Spies in Berlin

A Hidden Key to the Cold War

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In the summer after World War II, Berlin's Western and Soviet sectors looked much the same. Damaged buildings and piles of rubble made driving difficult and dangerous. Utilities functioned fitfully. Civilians, whether wandering in search of missing relatives and friends or working in sullen crews to clear the streets, had a dazed and uncomprehending air.

But there the similarity between the parts of the divided city ended. The differences between the occupation forces of the Western allies and the Soviet Union were not simply those of uniforms, language, and culture; they reflected as well the life experiences of the leaders on both sides and the political systems that had produced officials at all levels. Nowhere was the contrast sharper than in the combat of minds and wits on the battlefield of intelligence.

West Berlin was an island in the middle of Soviet occupied territory. With its freedom of speech and press, its cultural and economic links with the wide world outside, it was a constant, vivid reminder of the differences between East and West. From the beginning, the Soviets confiscated newspapers that had been licensed by Western occupation authorities; by 1947 they were arresting anyone found with such "contraband" in his possession. Easily accessible in those days to East Germans, West Berlin offered the opportunity to maintain Western contacts. Given the right planning and circumstances, it afforded easterners an escape route to the West should they wish to flee.

The image of Berlin prevailing in the West when the Soviet blockade began in June 1948, therefore, was of an "island of freedom," a strategic outpost of democracy against the expansionist pressures of Soviet communism. It was that, no doubt. But many intelligence professionals saw the blockade as a much more specific threat that could not be discussed in public. The Central Intelligence Agency conveyed its assessment in a top-secret report to President Truman on June 14:

> Contrary to many published reports, the chief detrimental effect on the US of the Soviet restrictive measures imposed in Berlin . . . has not been interference with transportation and supply, but curtailment

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of certain US activities having to do for the most part with intelligence, propaganda and operations of the [Four Power occupation authority].

For those engaged in these "certain activities," one of the most sensitive matters on which unique intelligence was available in Berlin was Soviet progress toward an atomic bomb. The June 14 Estimate informed Truman and his advisers simply that Berlin was threatened "as a center of an intelligence net covering the city itself, the Soviet zone of Germany, the eastern satellites, and the USSR." Furthermore,

> The value of Berlin as a sanctuary and transfer point for anticommunist refugees or Soviet Army deserters has been reduced . . .

> The security and transport regulations have limited the value of Berlin as a base from which the US can support anticommunism in the Soviet Zone. Western Zone Germans can no longer easily enter or leave the Soviet Zone, while tightened police controls have reduced the capabilities and the freedom of movement of anticommunist elements already within the Zone.

This official Estimate and related documents of the intelligence community were declassified only in the mid-1990s. At the same time, the end of the Cold War opened access to the archives and surviving intelligence officers of the Eastern bloc, affording for the first time authoritative insights into the battle of espionage in Berlin as the blockade tightened.

THE AMERICAN DISADVANTAGE

West Berlin's vulnerability was the result of wartime decisions about the postwar occupation of Germany. We now know that Donald Maclean, the Soviet spy in the British Foreign Office and the British

Embassy in Washington, kept Moscow informed in considerable detail of American and British disagreements, including at the Yalta Conference of February 1945. In a lengthy report to Moscow the previous September, Maclean described the sparring between Prime Minister Churchill and President Roosevelt over the delineation of the Western allies' occupation zones, the differences within the U.S. government over future occupation policies, and the attempts by Treasury Secretary Henry Morgenthau, Jr., to overturn an agreement with Britain and the Soviet Union on the currency to be used under the military occupation.

At no point during this period did Roosevelt or Churchill obtain from his own intelligence services comparable information on Stalin's plans. Thus on issues such as access to western Berlin, Soviet negotiators were intransigent and their Western counterparts tended to back off for fear of disturbing the wartime alliance. At war's end the imbalance at the conference table had serious consequences on the ground. It became clear to those of us working on liaison with the Red Army in Germany in mid-1945 that the Soviets were rapidly and systematically transforming the dividing line between their eastern zone and the western zone into a frontier between East and West.

