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GERMAN INTELLIGENCE SERVICE - DATA FOR WARTIME USE

1. The German Intelligence Service (GIS) officially came into being on 1 February 1956. Its official German name is "Bundesnachrichtendienst" (Federal Intelligence Service). For the ten years prior to its legalization, the GIS has been entirely subsidized by the United States Government--from 1946 to 1949 by the US Army and from July 1949 to January 1956 by CIA. While the German Government now has taken financial responsibility for the GIS, CIA still gives financial support to certain GIS operations, particularly wartime preparations operations. FY 1957 CIA financial support will be about \$750,000., but this will probably lessen in years to come. However, it is expected that CIA will continue to finance completely the GIS hot-war preparatory operations. The United States intelligence agency code names for the GIS and its U.S. subsidized predecessor organization in the order of their use during the past ten years have been: RUSTY, OFFSPRING, GORUM, ZIPPER and UPSWING (the last four are CIA cryptonyms). UPSWING is the current CIA cryptonym for the GIS.

[See Tab A for history of US Army/CIA relations with the GIS.]

2. CIA relations with the GIS since its legalization on 1 February 1956 are to be covered by a bilateral agreement that is presently being staffed. It is planned that CIA relations with the GIS during the post-legalization period will be covered by an informal verbal bilateral agreement to be concluded between the DCI and GEHLEN when the latter visits the U.S. in late 1956. A CIA draft of this planned verbal agreement is attached.

[See Tab B for copy of this bilateral agreement (to be added to this file when negotiations are completed).]

3. An agreement existing since the inception of United States relations with the GIS predecessor organization, and carried over to the present, provides that the GIS staff, their dependents and selected agents will be evacuated to a wartime base or safehaven in case of emergency. This evacuation will be carried out in conjunction with and through the facilities of the US Army, Europe. The dependents will presumably be evacuated to the United States after first being assembled in safehaven areas under US Army control in Europe. The GIS staff and selected agents will be evacuated to the CIA/GIS wartime base.

[See Tab C for numbers of personnel involved and areas from which GIS staff and dependents are to be evacuated. Even though this is primarily a Field problem, a few general dispatches on the evacuation plans regarding the GIS are also included to give a better picture of the evacuation program.]

4. The GIS has planned to establish and to organize a wartime base which will function under CIA auspices and with CIA support. This wartime base would include clandestine and staff communications equipment, and working space, housing, and training facilities. It will probably be set up in either Spain or France.

NAZI WAR CRIMES DISCLOSURE ACT

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EXEMPTIONS Section 3(b)

(2)(A) Privacy

(2)(B) Methods/Sources

(2)(G) Foreign Relations

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[See Tab D for CIA policy dispatches on Base Planning.]

[See Tab E for GIS proposals for the organization of their wartime base.]

5. For emergency use as well as a first stage, or "fall-back," communications base, CIA has established for the GIS a small semi-permanent communications installation and storage facility for initial GIS/CIA wartime operations. This base is located in West Germany on the US Army installation at Baumholder, Rhineland/Palatinate (49° 37' N/T 09° 20' E), which is west of the Rhine river. It is envisaged as a "fall-back" base for GIS use in case of emergency or in the first stages of a war, when and if the area east of the Rhine becomes a combat area. A mobile communications unit, called CIRCUS III, has been set up at Baumholder; permanent storage and working area established; and the base manned by a CIA and GIS skeleton staff at all times. This communication facility is operable now for both clandestine and staff radio traffic and for communications training of GIS staff personnel and W/T agents. It is planned to move this mobile communication base to other European sites as wartime conditions dictate.

[See Tab F for details on the Baumholder Base.]

6. GIS Hot-War operations are based on five projects that run with operational guidance and financial and logistic support furnished by CIA. These projects have trained and equipped agents in place now, ready to be activated in time of war. These projects and their purposes are:

	<u>Project</u>	<u>Purpose</u>
LJLENTIL	a. STORCH	*West German FI Staybehind observer/reporter teams (two-man or singleton)
LJLENTIL	b. FOX	*West German FI Air-Reception teams (4 or 5 man) with Drop and Landing Zones plotted
LJLENTIL	c. AFU Program	*Berlin and East German FI Staybehind observer/reporter teams (two-man or singleton)
LJKEVEL	d. NADELWALD	**West German Escape and Evasion teams
LJLENTIL	e. WIESEL	West German Caching program (neutral W/T, operational aids, barter material, hard-rations, and/or medical supply caches)

