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By MBNARA Date 06/05/02 GER

95. [Critchfield] to Chief, FBM, "Basic Considerations in Reviewing the Concept and Mission of [Gehlen Organization]," 21 September 1949

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21 September 1949

Chief, Foreign Branch M - [ ] [ ]  
Chief of Station, Karlsruhe

[ ] [ ]  
Basic Considerations in Reviewing the  
Concept and Mission of [G-O]

1. Attached is a policy guidance letter from [ ] [ ] to Dr. Schneider, dated 20 September 1949.
2. An effort was made in this letter to consolidate Washington policy guidance received during the past three months on operational matters.
3. Normally, matters of policy received from Washington are taken up verbally with Schneider in our almost daily conversations. However, in my relationship with him during the past ten months, I have learned that the impact of matters presented to him officially and in writing is considerably greater than of those transmitted only in conversation.
4. From my point of view, this type of letter, addressed to Dr. Schneider and forwarded to Washington, is extremely valuable in that it forces an attempt to arrive at an objective position reflecting both policy guidance from Washington and the familiarities and pressures attributable to our intimate relationship with the German organization.

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20 September 1949

MEMORANDUM TO: Dr. Schneider - [ ] [ ]

SUBJECT: Basic Considerations in Reviewing the Concept and Mission of this Project.

1. After careful consideration I decided to attempt to sift out of the Washington correspondence of the past few months significant views on the basic concept and mission of this project and present them to you, separately from the matters discussed in my 20 September Memorandum "Coordination and Control of Negotiations with German Political and Economic Circles and Representatives of Western European Intelligence Services".
2. When, in the spring of 1949, my organization made the decision to assume responsibility for this project, I immediately posed numerous policy questions requiring answers of a categorical and rather far-reaching nature. Answers to these questions were consolidated into a statement of the mission of the project and transmitted to you in my letter of 15 June 1949. This letter and your subsequent reply of 22 June 1949 raised numerous problems confronting us at that time. Most of these problems have been solved or are now approaching a solution. The problem which you posed regarding the considerable discrepancy between the mission of the organization and the support allotted was resolved by an agreed plan (attached as Annex A), which currently forms the basis for financial and organization planning for the remainder of the calendar year. It was agreed that the budget for this plan could be met from our promised or accumulated resources but that no reserve would be available. Since that time we have agreed that funds accruing from sources not considered in our original planning would revert to a reserve fund to be spent for purposes to be specifically agreed to by both of us. This fund is currently accruing at the rate of £ monthly, from savings made through the gratuitous issue by Military Government of certain operational supplies, the payment of which was provided for in our planning. Elimination of the necessity for supporting the project through extensive black marketing has greatly improved the security of the project as well as the moral atmosphere in which we work.
3. In accepting the plan attached, Washington agreed that all operations outside of Germany would be financed separately from the funds allocated to the project for the remainder of the year. Separate financing of these operations will commence on 1 November 1949, at which time funds allocated to carry over the operations until that date will have been expended. This plan is based on an extremely close time schedule, and I anticipate that the period following 1 November may present some difficulties.

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4. Operations outside of Germany have now been presented to Washington. Each of these operations, approximately 120 in number, has been reported in a rather skeletal form for separate consideration on its individual merit and for a decision on the support to be allocated to it after 1 November 1949. The staff processing of these projects has been accomplished in a remarkably short period and has placed an undue burden on your staff, which has concurrently been involved in an extensive reduction and reorganization program. Further complicating this period has been the fact that we have made numerous suggestions and recommendations for revising existing procedures in your organization to bring them more into line with those of my own organization. That your staff was not able under these circumstances to indulge in a higher degree of coordination and meticulous staffing of operations reported as projects is clearly understandable. Also, it has been most gratifying to me to note the development of an increasingly harmonious relationship within our joint US-German staff during this period in spite of the obvious pressure from several sides.

5. Although Washington has frankly deplored the lack of detailed information included in the original project reports, they have demonstrated a sympathetic attitude and indicated that in spite of the fact that they have only sufficient information to make a superficial assessment of the value and potentialities of the individual operation, they will be reasonably lenient in approving projects for an additional 3-6 months period in order to provide our US-German staff the necessary time to provide them with further details. While the good faith and basic inclination of my home office to adequately support this project is clearly evident by their favorable decisions on almost all matters, particularly financial, during the past three months, I have no illusions that they will continue to take a lenient position on the question of centralized control of operations through the availability of exact operational details, including personalia.