The first American military governor of Germany, General Lucius D. Clay, brought to his mission Supreme Commander in Europe Dwight D. Eisenhower's determination to try maintaining the wartime U.S.-Soviet cooperation into the peace. Clay and his military and civilian staff were convinced that cooperation with the Soviet occupation administration in

Feeding the cold: U.S. troops prepare to deliver food to Berlin, 1948

its zone of Germany—and in the Four Power authority over Berlin—was the key to achieving this.

Clay dismissed as alarmist early reports from the Army Counterintelligence Corps about Soviet espionage and clandestine support of the Communist Party in West Germany. He was equally disdainful of reports by the Office of Strategic Services from agents in the Soviet zone; in October 1945 President Truman disbanded this wartime intelligence agency. For the next two years, until late 1947, the top American intelligence officers in Berlin managed to see Clay only three times, and then only to escort visiting officials from Washington. A modest American intelligence base in Berlin established under the defunct oss

was left to fend for itself, unable to rely on any official interest, with only a small staff and flimsy military cover.

Things were different in the east. The marginal stature of what became the CIA's Berlin outpost contrasted sharply with the authority exercised by the master of Soviet intelligence in East Germany (including East Berlin), Colonel General Ivan Aleksandrovich Serov. As the senior security officer with Marshal Georgi Zhukov's 1st Belorussian Front in the spring of 1945, Serov had led the drive to purge Poland of anti-Soviet elements. In June he became Zhukov's deputy for civil administration in Germany, his cover for espionage. With thousands of operatives and troops at his disposal, many of them tough veterans of secret police operations in the U.S.S.R., Serov set out to create in East Germany the same system of repression, dominated by the secret police, as in Stalin's Soviet Union. Former Nazi concentration camps were converted to Soviet gulags and quickly filled with Germans arrested arbitrarily. With the Red Army marauding its way through German villages, pillaging and raping, fear of the Soviet occupation spread across the eastern zone, driving many to seek refuge in Berlin under the Western powers.

INTEREST IN URANIUM
Despite Clay's initial indifference, the information output from the modest Berlin intelligence base grew substantially from late 1945 to early 1948. Concerned about the anti-Soviet bias of many of its sources, however, particularly in reporting Soviet troops' treatment of German civilians, Berlin Base crosschecked such accounts carefully.

Soviet political maneuvers to separate West German political parties from their branches in the east merited extensive coverage. On the economic front, Berlin Base filed vivid reports on the German factories dismantled and shipped to the Soviet Union for reassembly, the transformation of others into Soviet-controlled companies, and the condition of transportation and power infrastructure.

One particular item of commodity intelligence attracted the attention of CIA local agents, although at first they may not have understood what they had stumbled on. The Soviet Union was showing remarkable interest in East German uranium and various manufactured products to support its use. Berlin Base put its best officers to work on this, and CIA analysts in Washington strongly encouraged the project, reflecting the close attention being paid to the Soviet atomic program.

For Stalin, development of atomic technology was of paramount importance. Exchanges between Soviet Foreign Minister V. M. Molotov and British Foreign Minister Ernest Bevin at the Paris foreign ministers conference in the spring of 1946, suggesting Western concern over Soviet industrial activities in East Germany, must have pushed Stalin to speed up the program. By September, after meeting with Stalin, Serov was working to increase deliveries of uranium to the Soviet Union, assigning 2,500 operations officers from the Ministry of State Security and 1,500 German-language interpreters to oversee East German employees. Considering the ministry's other responsibilities in Germany, this was an enormous commitment of personnel.

By 1947 Soviet officials were using forced labor in the uranium mines to

boost output. When Serov returned to Moscow that year, he was replaced by Colonel General Bogdan Zakharovich Kobulov, an old crony of KGB chief Lavrenti Beria who had been managing the Soviet atomic bomb project under Stalin's personal direction since 1945. Kobulov not only became the senior Ministry of Internal Affairs representative in East Germany but also supervised Soviet industrial properties, including those connected with atomic technology.

The CIA's Berlin Base, the U.S. Army's Counterintelligence Corps, and British intelligence sources in these facilities kept Washington and London informed on Soviet progress. Their general political and economic reports may have generated little interest among the military in Washington, but intelligence on the exploitation of East German uranium to build a Soviet atomic weapon galvanized attention. By the time the London foreign ministers conference convened in November 1947, the American and British governments recognized East Germany's vital role in the Soviet atomic weapons program, a role the Soviets were striving to keep secret but under no circumstances would relinquish.

