

CLASSIFIED MESSAGE

S-E-C-R-E-T

ROUTING

DATE : 150 PD/BM
24 MAR 59

TO : DIRECTOR

FROM : BERLIN

ACTION: EE 6

INFO : DPD 4, PP 2, PP/PRD, PP/PROP 2, IOB
CI, CI/OPS, CI/OA, CCD 2

1) EC/East
2) East/4
~~3) East/4~~

1	G	4	
2	G/ops	5	EE
3		6	COP

MAR 24 1404Z 59

ROUTINE

IN 35833

DIR THRU FRAN

INFO BONN FRAN

CITE BRLN 2887

CABORY LCCASSOCK

RE DIR 09683 (OUT 65407) - *no filing*
FRAN 2118 (IN 13080)* - *no filing*

DECLASSIFIED AND RELEASED BY
CENTRAL INTELLIGENCE AGENCY
SOURCE METHOD EXEMPTION 3020
NAZI WAR CRIMES DISCLOSURE ACT
DATE 2007

1. PER FRAN ADVICE, C I AT 27 FEBRUARY MEETING WITH C I C I

INDICATED CAWASH WILLINGNESS BUY SPECIAL ACTION MEDIA TO INFORM GDR POPULATION ON WESTERN DEVELOPMENTS, FOR AD HOC EXPLOITATION SPECIAL EVENTS, AND TO EXPLOIT REVISIONIST TENDENCIES. HAD NO INTEREST IN COMMERCIALIZATION OR REGULAR PUBLICATIONS. FINANCIAL SUBSIDE WOULD RANGE BETWEEN DM 100 THOUSAND AND 200 THOUSAND ANNUALLY, WOULD INCLUDE PRO RATED OVERHEAD FOR EACH PUBLICATION.

2. VIEW (A) NATURE CAWASH REQUIREMENTS WHICH SINCE THEY ARE STATED LARGELY IN TERMS ONE TIME MEDIA MAKE REGULAR PRODUCTION AND FINANCIAL PROGRAMMING IMPOSSIBLE, (B) APPARENT TIME FACTOR REQUIRED FIRM UP CAWASH PARTICIPATION OVER COMING MONTHS, (C) FACT THAT MANY LCCASSOCK COSTS (E.G SALARIES) FIXED IN SHORT RUN (PORTION GARBLED - BEING SERVICED) REQUIRING IMMEDIATE ADJUSTMENT TO AFFECT CUTBACK BY JULY 1959, WE FEEL IT IMPERATIVE TAKE FOLLOWING STEPS CUTBACK PROJECT CAPACITY, PARTICULARLY PERSONNEL, TO BEDROCK FOUNDATION DOLLARS 2 THOUSAND FY 60 BUDGET INDICATED REF A. WE PROPOSE BOB ADVISE LI SOONEST AS FOLLOWS:

A. TOTAL LCCASSOCK OVERHEAD (FIXED COSTS - SEE REGULAR MONTHLY ACCOUNTINGS) NOW RUNNING ABOUT DOLLARS 2 MONTHLY MOST BE REDUCED ONE HALF BY JULY.

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LCCASSOCK/D+P

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B. SINCE SALARIES LARGEST OVERHEAD COST, AVERAGING DOLLARS 5000 MONTHLY, THIS MEANS IMMEDIATE TERMINATION NOTICE TO PERSONNEL NOT ESSENTIAL REDUCED KUBARK OPS PROGRAM. (NOTE THAT SALARY PORTION OF OVERHEAD INCLUDES OPERATIONAL PRODUCTION DISTRIBUTION AS WELL AS ADMINISTRATION SALARIES.)

