act, the legislation which created the CIA.<sup>iv</sup> But the rationale about serving the president was never more than a partial and very imperfect truth.<sup>v</sup>

Col. L. Fletcher Prouty, an early critic of the agency, has referred to this oft-repeated notion as "the CIA's most important cover story."<sup>vi</sup> In his important book *The Secret Team*, Prouty argues that the cover story was actually a front for the CIA's main interest, what he calls "fun and games," in other words, clandestine operations.<sup>vii</sup>

Prouty was in a position to know the facts. For nine years, from 1955 - 1964, he served as the focal point for contacts between the CIA and the Pentagon on matters pertaining to "special operations," officialese for covert activities. In this capacity Prouty worked directly with CIA Director Dulles and

his brother John Foster, who was then Secretary of State, and also with several different Secretaries of Defense and chairmen of the Joint Chiefs, and many other government officials. Col. Prouty's work with the CIA took him to more than sixty countries and to CIA offices, hot spots, and covert activities all around the world.

For some reason, perhaps through an oversight, Prouty was never required to sign a security oath, and so, was unencumbered, completely free to write the first detailed expose of the agency, released in 1972. In his book Prouty does not mince words. He describes Allen Dulles' concept of intelligence as only 10% intelligence, and 90% clandestine operations.<sup>viii</sup> In another passage, he fleshes out his meaning: "the CIA is at the center of a vast mechanism that specializes in covert operations...or as Allen Dulles used to call it, 'peacetime operations.' In this sense, the CIA is the willing tool of a higher level Secret Team, or High Cabal, that usually includes representatives of the CIA and other instrumentalities of the government, certain cells of the business and professional world, and, almost always, foreign participation."<sup>ix</sup>

If this sounds conspiratorial it is because Allen Dulles and his allies on Wall Street managed to get around the law and thwart the will of Congress. The National Security Act, which created the CIA, included no provision for intelligence gathering or covert operations because, as Prouty points out, the intent of Congress was for the CIA to function as a central clearinghouse for intelligence collected by other government departments and pre-existing intelligence agencies. This is why Congress placed the CIA under the direct authority of the newly created National Security Council.

But Allen Dulles and those around him wanted to take the new agency into the shady world of clandestine operations to serve the interests of the US financial and corporate elite, interests that in their distorted world view were synonymous with the interests of the United States of America. Dulles and his allies achieved their goal by exploiting a loophole in the legislation, a catch-all provision stating that the CIA would "perform such other functions and duties related to intelligence affecting the national security as the National Security Council (NSC) may from time to time direct."

As worded, the passage grants the CIA no authority on its own to stage operational activities, but only as instructed by the National Security Council. Moreover, the passage "from time to time" indicates that Congress never intended that such operations would become a full time program. Prouty argues that the CIA and the Secret Team immediately "tested this clause in the act and began to practice their own interpretation of its meaning."<sup>x</sup> Unfortunately, the National Security Council failed to live up to the role intended by Congress, that is, to provide leadership and direction.

In part, this happened because NSC members had other full-time duties and were not able to allocate sufficient time and energy to direct the CIA and keep it honest. Before long, the NSC had delegated its primary responsibilities to subcommittees, which the CIA easily captured by packing them with its supporters through patient maneuvering and unrelenting pressure. Soon, the NSC became a rubber stamp for a full-time program of endless black operations.

The CIA also insinuated its supporters and agents throughout the other branches of government: into the FAA, the Departments of State and Defense, even within the White House. From that point on, in the words of Prouty, the agency created "its own inertial drift....without the knowledge of most higher level authorities." Through the use of organizational strategies like compartmentalization and plausible deniability, and by limiting the flow of information to "a need to know basis," the CIA succeeded in keeping its covert operations, even large ones, secret from the very government officials charged with their oversight.

