

*Intelligence in Recent Public Literature*

## Soldiers, Spies, and the Rat Line: America's Undeclared War Against the Soviets (S)

By Col. James V. Milano, USA (Ret.) and Patrick Brogan. Washington, DC, Brassey's; 1995; 242 pp.

Reviewed by Kevin C. Ruffner

In 1945, the Allies occupied Austria and divided it into four zones as they did in Germany. Vienna, like Berlin, also became an occupied city with the four Allies sharing sectors although it fell within the Soviet zone. As tensions developed between East and West, Vienna quickly became a sort of "no man's land" between the rival powers. (U)

With the departure of American, British, French, and Russian troops in 1955, Austria adopted a neutral foreign policy. While the United States has not played a role in Austria's internal activities since occupation, it has been haunted by actions it took there decades earlier. The CIA and the US Army, in particular, have been embroiled in a series of controversies dating to the close of World War II. (U)

A brief summary of these controversies will highlight the importance of Col. James V. Milano's and Patrick Brogan's book, *Soldiers, Spies, and the Rat Line: America's Undeclared War Against the Soviets*. In 1981, the Department of Justice filed suit against German-born Otto von Bolschwing, a member of the SS and a colleague of Adolf Eichmann's, for gaining admittance to the United States under false pretenses. While Bolschwing agreed to renounce his citizenship shortly before his death in 1982, the investigation revealed that Bolschwing had been a leading agent for the CIA in Austria after the war. In the mid-1950s, the Agency also sponsored Bolschwing's immigration to America. (U)

Within a year of Bolschwing's death, an even greater scandal erupted involving the CIA. The arrest and deportation of Klaus Barbie, the "Butcher of Lyon," to France from his hiding place in Bolivia in early 1983 became a major news item. The press soon discovered that Barbie had escaped from Germany through Austria and Italy to South America through a secret US Army operation known as the rat line. The US Attorney General ordered a full investigation to determine the extent of US culpability in the Barbie case. Allan A. Ryan, Jr., the director of the Department of Justice's "Nazi-hunting unit," the Office of Special Investigations (OSI), undertook a major examination of US Government archives and interviewed retired American officials about their involvement with Barbie. (U)

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Ryan concluded his investigation in August 1983, and his report revealed that the US Army's Counter Intelligence Corps (CIC) facilitated Barbie's escape in 1951. Ryan demonstrated that the CIC in Germany used a secret operation in Austria to ship Barbie to South America. While Ryan absolved the CIA of any wrongdoing, the Agency had a general knowledge of the Army's use of Barbie and the rat line operation in Austria. The US Government apologized to France for its role in the Barbie affair and castigated the participants for their misguided intentions. (U)

Shortly after the Ryan Report, the American Government became enmeshed in another scandal in Austria. OSI in 1984 began its investigation of Robert Jan Verbelen's presence in that country. A native of Belgium and a member of the Flemish SS, the Army's 430th CIC Detachment in Austria employed Verbelen as early as 1946. He continued to work for CIC in Austria and Germany for another 10 years until CIA informed the Army that their longtime agent faced war crimes charges in Belgium. The Army, at the Agency's behest, transferred Verbelen to a "Western European intelligence agency." His presence in Austria continued to be a sore point in Austrian-American relations even after the American withdrawal. Verbelen's trial and acquittal in 1967 by an Austrian court resolved little about his wartime and postwar activities. (U)

The news that Kurt Waldheim, the former UN Secretary General and candidate for the Austrian presidency, had served as a German intelligence officer in the Balkans quickly overshadowed the Verbelen case. Waldheim, who never denied his early service in the *Wehrmacht*, actually continued his military service until the end of the war. In the spring of 1986, private researchers uncovered disturbing questions about Waldheim's exact role in Greece and Yugoslavia, where Nazi forces and their collaborators had committed numerous war crimes. Following another investigation by the Department of Justice, the US Attorney General placed Waldheim's name on the "watch list" in 1987. In effect, the American Government denied the Austrian president entry into the United States on the account of his wartime actions. (U)

Since Waldheim's exposure in 1986, the American public has criticized the CIA for its apparent lack of knowledge about Waldheim. The Agency conducted rudimentary examinations of Waldheim's past when he became Secretary General in 1972 and again in 1980 in response to a Congressional request. To many outside observers, the Agency's reluctance to discuss its knowledge of Waldheim or to release its records fuels suspicions that the Austrian had been an American agent. Some historians even question whether Waldheim served numerous masters, including the Americans, Russians, and Yugoslavians, because of his susceptibility for blackmail for his wartime activities. (U)

The controversial link between American intelligence and Austria continues. In December 1995, the US Ambassador apologized to the Austrian Government because it had apparently "forgotten" dozens of weapons caches in Austria. Presumably hidden by the CIA for "staybehind forces" during the darkest days of the Cold War, these dumps were a major news items in Austria. (U)