*W/T operators with equipment on each team

**W/T operators and teams now (June 1956) in developmental stage

7. Complete files on the GIS wartime operations, mentioned in paragraph

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6, above, are stored at the Baumholder Base. Attention is invited to the fact that CIA at present has copies of only about half of the Signal Plans, "one-time-pads," or "one-way-voice-link" systems (use of normal radio broadcast stations to activate or communicate with the agents on a one-way base-to-agent basis) of the GIS W/T agents in the STORCH and AFU Programs and none for the other W/T agents listed in paragraph 6, above. However, data that has been made available to CIA has been placed in the CIA "Vital Documents Registry." There has been some hesitation in the past several years on the part of the GIS to give complete operational details on their Staybehind W/T agents to CIA. The reason given by Gehlen for this has been that during the critical period just before and immediately after legalization he will be closely questioned by his government on the degree to which the Americans are cut in on his operations, and he wants to be in a position to truthfully state that the Americans have not been provided operational data. The GIS, however, agreed to give CIA the wartime "take" from these operations and allow some CIA direction under wartime conditions. It is believed, however, that the GIS will give CIA the desired information once a permanent CIA/GIS wartime base is set up (presumably in Spain or France) or as an alternative, that the GIS will store pertinent files at such a base. If the latter takes place, it would satisfy the requirements of having this information at a comparatively safe area and under joint CIA/GIS control.

[See Tab G for details.]

8. Available CIA data on "cold war" GIS agents and operations are located at: a) the CIA Field Base dealing with the GIS (Pullaach Operations Base) which is physically located in the McGraw Kaserne, Munich, Germany; b) the German Station, Frankfurt, Germany; and c) the German Desk, NE Division at CIA Headquarters. When and if the permanent CIA/GIS wartime Base is established, it is envisaged that the GIS will also store there the files of selected "cold war" agents and operations that might be converted to wartime use. In the meantime, consideration is being given at CIA Headquarters to the possibility of microfilming all the CIA Pullaach Operations Base files and storing such film at both the CIA "Vital Documents Repository" in the United States and with the CIA Section at the Baumholder Base in Germany. (Any files stored at Baumholder could, in case of emergency) be moved to the European CIA wartime headquarters, if the CIA/GIS wartime base in Spain or France was not in existence at the time of the emergency.) It is not politically feasible to request the GIS to give CIA a microfilm copy of their complete operational files. However, a microfilm copy of the CIA files at the Pullaach Base would be an excellent "insurance program" for possible wartime need and operations. At a later date, when Baumholder Base has improved storage and working conditions, the GIS may desire to store some additional files at that facility.

9. If such a microfilm program were to be adopted, necessary arrangements would have to be made to provide facilities at both the projected European CIA/GIS wartime base in Spain or France and at the CIA United States

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"Vital Documents Repository" to reproduce "hard copies" from this microfilm. Use of microfilm, as such, to run operations under wartime conditions would be inefficient and cumbersome. Furthermore, arrangements would have to be made to replace this microfilm of the CIA Pullach Operations Base files at least every 18 months with a new and complete microfilm in order to keep these files current.

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19 April 1956

MEMORANDUM FOR: Director of Central Intelligence

SUBJECT: Establishment of a German Intelligence Service

1. This memorandum suggests action on the part of the DCI. Such suggested action is contained in paragraph 2.
2. It is recommended that the following announcement be made to the Intelligence Advisory Committee:

The German intelligence organization headed by former General Reinhard GEHLEN which has been held in trusteeship by CIA since 1 July 1949 has recently been transferred to the German Federal Republic and will form the nucleus of a German Intelligence Service. CIA is, accordingly, relieved of financial and political responsibility for the project. This development is in fulfillment of a decision of the Cabinet of the German Federal Republic of 12 July 1955 which further provided that the Intelligence Service be subordinated to the Office of the Chancellor of the Federal Republic. Through the action of the competent parliamentary committees in early 1956, this plan was accorded the necessary political support of the major political parties including the opposition Social Democratic Party. Provision for financial support of the organization is contained in the new budget of the German Federal Republic. CIA has been informed by the government of the German Federal Republic that neither an executive order nor a public announcement dealing with the establishment of a German Intelligence Service is planned at this time. It is anticipated that legislation on this subject will be introduced during the next year. Pending the establishment of a German Intelligence Service by legislative action, the title "Bundesnachrichtendienst" (Federal Intelligence Service) is being utilized in official documents.

[REDACTED]
Chief, Eastern European Division

EE/G/Z/[REDACTED]
Distribution:
Orig & 1 - Addressee
2- EE/G/Z
1 - C/EE

Briefing on the Gehlen Organization

The purposes of this briefing are to examine the relationship between the Gehlen Organization and the German Federal Republic, and to appraise the future role of Gehlen and his organization in the West German intelligence community. Although there is no need to explore history, we should be sure of a common foundation for looking at the present and the future. Consequently, a brief, selective review seems well worth the few minutes it requires.