Prouty relates one instance where he briefed General Lyman L. Lemnitzer, then chairman of the Joint Chiefs of Staff, on the subject of the largest covert operation that the CIA had ever mounted, up to that point. Whereupon, Lemnitzer, in shock, said to the other Chiefs, "I just can't believe it. I never knew that."xi

Allen Dulles was up to such tricks even before becoming director. In his voluminous history of the CIA, *Legacy of Ashes*, journalist Tim Weiner describes how in 1951, while serving as deputy director of plans (i.e. covert operations) under then CIA Director Bedell Smith, Allen Dulles and Frank Wisner routinely stonewalled their boss about ongoing covert projects. At the time, Wisner headed up the bland-sounding Office of Policy Coordination, newly instituted to counter the USSR threat in Europe.xii That meant staging covert operations throughout western Europe (i.e., Operation Gladio).

Smith fumed at being kept in the dark, and was also aghast that the CIA budget being proposed by Dulles had mushroomed eleven-fold since 1948, with most of the increase allocated for covert operations---three times the budget for espionage and analysis. Smith correctly worried that "this posed a distinct danger to CIA as an intelligence agency," because "the operational tail will wag the intelligence dog."xiii

Smith was an Army General, and clashed sharply with the lawyer Dulles, who made a habit of evading direct orders. Weiner cites the CIA's Tom Polger, who observed the two men trying to work together. Said Polger: "Bedell clearly doesn't like Dulles, and it's easy to see why. An Army officer gets an order and carries it out. A lawyer finds a way to weasel..."xiv Weiner also recounts how Dulles lied to Congress to conceal an unbroken string of failed covert operations during the Korean war.xv

General Bedell Smith never succeeded in bending Dulles and Wisner to his authority. As we know, Dwight D. Eisenhower won the 1952 election on a platform of confronting Communism and rolling back the iron curtain. Ike's closest foreign policy advisor was none other than John Foster Dulles Allen's brother. So, when the time came for Ike to pick his new CIA chief, it was no surprise that he tapped Allen Dulles for the job, over Bedell Smith's strong objections.

With the appointment of Dulles as CIA Director, the US financial elite finally achieved through peaceful means the perversion of democracy it had sought to achieve through a violent coup in 1934, when a cabal of Wall Street bankers and industrialists attempted to overthrow the presidency of Franklin Delano Roosevelt. During the 1930s, a number of prominent individuals on Wall Street, including Prescott Bush, father of George H.W. Bush, viewed FDR as a traitor to his class and wanted to replace him with a fascist puppet government.

In 1934, the plotters enlisted a genuine war hero to their cause: two-time Congressional Medal of Honor winner General Smedley Butler. Although Butler initially appeared to go along with the conspiracy, much to his credit, the general remained loyal to the Constitution and ultimately alerted Congress to the plot.xvi

The attempted coup against FDR failed, but the bankers' moment finally arrived after World War II with the onset of the Cold War. The Red Menace was made-to-order for Wall Street. The international threat of communism, real or imagined, was the perfect rationale for a national security apparatus with the power to undermine and trump our democracy. Along with this went the systematic manipulation of public opinion through mass propaganda and spin.

In 1947, the "War Department" was re-christened the "Defense Department." That same year, the English writer George Orwell sat down to finish his dystopian masterpiece 1984. In it Orwell

prophetically describes a fictional world-turned-upside-down that has since become all too real. Words and expressions coined by Orwell, like "Big Brother", "Newspeak", "Ignorance is Strength", "Freedom is Slavery", "War is Peace", even the term "Orwellian," have since become integral to our language.

Truman lived to regret his role in creating a monster. One month to the day after the murder of JFK in Dallas, the elder statesman posted a letter in the Washington Post, in which he addressed the nation. In the letter Truman explained that he had set up the CIA to provide raw intelligence to the office of the president, but that in practice things had turned out very differently. Truman wrote that

I think it has become necessary to take another look at the purpose and operations of our Central Intelligence Agency.....For some time I have been disturbed by the way CIA has been diverted from its original assignment. It has become an operational and at times a policy-making arm of the Government. This has led to trouble and may have compounded our difficulties in several explosive areas.