C. COMMERCIALIZATION, WHICH CAN BE CALCULATED BE COSTING US CURRENTLY ABOUT DOLLARS 4900 MONTHLY (ARBITRARILY PRO RATED OVERHEAD OF DOLLARS 4500 PLUS DIRECT COSTS OF DOLLARS 2400 MINUS SALES INCOME AND CAWASH SUBSIDY TOTALING CURRENTLY DOLLARS 2000 MONTHLY), MUST BE TERMINATED BY 30 JUNE 1959 UNLESS IN MEANTIME OUTSIDE FINANCIAL SUPPORT COMPLETELY ACCEPTABLE KUBARK FOUND WHICH WOULD COVER OR UNDERWRITE TOTAL NET COST BY THAT DATE. ALSO TERMINATION OF COMMERCIALIZATION WOULD NOT EXCLUDE OUTRIGHT SALE OR TRANSFER SCHLAGZEUG TO PRIVATE PUBLISHING INTERESTS.

D. EPOCHE, OR ALTERNATE REGULAR EAST GERMAN PUBLICATION, TO BE RETAINED AS ONLY COVER FOR MORE PINPOINTED KUCAGE MEDIA.

E. NEW HIRINGS PERMISSIBLE ONLY WHEN BASIC ADDITIONAL PERSONNEL REQUIREMENTS STEMMING FROM CAWASH PARTICIPATION FIRMLY APPARENT. UNTIL THEN, CAWASH REQUIREMENTS AS THEY EMERGE TO BE MET THROUGH DEVICE OF HONORARY PAYMENTS.

3. VIEW NATURE CAWASH PARTICIPATION INTEREST PER PARA 1 ABOVE AND POSITION ON COMMERCIALIZATION INDICATED REF A, SEE NO REALISTIC ALTERNATIVE PARA 2 PROPOSALS. IF IMPOSSIBLE IMPLEMENT THESE MEASURES THROUGH LI, WOULD SEEK NEW AGENT. IF NONE WILLING OR ABLE IMPLEMENT CAN BE FOUND, WOULD RELUCTANTLY HAVE TO RECOMMEND

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TERMINATION PROJECT AND EXAMINATION POSSIBILITIES REGROUP SALVEGEABLE ASSETS AS
 ADJUNCT LCPAGAN OR UNDER MINIMUM COVER WORKSHOP SET UP.

4. FRAN: REGARDLESS ABOVE, WOULD PROPOSE NEGOTIATIONS WITH CAWASH RE
 PARTICIPATION BE CONTINUED SOONEST AS FOLLOWS: BE ASKED BUY PERIODIC
 INFORMATIONAL MEDIA HE LIKES BASIS COST CALCULATIONS AND MEDIA SAMPLES SUBMITTED
 FRAN BY BOB. OBJECT SHOULD BE PLACE AT LEAST SOME PORTION CAWASH SUBSIDY ON
 FIXED MONTHLY LEVEL. IF HE DOES NOT LIKE SUBMITTED SAMPLES LCCASSOCK INFORMATIONAL
 MEDIUM, HE SHOULD SPECIFY ALTERNATIVES. RE STRICTLY ONE TIME INFORMATIONAL AND
 SPECIAL EVENTS MEDIA, SHOULD SPECIFY APPROXIMATE PORTION OF TOTAL YEARLY
 SUBSIDY SET ASIDE THIS PURPOSE. SUGGEST FORMER DTLINEN BALLOON TEAM COULD BE
 USED FOR DISTRIBUTION LATTER ITEMS AS WELL AS PERIODIC INFORMATIONAL MEDIA WITH
 CAWASH PAYING AT LEAST DIRECT COST BALLOONING CAWASH ITEMS. IN VIEW KUBARK PLANNING
 CONCENTRATE ITS LCCASSOCK OPS REVISIONIST AREA, SUGGEST CAWASH SUPPORT ITEMS THIS
 TYPE BE DEFERRED UNTIL KUBARKS OWN OPS PROGRAM THIS AREA MORE FIRM.

5. PENDING APPROVAL TAKE DEFINITIVE ACTION PARA 2 PROPOSALS, WILL BEGIN
 EXPLORATORY DISCUSSIONS THIS DIRECTION WITH L1 IMMEDIATELY.

END OF MESSAGE

C/S COMMENT: * REITERATED NEED FOR CONTINUATION OF KUCAGE ACTIVITIES INCLUDING
 BALLOONING AND WAS TO PREPARE AN OUTLINE OF FEDREP KUCAGE PROGRAM FOR EAST ZONE.

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