

DECLASSIFIED Authority NNJ003021 By MBNARA Date 06/05/02

87. [Critchfield] to Chief, FBM, "[Gehlen Organization] 21 March 1949

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AIR

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Chief, FBM []
ATTN: []
Chief of Station, Karlsruhe []

21 March 1949

[] []
[] [] Current Financial Situation

1. In order to give you a clearer picture of the effect of recent fluctuations in the DM/Dollar exchange rates I have obtained the following data on monthly expenditures and income during the period August 1948 - March 1949:

Expenditures in Dollars:

PX, POL, Food, Clothing,
Office & Engineer Supplies..... []
Collection of Information..... []
Strategic Planning..... []
Forscher Activities..... []
Total Dollar Expenditures [] Total []

Expenditures in DM Acquired Through Manipulation of Goods, Currencies:

Travel, Air Tickets & Misc..... []
German Staff..... []
Post Maintenance..... []
Signal Section..... []
Document Section..... []
Liaison Office Frankfurt..... []
Evaluation..... []
Collection of Information..... []
Forscher Activities..... []
Insurances, taxes..... []

Expenditures in DM Acquired from Direct Dollar Purchases:

Collection of Information.... []
Total DM Expenditures [] or []

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87. (Continued)

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Total Monthly Expenditures (in Dollars):

[] plus [] equals []

Total Income:

Received from 7821 Composite Group..... []
From Reserves and Business Profits..... []

2. It is noted that in all instances the exchange rate on which the computations in paragraph 1 above are based is 20:1 --- roughly that which prevailed in [] in early December 1948. During the month of February the exchange rate has remained near the 10:1 level which is reflected not only in the fact that the [] that purchased [] in December now buys only [] but also in a comparative reduction in the number of DMs that can be acquired through manipulation of a given amount of goods and monies in Germany. Thus, disregarding the slight decline in price that is becoming evident in the consumers market in Germany, [] now finds itself approximately [] short of dollars to support operations at the December level.

3. To meet this situation, Dr. Schneider has instituted a rather drastic program of cutting operations. Expenditures on strategic operations have been stopped completely. The program of bringing out and training W/T operators has been suspended. All sub-organization leaders are being constantly encouraged to cut to the bare minimum at every point. In spite of these measures the situation has been described by Dr. Schneider as being sufficiently critical to persuade Colonel Philp to advance on 15 March, [] out of the April budget allowance to get through to the end of the month of March. I have not been able to learn by what measures it is anticipated that this amount will be made up during the coming month. These actions must be observed in the light of Dr. Schneider's present attitude as reflected in [] and []

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