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SUMMARY

The attached paper describes a recent outburst by Reinhardt Gehlen, the German head of ZIPPER, against US interference in the internal affairs of that organization, and outlines the nature of past US-ZIPPER agreements. It describes the way in which our interpretation of control, strategic operations, and of attaining future position for ZIPPER have conflicted with Gehlen's, and the reservations we would have on seeing him become the head of a future German Intelligence Service. The dispensability of Gehlen to ZIPPER, and the questions of removing him and of choosing a successor are discussed.

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On 28 December 1950 Generalmajor Reinhardt Gehlen, German head of ZIPPER, speaking from prepared notes to our senior representative with ZIPPER, delivered a three-hour harangue against American interference in ZIPPER internal affairs. He defended all those activities of his to which we have taken exception in the past year and a half, attacked "Washington" policy, and several times threatened to resign. Our representative, beyond a few comments for the record, did not enter into a discussion with Gehlen. A record of this meeting is being pouched. The following day Gehlen called one of the senior US assistants to his office and in stronger, sharper, more explicit terms covered the same ground. Our representative intends to allow a ten day cooling off period at the end of which he will instruct Gehlen to set out his views in detail and in writing for consideration in Germany and Washington. When those written views have been received and studied here, we believe that we should consider the advisability of a visit to Germany by a high-ranking CIA official for a detailed discussion with Gehlen leading to an unambiguous definition of our concept of the role which the German head of ZIPPER should play. Such a conference should lead to a showdown on whether Gehlen remains on our terms or resigns.

The following paragraphs sketch the background of our disagreement:

Although the tone of Gehlen's dissertation was unnecessarily tactless and embittered, the general strategy of an ultimatum from him was not entirely unexpected. It fits in with the attempts of leading Germans just now to bargain for position, and is not untypical of Gehlen's past approaches to his American superiors. Gehlen has risen since 1945 from the position of a relatively obscure member of the German General Staff to the position of a prime political strategist enjoying the support of conservative political factions, of certain German industrialists, and of the influential remaining portions of the German military. At the same time he enjoys semi-diplomatic relations with the major intelligence services of Western Europe, and he has the advantage of his prolonged association with US intelligence on which to base an accurate estimate of our major strategies and our strength.

Gehlen's present ultimatum, with its rejection of "American interference" harks back to ZIPPER's earlier contractual relationship with the United States Army in Europe. Gehlen's first working arrangement with the Army was based on an oral arrangement between General Edwin Sibert and himself. This was an agreement which gave Gehlen broad personal responsibility for the organization and conduct of the operation, and involved a pledge by Gehlen that he would at all times assume full responsibility for the operation vis-à-vis the Americans. The agreement was reduced to writing in October 1948 in the form of a directive from EUCOM to the US military commander with ZIPPER which, although it placed ultimate direction and control in the hands of the Americans, granted a wide latitude of operational freedom to the German chief. In practice the US Element of the operation was viewed as there only to provide the German Element logistical and liaison support, and the loose control and minimum accountability of this period created a body of precedent against which Gehlen views our position, which is that our financial outlay alone entitles us to intimate knowledge and control of the ZIPPER operation.

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Even when Army control of ZIPPER was from ZIPPER's viewpoint least onerous, Gehlen gave frequent voice to discontent and dissatisfaction with the degree and type of support and supervision. Administrative interference with ZIPPER's lower echelons by inexperienced US intelligence officers, inconsistent financial support, and lack of policy direction, were all criticized by Gehlen, and he frequently, particularly in 1948 and early 1949, supplemented his criticisms with threats to resign and dissolve the operation. It is clear that basically he was dissatisfied with the lack of timely financial planning and of trained US intelligence personnel. He at one point expressed himself as so disillusioned with the lack of US participation in the operational activities of the project that he threatened to resign unless ZIPPER were taken over by CIA. This desire for closer operational supervision had been expressed by Gehlen as early as 1947, when he was having some difficulty in consolidating his personal supremacy in the operation. He claimed at that time to distrust his first deputy's anti-Soviet fanaticism as the basic motivation for the operation, and promised to convert ZIPPER into a strict alliance of German with US interests. It was his suggestion then for the future that enough US personnel be assigned to the operation to supervise and guide it at every point.

In discussions with a CIA investigating officer in November 1948, Gehlen blamed Army pressure in 1946 and 1947 for stimulating unplanned and uncontrolled growth and the resultant violation of most sound operational rules. After our takeover, however, it became apparent that Gehlen intended to maintain the status quo both of organizational and operational procedures, and vigorously to defend ZIPPER practices of loose control, maximum delegation of agent and operational supervision, and minimum accounting and operational reporting. In defending these practices during the period of our examination of ZIPPER's proposals for strategic operations—which later were demonstrated to be more than ninety percent worthless—he bitterly attacked Washington "inflexibility, overcentralization, and lack of operational understanding". His first threat to resign came at this time when, despite previously consistent assurances that he wanted only a stable budget no matter whether large or small, he asserted that it was impossible to continue operations under the budget we proposed for the following year.

We had considered, when we took over ZIPPER on 1 July 1949, the advisability of supplementing the basic EUCOM directive with a written agreement or charter, and our senior representative with ZIPPER did in the summer of 1949 discuss with Gehlen the tentative draft of such an agreement. It was explained at the time that the draft was solely for purposes of exploratory discussion and had not been approved by Karlsruhe or by Washington. It was in any event an innocuous document, playing heavily on ideological and patriotic themes, and less specific than the EUCOM directive. It was decided in Washington that it would serve no useful purpose to reduce the terms of our relationship to writing, and would very probably put us in the legalistically difficult position of a more binding legal and moral trusteeship than we cared to assume toward ZIPPER. As a consequence we have deliberately attempted to hold our directives to ZIPPER to questions of actual operations, organization, or administration, and have considered philosophical discussions of the US-ZIPPER relationship as unrelated to the main task.