I never had any thought that when I set up the CIA that it would be injected into peacetime cloak and dagger operations. Some of the complications and embarrassment I think we have experienced are in part attributable to the fact that this quiet intelligence arm of the President has been so removed from its intended role that it is being interpreted as a symbol of sinister and mysterious foreign intrigue...there are now some searching questions that need to be answered.

I, therefore, would like to see the CIA be restored to its original assignment as the intelligence arm of the President....and that its operational duties be terminated or properly used elsewhere. We have grown up as a nation, respected for our free institutions and for our ability to maintain a free and open society. There is something about the way the CIA has been functioning that is casting a shadow over our historic position and I feel that we need to correct it.xvii

Truman's line about the CIA "casting a shadow over our historic position" may have been a thinly-veiled reference to the assassination of President John F. Kennedy in Dallas, exactly one month before, an assassination which new research suggests was a CIA operation conducted with the cooperation of Chicago mobsters.xviii It is quite possible that by December 1963 Truman had privately reached the same conclusion.

But he may also have been referring to the CIA's many inglorious foreign policy disasters in the Mideast, Latin America, and Southeast Asia, about which the aging Truman surely must have been painfully aware. The most obvious example, of course, was the Bay of Pigs fiasco in 1961 that led to the 1962 Cuban missile crisis which brought the world to the brink of nuclear Armageddon. Another was the CIA's 1953 plot to overthrow the popular and democratically elected leader of Iran, Mohammad Mossadegh, and replace him with the dictatorial Shah, the fallout from which continues to bedevil geopolitics, many years later.

No example of US treachery has ever done more harm to American prestige, world wide, than the CIA's destruction of the fledgling Iranian democracy. At the time, Iran was friendly to the West and a US ally. During World War II, Iran had played a key role in US efforts to resupply the Soviet Union and prevent a Nazi victory on the eastern front. Yet, the US repaid Tehran with betrayal. And there are many other examples.xix

It appears that Truman's successor, Dwight D. Eisenhower, despite his eminent role as Cold Warrior,

may also have learned to distrust the CIA over the course of his two terms, during which the CIA often kept him in the dark, when they were not actively manipulating him. There is some evidence that the CIA even went so far as to wreck Eisenhower's scheduled 1960 peace summit with Nikita Khrushchev by secretly arranging for the Soviets to shoot down an American U-2 surveillance plane piloted by Gary Powers.xx

The incident not only embarrassed Eisenhower, it also caused renewed hostility between Washington and Moscow at the very moment when a thaw in the Cold War seemed within reach. Like the murder of JFK, three years later, the U-2 incident is suspicious and may have been a calculated move by CIA hardliners. Such a dark possibility may even have motivated Eisenhower to warn the American people in 1961 about the growing threat to democratic institutions posed by "the military-industrial complex."xxi

But while most Americans have at least heard of Ike's famous warning, delivered in his final address to the nation, by contrast, Truman's remarkable letter has been forgotten. No doubt, the letter ruffled some powerful feathers, because, later that day, it was mysteriously yanked from subsequent editions of the Post.

As we now know, by the early 1960s, the CIA had enlisted many frontline journalists for undercover work. Estimates of how many range from 50 to 400, or more.xxii But the exact number is less important than the confirmed fact that selected journalists at every major US magazine and newspaper, including the Post, were on the CIA payroll, in sufficient numbers to leak disinformation into the media and deceive the American people on a range of issues. The willing CIA operatives were only too happy to plant phony "news" or, as in the case of Truman's letter, to make troublesome stories disappear. One or two phone calls from Langley probably did the trick.

