

21. Draft to Deputy A, "Operation Rusty," 16 October 1946

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16 October 1946

TO : Deputy A  
SUBJECT: Operation Rusty

The following analysis of Operation Rusty, based upon examination of the materials received from Major General W. A. Burress, is an attempt to evaluate its present usefulness and to assess its potential for longer-range strategic intelligence operations. Operation Rusty contains both an evaluation group and an information group. The former, which acts to all intents and purposes as a collation center along the lines of research and analysis, cannot be assessed very highly in the field of current evaluation. Examination of the various Tabulations, Annexes, and Situation Estimates, indicates both a practice of drawing broad conclusions from inadequate evidence and a strong tendency to editorialize. Since it is considered that this function can be handled far more effectively by U. S. agencies, the remainder of this memorandum will confine itself to the information group.

A) PRESENT USEFULNESS

1. Following a somewhat protracted period of preparation, Operation Rusty commenced its actual intelligence gathering activities in April 1946 and to date has confined these almost entirely to the Russian-occupied zone of Germany. During this period its production, from between 500 to 600 "sources", has consisted of 400-odd comparatively low-level and entirely tactical reports, plus seven others which by subject matter, can be classified as strategic. Other than in the field of unit identification, little new or particularly valuable information which cannot be produced through relatively easy and routine intelligence operations, has been obtained. The few strategic reports are, for the most part, broad interpretations of materials which is generally available to the foreign press. There is no evidence whatsoever which indicates high-level penetration into any political or economic body in the Russian-occupied zone.

During the same period, from the operations of the SSU Mission to Germany, a total of 647 reports on the Russian-occupied zone were disseminated. Of this total, 268 were

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military, 178 economic, 152 political, 77 technical, and the remaining 26 were on miscellaneous subjects. Of this production a relatively high percentage was strategic.

An additional 220 reports were obtained through these operations on contiguous areas. More important, still, is the fact that this intelligence was procured through the use of 114 sources, and 44 known sub-sources who were directly controlled and operated by U.S. personnel.

2. In light of the above it is significant that the statements made in Operation Rusty regarding costs in the "world intelligence market" and specifically with respect to the Soviet-occupied zone of Germany, both present and future, are ridiculous throughout. The estimated annual budget for Operation Rusty in the Russian zone is set at \$2,500,000 per annum. This compares to a total yearly expenditure at the present rate by the SSU Mission to Germany of approximately \$120,000.
3. The importance of the counter-intelligence material produced on the U.S. zone of Germany cannot adequately be judged here but from the available data on Operation Rusty's part in Operation Bingo, it would appear that very little legal evidence of espionage activity by the individuals concerned was furnished. Moreover, the soundness of a native German intelligence unit operating more or less independently and reporting upon the identities and activities of individuals of German and other Central European nationalities, must be considered essentially suspect.

B. POTENTIAL FUTURE VALUE

1. It is considered highly undesirable that any large scale U.S.-sponsored intelligence unit be permitted to operate under even semi-autonomous conditions. Unless responsible U.S. personnel are fully acquainted not only with the details of each operation carried out but also with the identities and background of all individuals concerned, no high degree of reliability can be placed from an American point of view upon the intelligence produced.
2. One of the greatest assets available to U.S. intelligence has always been the extent to which the United States as a nation is trusted and looked up to by democratic-minded people through the world. Experience has proven that the best motivation for intelligence work is ideology followed

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by common interest and favors. The Germans, the Russians, their satellites, and to a lesser extent, the British, have employed fear, direct pressure of other types, and lastly, money. With most of these factors lacking to it, Operation Rusty would appear to be dependant largely upon the last and least desirable.

3. It is an accepted fact that strategic intelligence cannot be gathered effectively unless the personnel responsible for the operations receive careful intelligence direction and briefing. Since such material is often highly classified, much of it cannot be given to non-Americans. This would apply to Operation Rusty as presently constituted and would be a limiting factor in the effectiveness of its intelligence production.
4. Since the present production of Operation Rusty can be duplicated if not improved upon by existing U.S. operations, its unique potential value, if any, must lie in its ability to collect strategic intelligence on Eastern Europe and the USSR proper. Available evidence of the actuality of this potential is far too inadequate for evaluation but the following points are worthy of consideration:

- a) GIS interrogations available here indicate that the personnel of Operation Rusty are almost exclusively concerned with tactical operations on the Eastern Front and that deep penetrations were very limited in number. Their success, however, in this respect was considered by competent GIS personnel to have been superior to that of any other German intelligence unit.
- b) GIS operational units contacted by SSU since the war have almost uniformly claimed the existence of high-level chains into the USSR but so far these have never been confirmed. Without implying any dishonesty on the part of Operation Rusty's personnel, it would be quite natural for them to exaggerate somewhat the level and extent of their capabilities.
- c) Their statements of expenses involved in specific past operations in the USSR on comparatively low levels are so unrealistic as to suggest conscious inflation.

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Accordingly, it is recommended that Operation Rusty not be taken over by SSU for operation as an entity.

It is recommended that one of the following alternatives be adopted:

- A) That an officer or officers of CIC with extensive secret intelligence experience in Central and/or Eastern Europe be assigned to USFET to examine thoroughly the personnel and operational assets of Operation Rusty, including their sources, sub-sources, and contacts, for the purpose of establishing whether or not in individual cases these can be salvaged and exploited directly by an American operation.
- B) If alternative "A" proves impractical, it is recommended that the personnel of Operation Rusty be intensively examined by competent specialists regarding operational methods, communications, cover and documentation, etc., prior to their release.

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