For an inter-agency gathering such as we have today, the most important single fact about this history is that the several interested agencies have been kept informed as it has developed. [REDACTED], [REDACTED], and, more recently, Robert A. Ascham have kept the principal officers of ODACID and ODEARL advised as to KUBARK policy concerning the Gehlen Organization. Matching this Washington relationship, KUBARK officers in the field--such as [REDACTED] and [REDACTED]--have similarly advised the senior military commanders and ODACID officials in Germany.

Fundamentally, the organization is composed of German intelligence officers from World War II. Although it was eventually rounded out with men of assorted experience, the basic ingredients were two groups from the eastern front. One of these comprised elements of the Abwehr. The other group came from the east front section of the equivalent to G-2 of the Army High Command. This was the Fremde Heere Ost, of which the Chief was Reinhard Gehlen, who held a rank equivalent

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to Brigadier General.

Toward the end of the war, Gehlen saw not only the certainty of an early German defeat but the likelihood of an eventual struggle between East and West. These judgments apparently led him to a decision: that he should make every effort to place--as soon as the shooting stopped--his records and his personnel at the disposal of the West, preferably the Americans.

The result was that, within a few months after the end of hostilities, Gehlen and many of his German fellow-officers were busy supplying the American Army with intelligence on the Soviets. A part of this effort was conducted at Fort Hunt, Va., where Gehlen and some of his former staff members were brought for interrogation in late 1945 and early 1946. By the end of 1946, under the auspices of G-2 USFET--General Sibert--they had developed two major activities: a research and analytical effort conducted by the so-called "evaluation group" and a collection effort that was bringing in up-to-date information on the Soviet Armed Forces.

From the beginning, the organization was permitted to maintain a purely German character. The Germans were not required to provide any operational details on their collection activities. The relationship was strictly contractual: the German organization supplied intelligence reports and studies in return for financial and material support.

When the project was initiated, in late 1946, the USFET believed that the German organization was maintaining the USFET interested not only because of the intelligence of the USFET but because of the size of the project, the possible contribution to intelligence collection.

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over it, and the possible political risks involved. At intervals through the next few years, there were further considerations of transfer, first to KUTWIN, then to its successors KUBARK and the two interim agencies. Twice these deliberations advanced so far as to inspire investigations of the organization: in 1947 and in 1948 by KUBARK. Finally, on 1 July 1949, responsibility for the Gehlen organization was transferred from the ARMY to KUBARK.

With the currency reform in Germany, the cost of running the organization began to mount. Furthermore, by the time KUBARK took over, all black marketing activities of the organization were terminated by order of Headquarters, EUCOM. With all these stimuli, vigorous efforts to establish a standardized system of accounting were undertaken; by the middle of 1950 they had largely succeeded.

During the first few years of the project, the operational activities of the organization became highly decentralized. Characteristic Abwehr tendencies in this direction were fostered by the rapid growth of the organization in response to the urgent need for intelligence on the Soviet forces. Later, however, the trend was reversed, and the German headquarters gained increasing control over its subordinate operating elements. The change, induced largely by the American staff, not only strengthened the professional standards of the organization but gave the Americans much greater insight into its operational activities.

As the Gehlen Organization exists today, it has all the elements of a well-rounded intelligence service. As you know, it can produce not only spot raw information but finished intelligence. The background of many of its key staff members and, particularly, the circumstances under which the organization was created resulted in an initial

emphasis upon military intelligence. Although this continues to be the outstanding capability, collection and production have considerably improved in other fields, particularly economic, industrial, scientific, and technical. The weakest field at present is political.

Almost from the beginning, the Gehlen Organization interested itself in CE and security matters. Originally the American sponsors agreed that the Organization should concern itself with these matters to the extent necessary to protect the security of its own operations. But, particularly in operations against the Communist Party in Western Germany, this limit was exceeded during the early period. By 1950-51, the organization was induced to curtail its counter-subversive efforts in Western Germany and encouraged to intensify its efforts against the intelligence services of the Soviet Bloc.

Although the major successes of the Gehlen Organization have been against targets in East Germany, it has produced considerable useful intelligence on the satellites and, to a lesser degree, on the USSR. Yet its operations in these areas have encountered all the problems familiar to other western services that have mounted similar efforts.

As to the prospects for the organization after the formation of the Federal Republic, the American position was, at first, not clearly defined. The American sponsors were preoccupied with getting timely, useful intelligence. However, as United States policy on the rearmament of Germany evolved, the need for a long-range policy concerning the Gehlen organization became more urgent.