There was no follow up in the press regarding the Truman letter, not in subsequent weeks, months, or years. None of Truman's biographers mention it, probably because they did not even know about it.xxiii This includes David McCullough, author of the 1992 bestseller, *Truman*, which won the Pulitzer Prize and has been called "the most thorough account of Truman's life yet to appear."xxiv Thorough, perhaps, but not thorough enough. I searched McCullough's account in vain for any mention of the 1963 letter. Soon after it appeared in print, Truman's letter vanished down an Orwellian memory hole and nearly disappeared from human consciousness.

It is noteworthy that the original edition of Prouty's pathbreaking CIA expose, *The Secret Team*, suffered a similar fate. In 1975, on hearing from a professor acquaintance that forty copies of his book had inexplicably vanished from the shelves of a university library, Prouty visited the Library of Congress in Washington to see if the book was still in the stacks where he had seen it on a previous visit. Not only was it missing, the book was no longer even listed in the library card catalogue. Someone had expunged every trace of its existence. Until the occasion of its re-publication in 2011, *The Secret Team* remained, in Prouty's words, "an official non-book."

Shades of Orwell.

## Notes

i Richard Helms with William Hood, *A Look Over My Shoulder: A Life in the Central Intelligence Agency* (New York: Random House, 2003), p. 82-83; 99.

The two other members of the committee were William H. Jackson and Mathias F. Correa. The committee had been authorized by Secretary of Defense James V. Forrestal, an old colleague of Allen

Dulles. Burton Hersh, *The Old Boys* (New York: Charles Scribner's Sons, 1992), p. 233.

The Dulles-led committee produced a report dated January 1, 1949, that was submitted to President Truman upon his re-election. According to Fletcher Prouty "No report on the broad subject of intelligence has ever been more important than this one was." Prouty continues: "The report....clearly and precisely outlined what Allen Dulles was going to do; and to his credit, he did just that, and more. During that busy summer of election year, 1948, Allen Dulles was officially the speech-writer for the Republican candidate, Governor Thomas E. Dewey of New York. All through the campaign it had been generally accepted that Dewey would defeat President Truman. Allen Dulles, his brother, John Foster Dulles, and the others of that Dewey team fully expected to move into Washington on the crest of a wave with the inauguration of their candidate. In this context the Dulles-Jackson-Correa report takes on a special meaning. Although this select committee had been established by President Truman, they had timed their work for delivery to the President during his---they expected---"Lame Duck" period. Then they planned to use it as their own plan of action in the new Dewey administration. In one of the greatest political upsets of all time, Truman beat Dewey, and the Republicans were forced to wait another four years. Thus it happened that this crucial report was reluctantly delivered into Truman's more than hostile hands on January 1, 1949." According to Prouty, only 10-12 copies of the 193-page report were published, and later, efforts were made to collect and destroy the copies not under CIA control. L. Fletcher Prouty, *The Secret Team* (Delaware: Skyhorse Publishing, 2011), p.174 and 213.

ii Burton Hersh, *The Old Boys* (New York: Charles Scribner's Sons, 1992), p. 185; 233.

iii Peter Dale Scott, *Drugs, Oil and War* (Lanham, MD: Rowman & Littlefield, 2003), p.187; 200-201.

iv Other provisions of the same act created the National Security Council and reorganized the US military force structure.

v The notion is also refuted by the facts surrounding the Gulf of Tonkin incident. See Ray McGovern's excellent analysis, in which he shows that the CIA deceived then President Johnson. Assuming the CIA's mission was to provide intel to the chief, why did they lie to LBJ? The only reasonable explanation is that the CIA was serving the perceived interests of Wall Street. At the time, Wall Street wanted LBJ to expand the Viet Nam war. Why? Simple. Because warfare is vastly more profitable than peace. Wall Street achieved the desired objective by means of CIA manipulation. The rest is history. <http://www.consortiumnews.com/2008/011108a.html>

vi *The Secret Team*, p.xxx.

vii *Ibid.*

viii *Ibid.*, p 79.

ix *Ibid.*

x *Ibid.*, p. 116.

xi *Ibid.*, p.xx.

xii *The Old Boys*, p. 226.