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Our insistent probing into ZIPPER operations and our pressure for administrative and organizational changes, as well as Gehlen's activities outside the ZIPPER framework, have steadily been building up to a major difference of opinion between ZIPPER, or more specifically Gehlen, and us. Gehlen's political aims have been to secure a measure of governmental recognition from Bonn for ZIPPER, to consolidate ZIPPER's position as the dominant contender to become a German Intelligence Service, and to secure positions of influence for ZIPPER staff members and friends in the impending rearmament of Germany. His activities in these directions have included continuance of ZIPPER's influential military contacts, direct contact with the Bonn Government and the US High Commissioner, intensified liaison with various Western intelligence services, and bitter opposition to Bernhard Graf von Schwerin during the latter's tenure as Chancellor Adenauer's military advisor. Much of the impetus for these activities has coincided with our interests; we too have long range interest in the development of ZIPPER into a German Intelligence Service, and we have both long and short range interest in the eventual legitimization of ZIPPER by the Bonn Government. Sharp disagreements have arisen only because of Gehlen's sometimes freewheeling methods, which have often appeared to be evasive and have certainly not considered the complexity of our many intelligence interests in Germany and in Western Europe. Our belief that Gehlen has interested himself in the pursuit of these goals to the detriment of the intelligence mission of ZIPPER is shared by thoughtful top ZIPPER staff members.

ZIPPER's extremely low capabilities in terms of strategic, long range, high level, and deep penetration operations, in large measure the result of Gehlen's neglect of fundamental intelligence issues, were amply documented in the first year of our supervision of the operation. By mid-Summer of this year it was the opinion of all US staff members working with ZIPPER affairs that the organization was a creditable tactical collection and military evaluation agency, but that it was, with some exceptions, definitely second class in intelligence activities of a more difficult or sophisticated nature. This opinion, shared by many of the ZIPPER German staff, was conveyed to Gehlen by our representative with ZIPPER in July 1952, and he was bluntly informed that unless we were to accept and support ZIPPER only as a tactical agency Gehlen would have to institute radical changes in personnel, procedures, and attitudes. After some reflection Gehlen appeared to accept this decision with good grace, and even initiated some organizational changes for the improvement of strategic coverage.

Although his current outburst is the first strong resistance Gehlen has demonstrated for some time, it has long been apparent that Gehlen's frequent evasions and intransigence in the face of our guidance might at some point make it desirable to remove him from ZIPPER. We are in general agreement that, over and above the occasional difficulty now in handling Gehlen, he would prejudice the quality of a future German Intelligence Service of which he might later be head. Although he has been a strong and effective leader of ZIPPER in those fields where his personal interests lie, he lacks an emphatic interest in controlled, strategic intelligence operations, and much of the administrative corruption still present in ZIPPER is directly attributable to Gehlen's neglect of that field. Clearly, also, it is Gehlen's desire

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as head of a future OIS to combine internal security coverage with external intelligence, and we have no desire to encourage such a development.

In December 1950 we exchanged views with the field on means of dispensing with Gehlen if the need ever arose, and decided then that we should overlook no opportunity to kick Gehlen upstairs into the service of the Bonn government. Particularly if such a post were military, there is little doubt that Gehlen would cheerfully accept, and in all probability would not continue to exert an undesirable influence on ZIPPER.

The question of his successor was also discussed, and it was decided that the best solution would be a temporary replacement by a forthright Army general with no political ambitions. There is such a general now on the ZIPPER staff who has impressed our staff with his direct and honest approach to certain administrative investigations he has conducted. The other possibility, General Adolf Hauninger, because of his impressive character and intellectual stature & more obvious candidate to head ZIPPER, is not personally interested in a career in intelligence, and we believe he would serve Allied interests better in his new capacity as military advisor on German rearmament.

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22. Januar 1951

Lieber Herr Marshall!

Von allen Seiten sind mir so zahlreiche
Wünsche und Zeichen des Gedankens zum Weih-
nachtsfest und zum neuen Jahr zu gegangen,
daß es mir schwer fällt, meinem Dank durch
die geeigneten Worte Ausdruck zu geben. Ich
erwidere die ausgesprochenen Wünsche auf das
Bestmögliche. Möge das neue Jahr eine Über-
windung der Schwierigkeiten bringen, mit denen
das alte Jahr abgeschlossen hat und möge es
trotz des Zeichens politischer Schwierigkeiten,
unter dem es steht, die Grundlage für eine

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friedliche Entwicklung legen - trotz allem.

Sich persönlich für Sie und die Thron möge
es unter einem regenreichen Stern stehen.

Alle diese Wünsche mögen gegenseitig etwas
sich klingen; aber keine Wünsche und keinen
gesunden Optimismus ohne Illusionen zu haben,
bedeutet, ein Ziel und eine Aufgabe aufgeben.

Als letztes dankte ich Herzlichst für die mir
persönlich von allen entgegen gebrachte Kamerad-
schaft in der Erfüllung unserer gemeinsamen
Aufgabe, welche für mich die entscheidende Gewähr
für den Erfolg unserer Arbeit bietet.

Mit besten Grüßen bin ich verbunden mit
Empfehlungen an Ihre Gattin.

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Ihre ergebener

Kamerad