Theoretically, KUBARK had a choice: to try to retain sponsorship of the organization indefinitely as an American operation, or to turn it over to the German Government whenever that government was in a

position to assume responsibility. But the first of these alternatives-- to attempt indefinite retention--posed very serious problems. It would naturally entail a swing away from the German character of the organization. Such a change doubtless would have caused the disaffection of those members who placed loyalty to Germany above loyalty to the West in general. If the organization did not shrink in this manner, it would eventually pose an enormous liquidation problem, for a project of this size and character could not be maintained indefinitely in a sovereign Germany. As you well know, KUBARK took the more feasible alternative of anticipating eventual transfer to the German government. Consequently, the policy of maintaining the German character of the organization has been continued.

This plan was thoroughly explored with Gehlen and then with John McCloy, the U.S. High Commissioner for Germany, and Benjamin Schute, Director of the Office of Intelligence, HICOG. Mr. McCloy agreed to speak to Chancellor Adenauer. At Adenauer's suggestion, representatives of KUBARK in Germany met in August of 1951 with Dr. Globke of the Federal Chancellery, who was already quite familiar with the problem. At this meeting, it was agreed that the German government would take over the Gehlen organization in trusteeship. This agreement has subsequently been reaffirmed a number of times. In July of 1952, Dr. Gumble and Dr. Grau of the Federal Chancellery conducted a very thorough investigation of all administrative aspects of the organization in order to provide the federal government with a basis for planning for the future transfer. Since then, there have been other similar investigations.

Thus the legalization of the Gehlen organization appeared to be

fully assured. So far as we were concerned, the only remaining question was one of timing. This was clearly dependent upon political developments with respect to the termination of the occupation and the integration of Germany into the European defense establishment. The same problem has been considered from time to time in the German cabinet, but along with it the German officials have had to consider the manner in which the organization would be integrated into the government. For instance, would it be subordinate to one of the ministries, or directly responsible to the Chancellor?

This question was at least tentatively answered on 11 July 1955, when the cabinet formally agreed upon four points:

- a. That an intelligence service would be established.
- b. That the Gehlen organization would be the basis of it.
- c. That the service would be directly subordinate to the Chancellery.
- d. That policy responsibility for it would be vested in a council of state secretaries.

The first two of these decisions were supported by both CDU and SPD elements in the Bundstag Administration and Budget Committee. For this and other reasons, it seems reasonably certain that there will be an official German service built around the Gehlen organization.

But it cannot be assumed that the Cabinet's decisions on the connection between the service and the government will stand. What parliament does on this particular point probably will depend upon the way it works out the broader problem of the Defense and Security organization of the Federal Republic.

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Among the alternatives already considered is an arrangement somewhat analogous to ours, with the intelligence service subordinate to a national security council. Another possibility is to put the intelligence service under the Defense Ministry.

Even if we could assume parliamentary approval of the Cabinet's plan of subordinating the intelligence service to the Chancellery, we still would not know how much of the German intelligence community will be incorporated in this service. Certainly, it will contain the clandestine collection elements. Very likely it will also carry certain research and analytical responsibilities. Whether it will also participate in the estimates function cannot be confidently predicted.

Some of the elements of Gehlen's organization concerned with research and analysis in military intelligence may be transferred to the Defense Ministry. For it can be expected that the defense establishment will eventually have such capabilities in each of its fields of interest. Whether there will be comparable developments in the Foreign and Economic Ministries cannot presently be judged. In the midst of all these uncertainties, the likeliest prospect is that the Gehlen Organization will continue for some time to be the only German intelligence element with substantial professional capability in research and analysis.

The uncertainties in these areas are matched in the realm of counter-espionage. The Gehlen organization has developed reasonable competence in this field; its capabilities are probably markedly superior to those of BfV*, the German counterpart of our FBI. Gehlen disavows any intention of attempting to dominate the internal security field, and the German government indicates that it intends no curtailment of the BfV

* Bundesamt für Verfassungsschutz
Federal Office for the Protection of the Constitution

charter. Nevertheless, Gehlen maintains--and certainly with justification--that opposition services are legitimate targets for a foreign intelligence service, particularly outside its own country, and the German government has thusfar given no indication that it disagrees with this theory. Yet it is in the nature of Central Europe that many counter espionage cases developed outside the Federal Republic are likely to have ramifications reaching within it. Here is the likely area of conflict between the Gehlen Organization and the BfV. Just how the German government will delimit the CE charters of these two services remains to be seen.

In the face of all these uncertainties and multiple possibilities, it is disconcerting to find such specific and confident predictions as have appeared in the public press in recent weeks. The fact is, however, that the latest definite development is the action of the German cabinet on 11 July 1955.

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