xiii Tim Weiner, *Legacy of Ashes* (New York: Anchor Books, 2008), p. 60.

xiv Ibid., p. 59.

xv Ibid., p. 65.

xvi Smedley D. Butler, *War is a Racket* (Port Townsend, WA: Feral House, 1935).

xvii Washington Post, December 22, 1963. The complete text of the letter may be viewed at <http://www.maebrussell.com/Prouty/Harry%20Truman's%20CIA%20article.html>

It is notable that Clark Clifford, one of the bankers involved in the drafting of the 1947 National Security Act, echoed the same concerns as Truman when he testified in 1975 before the Senate Select Committee investigating CIA abuses. The committee was chaired by Senator Frank Church (D-Idaho). Clifford's testimony is important because Clifford had been one of Truman's most trusted aide's and, no doubt, was instrumental in persuading Truman to sign the bill, in the first place. The full text of Clifford's statement is posted at [http://www.aarclibrary.org/publib/church/reports/vol7/pdf/ChurchV7\\_8\\_Clifford.pdf](http://www.aarclibrary.org/publib/church/reports/vol7/pdf/ChurchV7_8_Clifford.pdf)

xviii James W. Douglas, *JFK and the Unspeakable* (Maryknoll, NY: Orbis Books, 2008).

xix The CIA-assisted murder of Congo's Prime Minister Patrice Lumumba in 1960 produced a long reign of terror under the US-backed butcher Mobutu, and fueled decades of bloody civil war in the mineral-rich heart of Africa. Stephen R. Weissman, "Congo-Kinshasa: New Evidence Shows U.S. Role in Congo's Decision to Send Patrice Lumumba to His Death, All-Africa.com, August 1, 2010. Posted at <http://allafrica.com/stories/201008010004.html>

Another "success" was the CIA plan to overthrow the legitimate ruler of Cambodia, Prince Sihanouk, a non-communist whose only crime was that he tried to remain neutral in a US war zone. Sihanouk's ouster and the decision by Nixon and Kissinger to carpet bomb Cambodia helped bring Pol Pot to power and led to the subsequent mayhem of the killing fields. There is also the case of Indonesia, where the US-assisted slaughter of a half-million communists in 1965 led to many years of crony-capitalism under the US-backed Suharto, during which time the forests of Indonesia were devastated and the people impoverished. For dozens of similar examples see William Blum, *Killing Hope: US Military and CIA Interventions Since World War II* (Monroe, ME: Common Courage Press, 1995).

xx The Secret Team, p. 445-456; also see Travis Kelly, "Mayday, 1960," *Counterpunch*, November 27, 2009. Posted at <http://www.counterpunch.org/kelly11272009.html>

xxi The key part of Ike's speech may be viewed on line. [https://www.youtube.com/watch?v=8y06NSBBRtY&url=http%3A%2F%2Fwww%2Eorangemane%2Ecom%2FBB%2Fshowthread%2Ephp%3Ft%3D81836&feature=player\\_embedded](https://www.youtube.com/watch?v=8y06NSBBRtY&url=http%3A%2F%2Fwww%2Eorangemane%2Ecom%2FBB%2Fshowthread%2Ephp%3Ft%3D81836&feature=player_embedded)

xxii Hugh Wilford, *The Mighty Wurlitzer* (Cambridge: Harvard University Press, 2008), p. 227; also see Carl Bernstein, "The CIA and the Media," *Rolling Stone*, October 20, 1977, archived at <http://www.informationclearinghouse.info/article28610.htm>

xxiii This is according to scholar Martin Schotz, who has been researching Truman's letter since 1966. W. Martin Schotz, *History Will Not Absolve Us: Orwellian Control, Public Denial, and the Murder of John F. Kennedy* (Brookline, MA: Kurtz, Ulmer and DeLucia Press, 1996), appendix VIII, p. 237.

xxiv The quote is by Alan Brinkley, whose review appeared in the New York Times Book Review.

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