THE BATTLE BEGINS

Robert Murphy, General Clay's political adviser, and his State Department staff in West Berlin became careful readers of CIA Berlin reporting. Murphy grew alert to intelligence on the political and economic changes in the Soviet zone, including the creation of an East German Interior Administration with responsibility for "factory militias" and a newly organized paramilitary police. A State Department memorandum, noting that the CIA base

in Berlin was its only source, urged that reports on "Russian [factory] dismantling receive immediate dissemination" through the classified preserves of the government. By late 1947 it was clear that the Sovietization of East Germany was proceeding rapidly.

Clay's relatively benign view of the Soviets began to sour, along with those of other Americans who had embarked on postwar operations believing the wartime alliance would continue. Soviet criticism of American policy in Germany grew increasingly strident after the U.S.S.R. sponsored the formation of Cominform for European communist parties in September 1947. Clay's protests against the bitter attacks of Soviet officials, so inconsistent with a cooperative mood, were summarily rejected by Marshal Vasily Sokolovsky, Zhukov's replacement as Soviet military governor.

At least in the realm of propaganda, Clay was willing to strike back. His counteroffensive drew on information supplied by various military government and State Department offices in West Berlin. Berlin Base was asked to declassify some of its reports to fuel the campaign. Curiously, Clay ordered the campaign directed solely at "communist" activities rather than those of the Soviet government—a distinction the Soviet side probably found difficult to fathom.

Beyond what could be used in propaganda, Clay became more receptive to what his Berlin intelligence outpost was reporting, as it grew to have immediate relevance to his policy concerns. One example, pertinent to economic decisions, was information on Soviet reparations from current production that reached Clay just before the opening of the London

foreign ministers conference of November 1947. A subsequent report dated December 22 predicted Soviet pressure on the Western allies to quit West Berlin as part of a harder line Stalin intended to take on Germany. The CIA source for this foretaste of the blockade was the ranking Soviet foreign intelligence officer in East Berlin, General L. A. Malinin.

By the time the blockade began in June 1948, both Clay and Murphy were scrutinizing CIA Berlin reporting on Soviet military, political, and economic activities in East Germany. Despite the fear expressed in the CIA's June 14 Estimate that Berlin's value as an intelligence center was threatened, Clay received reports throughout the summer developed by Berlin Base from sources in the Soviet occupation forces, the East German political leadership, and East German police and paramilitary units, and from German civilians at industrial facilities.

Taken together, these reports produced a picture of the highest policy significance for those making decisions about the American response to the Soviet blockade. They showed that the Soviets had made no preparations to use military force against West Berlin and that the blockade and the Western powers' airlift to overcome it were stirring political unrest across the Soviet zone of Germany. Because that zone depended on supplies from West Germany, the blockade imposed hardships on the East German economy. This the administrators of the Soviet occupation had failed to foresee.

Production and dissemination of this sort of intelligence during the blockade reinforced the estimate that the Russians would not risk war to force the Western allies from Berlin as long as the allies stood

firm. At one point, when the Pentagon recommended evacuation of U.S. government dependents and civilian employees from the city, Clay rejected the move, asserting that it would cause panic. Had he given in, the CIA might have lost its Berlin base, with its civilian officers and support staff of working wives!

BLOWING THE BLOCKADE

At the same time, Soviet intelligence was turning out superb, timely reporting from high-level sources in the British and French governments and even in Clay's entourage. Unlike on the American side, however, such information seems to have had surprisingly little effect on Stalin and Molotov.

Admittedly, the flood of reports must have been difficult to analyze. Soviet sources in the British Foreign Office, such as Maclean and Guy Burgess, emphasized divisions among the Western allies over the proper response to the blockade. They minimized evidence that men like Bevin and Truman were adamant about not abandoning West Berlin. In some cases Soviet intelligence officers trimmed their sails to make their information more palatable to Moscow.

Nothing is more damning when evaluating Soviet intelligence during this period than Moscow's apparent failure to foresee the airlift's capacity for supplying West Berlin's population with food and fuel. Many Soviet intelligence officers in East Berlin in 1948 were actually confident that winter weather would halt the airlift. But surely logistics experts in Soviet military intelligence were consulted on questions of air supply? Then again, maybe not, for Soviet military intelligence was in chaotic disarray at the time.