6. Washington agrees that the greatest strength of our relationship lies in the basic premise of US-German cooperation in the intelligence field against the Soviet Union. However, they reduce this relationship to concrete terms spelled out in specific matters of operational coordination. The very nature of intelligence work dictates that the effective coordination and direction of a large scale intelligence effort must be based on a highly centralized and exacting consideration of details. The very fact that our adversaries within the framework of the worldwide Communist Party and the RIS do represent a highly centralized apparatus, making full utilization of the advanced communication system of the postwar world, dictates that we do not unnecessarily hinder our own effort in the intelligence field by indulging in unnecessary compartmentization and decentralization. My home office feels that the willingness of your

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organization to cooperate in the establishment of a centralized and thus effective leadership will be a substantial test of the success of the indoctrination program to which you have subjected your staff and co-workers in the field during the past few years. I assure you that the sincerity of you and your immediate staff is not questioned on this point and that I and individual members of my staff thoroughly appreciate the background and difficulties of your relationship with many of your leading members in the field on this point. Consistent with our recent discussion on the problem of procuring operational details in connection with projects, I and individual members of my staff feel a real responsibility and assure you maximum assistance in this matter by attempting to develop, through personal contacts with your co-workers in the field, a sense of trust and cooperation.

7. After discussions in early August with you and members of your staff on the subject of providing Washington immediately with detailed personalia to clarify the projects submitted to Washington, we pointed out the difficulties posed in attempting to make a hard issue of this problem at the moment. Washington's reply to this indicates that they will approve a number of projects with the clear understanding that approval is for a period of three to six months only, and that the future of the operation will depend largely on the success of our joint efforts to convince the organization leaders that operational details are essential to our Washington office.

8. Not unrelated to this problem is the question of the availability of raw agent reports to Washington for use in the evaluation of the operations. This poses the fundamental problem of Washington's conception of operations run by this project. If they insist that the complete evaluation of operations be done in Washington by having available there full personal data of persons involved and the raw material submitted by the agents, the necessity for the maintenance here of the intricate staff machinery and expert personnel to do the same function is subject to questioning. It necessarily follows from this that, once the basis for evaluation of the source is available in Washington, where they certainly have adequate material for an evaluation of the information, should not the preparation of the finished intelligence reports from the data produced by the operations outside of Germany be also done in Washington. This type of logic, if played out to the end, would result in our present organizational planning and basic conceptions of organization and mission hardly remaining valid. Assuming that Washington's desire is to have available to them the personalia and raw agent reports only from operations outside of Germany and not on operations in the Sovzone of Germany, our project would then find itself turning

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out finished intelligence on the Sovzone for dissemination to US Military Forces in Europe and additionally running a number of agent operations into the satellites and the USSR producing raw material for forwarding as such to Washington for evaluation and dissemination at that level. I imagine that a detailed consideration of this trend with all of its ramifications would indicate that it is related to every facet of this project.

9. I have interjected the speculation in the preceding paragraph in order to bring clearly into focus a trend which I am sure you would have independently noted from a number of recent communications from my home office that I have either discussed with you or some member of your staff. I am certain that as time passes that Washington will recommend the elimination here of functions which can be performed more economically and efficiently under more favorable circumstances in Washington; in other cases, they may determine that this project is especially qualified to exploit certain intelligence roles and will desire an expansion in those fields. My personal opinion is that the trend will be toward the operational field and away from the research and analysis functions. In opposition to this trend, of course, will be the necessity for producing here in Germany such types of intelligence in finished form as are required for direct dissemination to US agencies, especially the Armed Forces, here in Europe. At some time in the future your relationship with the German Government and a consideration of its intelligence needs will also be a factor.

10. I urge you to give careful attention to these considerations since I think that they touch matters striking to the very roots of much of the planning and reorganization that is now in process. I am not entirely clear on Washington's views on these matters, and I am not sure whether some of the fragmentary instructions which hint the trend suggested in Para. 8 above are indications of a carefully considered long range plan or merely the coincidence of individual and isolated views neither related nor considered in connection with any projected plan. It is certain that Washington considers the present period to be one of waiting and further examination of the project before establishing a long range plan for the coordination of your intelligence producing efforts with those of our own service.

11. In summary, the basic mission of this project as described in my memorandum of 15 June 1949 remains unchanged except as altered by this present memorandum. However, there are ample indications that the current decisions made after individual consideration in Washington of specific minor problems do not necessarily coincide with the broader decisions made at the time

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that my organization accepted responsibility for this project. This is understandable and, indeed, to be expected, since our knowledge of this project was at most rather superficial at that time. These manifestations of a possible change in basic conception on the part of Washington is what prompted my speculation in paragraphs 8-10 above. Although I feel it is considerably premature to take any action on this matter, it should certainly be kept uppermost in our minds during the next few months.

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