Against this backdrop, one can quickly see why *Soldiers, Spies, and the Rat Line: America's Undeclared War Against the Soviets* will fill a void in the historical literature. Milano, who served with the US Army's Military Intelligence Service (MIS) throughout the war in North Africa, Italy, and Austria, later became the MIS detachment commander in Austria and chief of the Operations Branch of the Intelligence Directorate (G-2) of the US Forces in Austria. As such, he oversaw the operations of subordinate intelligence units in Austria, including the 430th CIC Detachment. More important, Milano personally supervised the development and use of the rat line from Austria to Italy and then to various points in South America. (U)

Milano, who had been interviewed by the Department of Justice during the Barbie investigation, denies that his rat line operation made any efforts to assist Nazi war criminals to escape. The Americans used the escape route to assist Soviet defectors and other US agents to leave Europe and avoid Soviet retaliation. Strict US immigration laws and State Department opposition prevented the Army from seeking a more overt means to deliver their sources to safety. (U)

In the summer of 1947, Milano's officers opened the rat line with the help of Monsignor Krunoslav Draganovic, a corrupt Croatian cleric in Rome, who proved a reliable contact in terms of arranging shelter in Italy and transportation from Naples or Genoa to South America. The Army generously reimbursed Draganovic for his expenses which, in turn, subsidized his own clandestine smuggling operation for Ustashe refugees and Nazi collaborators. In addition to organizing the rat line with Draganovic, Milano smoothed the way with Austrian, British, and Italian civil, military, and police officials. (U)

Milano constantly worried about the exposure of the rat line to the Soviets and even to other American authorities. Consequently, the CIC kept documentation of the rat line to a minimum, and this created problems for investigators in 1983. While the book focuses on the rat line, Milano also discusses a number of other cases that he faced in Austria until his departure in 1950; some are also cited in the declassified 430th CIC Detachment reports at the National Archives and in the 1959 declassified official publication, *History of the Counter Intelligence Corps*. (U)

Milano and his co-author wrote their book from memory and from what sources are publicly available. Had they had access to still-classified records, they could have expanded their tale. CIA records, and those of its predecessor organizations, could shed further light on US intelligence operations in postwar Germany, Austria, and Italy. (U)

For example, Milano notes that he personally supervised the destruction of all records of the rat line before his transfer in 1950. The Ryan investigation in 1983 located only two documents from the 430th CIC which discussed the operations of the rat line, and these were published in the DOJ report and as appendices in Milano's book. Classified records in the CIA's files, however, contain detailed summaries of the numerous projects of the 430th CIC Detachment in Austria. By 1949, when the CIA launched an undercover review of the CIC's long-range positive intelligence activities, the 430th CIC Detachment had 13 projects dealing with Austrian affairs and another 19 operations under way in Bulgaria, Czechoslovakia, Hungary, Italy, Poland, Romania, the Soviet Union, and Yugoslavia. (S)

William R. Johnson, as Milano notes in his book, undertook CIA's review of the CIC in Austria as Project UPGRADE starting in November 1949 (this served as the advent for Detachment 35 in 1951). Johnson quickly learned that "CIC's dealings with indigenous personnel, the official machinery—registration of sources, funding of projects, recording of contracts—are an empty ritual. The CIC agents, whether conducting routine marriage investigations, operating a net into the Balkan countries, running agents who report on personalities of CI interest or operating sources of political intelligence do not record the circumstances of their contacts, but instead submit finished intelligence reports. The questions of control, of security, and of personal assessment are almost entirely handled privately and informally between the individual CIC agent and his associates, if they are handled at all." (S)

As early as April 1948, the CIA knew that the CIC in Austria had a covert smuggling effort in Italy. Two years later, Johnson more closely examined this operation as its key operator, Paul Lyon, would soon leave Austria. After trying to gain further information from Lyon, Johnson was unable to extract anything but a "barrage of vagueness." The CIC's rat line activity and other clandestine projects in Italy threatened CIA's own efforts in that region. In 1951, Maj. Gen. Willard G. Wyman, then serving as CIA's Assistant Director for Special Operations, criticized the CIC; he said, "These activities have been detrimental to the overall intelligence interest of this Government, [and] have at times been embarrassing to us in our relationship with the Italian services." Wyman went on to note that "of even more importance, [these operations] have in many instances been penetrated by the Italian services with the result that controlled information has been furnished to the United States." He especially cited the CIC rat line because the "transport of such persons has been conducted to the present time without CIC briefing or participation of this Agency." (S)

Given the controversy that the rat line created in the 1980s and the continuing debate about the role of US intelligence in postwar Austria, Milano's book is timely. The veterans of the early Cold War are now in their 70s and 80s. Their memories are fading, and many details about this period are slowly disappearing. Many primary sources have been destroyed while others are scattered or still classified. One hopes that official "openness" policies and more personal memoirs will illuminate this critical period.

*Soldiers, Spies, and the Rat Line* is partially a defensive move on Milano's part to offer his own account of his actions in a demanding and uncertain time. Whether his viewpoint will be accepted or whether the Ryan Report's verdict will be the judgment of history remains to be seen.