In 1947 Stalin had approved Molotov's plan to merge the military intelligence service and the Ministry of State Security's foreign intelligence service into a single secret Committee of Information. The state security contingent dominated the new organization; the military hated it. There was very little cooperation between them in the field, particularly in Berlin. When, by early 1949, the military intelligence component reverted to General Staff control, the resounding success of the allied airlift was evident to all.

In the dark days of December 1948, however, success was far from assured, although there was tentative rejoicing in Berlin after municipal elections on December 5 in which the Soviet-backed city slate was trounced. A December 10 Washington CIA memorandum to President Truman was still operating on earlier information. The Soviet blockade had been designed, it noted, "primarily to gain western concessions concerning western Germany and secondarily to force the U.S., the U.K. and France to evacuate Berlin." Now, it seemed, Soviet strategy was "concentrating on the second objective." This conclusion built on earlier Berlin Base reporting on Soviet orders to East German police that treated West Berlin as part of the Soviet zone. Soviet sources, questioned about this presumption, shrugged it off, saying the Western allies would soon evacuate West Berlin anyway. The same memo predicted Soviet efforts to seal off the Western sectors and thus erode the "political and economic position of the western powers in Berlin." But within a fortnight of this dire prediction, Berlin Base was able to report that efforts to tighten the blockade had largely failed.

For all its adept collection and dissemination of on-the-ground intelligence, the CIA had little real insight into the thinking in the Kremlin. Just one month after these December 1948 reports Stalin dropped the first hint that led to negotiations ending the blockade.

STALIN'S GAMBLE

Bonn's new westmark became the sole legal currency in West Berlin in March 1949. April saw record airlift deliveries, and the blockade ended in May. West Germany's burgeoning prosperity, stemming from its June 1948 currency reform, spread to West Berlin.

Stalin had gambled that the blockade would force the Western allies out of the divided city without risk of war. The Soviet zone, with its vital uranium deposits and its strategic military position, could then be isolated from the Western influences that were obstructing East Germany's development along Soviet lines. Failing that, Stalin hoped, the blockade might persuade the allies to delay merger of their zones and completion of the currency reform. He lost on both counts.

In retrospect, one can argue that Stalin's defeat was due in no small part to the intelligence services on each side. On the Soviet side, the security services' reporting from 1945 to 1947 blamed popular resistance to Sovietization on hostile forces nurtured in West Berlin. They never dared cite the real reason for popular discontent in East Germany—repressive Soviet rule. At the same time, whenever Soviet foreign intelligence managed to convey to Moscow the Western allies' determination not to abandon West Berlin, citing well-placed

sources in Western governments, Stalin and Molotov, unwilling to accept the truth, ignored or misinterpreted the report. Unquestionably, the most important failure of Soviet intelligence was its inability to convey the plans for the airlift and properly evaluate the operation's prospects for success.

The American intelligence base in Berlin had none of the special advantages of its Soviet adversary when it was established under the oss. Yet between 1945 and 1947 it developed sources and networks capable of informing American policymakers on the social, political, and economic changes in the Soviet zone that were transforming East Germany into a Soviet satellite.

Berlin Base's reporting on Soviet exploitation of East German uranium and industrial facilities for Stalin's atomic bomb program showed how unlikely it was that the Soviet Union would risk interference with these projects by submitting to Four Power control of the German economy. Once convinced, the United States and its allies concluded that they must pursue their own interests in reviving western Germany's economy.

As Soviet occupation troops and their East German auxiliaries imposed the blockade, Berlin Base sources provided reassurance that the troops would not use force against West Berlin. As the blockade continued, these sources reported on the political and economic reasons for growing Soviet disenchantment with the blockade.

In 1949, the blockade over and a new era in West German recovery beginning, General Clay, for one, surmounted his early skepticism about the anti-Soviet reports coming to him from the Berlin intelligence base. To the personal staff of the military governor he added several senior officers from CIA headquarters in Washington and from Berlin Base. The intelligence arm had become integral to the West's Cold War arsenal.◉