

Chief, D./M

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7 November 1958

TO: Assistant Director for Research and Reports
FROM: Acting Chief, Economic Research Area
SUBJECT: Activity Report for the Month of October 1958

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1. Discussions were held by various ERA representatives with [redacted] on a wide range of topics relating to Bloc economic developments. Soviet Military Economics, Bloc Trade, Economic Penetration, Pricing Policies, and Sino-Soviet Economic Relations were particularly stressed.

2. The ERA Branches have completed a review of their Biographic Data requirements which is being sent to the Biographic Register/OCR for the future guidance of that component and of the State Department's Division of Biographic Information.

3. Current support activity in October continued at a high level reflecting the unsettled conditions in the Far East and the Middle East. Other subjects receiving significant attention included the Chinese communes and "leap forward" program, Bloc area exports, Bloc telecommunication, Bloc agriculture, and the Soviet seven year plan.

4. A joint ORR-OCI Current Intelligence Weekly item on the Chinese communes was separately distributed at the direction of the DCI to members of the NSC.

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5. Efforts are proceeding on several fronts aimed at improving the collection of guided missile intelligence. A briefing pointed at improving the exploitation of legal travellers on guided missile targets is planned for the [redacted] in mid-November.

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The Industrial Division is engaged in selecting a PCS replacement for [redacted] and [redacted] to aid in the exploitation [redacted] and [redacted] survey the current [redacted] status of the [redacted] program prior to his return.

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New suggestions for collection are being devised from I/GM's study and evaluation of the Soviet ICBM estimate (11-5-58). [REDACTED] is 25X1A9a representing the Office in an Agency group which will visit the Ballistic Missile headquarters to survey BMD document output and arrange for Agency receipt of selected reports on a continuing basis.

6. The USIB Ad Hoc Panel of Consultants is being convened on 12 November to consider GMIC's evaluation of NIE 11-5-58 (Soviet ICBM Estimate). The Guided Missile Branch is to brief this Panel on the production and deployment aspects of the guided missiles program. Some reservations are being entertained on the usefulness of the contribution which the Ad Hoc Panel can make in a three day consideration of the whole program, which allots one day for briefings, one day for discussion, and one day for the preparation and presentation of a report.

The Guided Missile Branch's contribution to GMIC's evaluation has been singled out for informal commendation by the ONE Staff.

7. At the request of Dr. Kistiakowsky of the US delegation to the Geneva meetings on inspection systems against surprise attack, Chief, Industrial Division, prepared a study on the feasibility of developing indications of a surprise attack from an agreed upon inspection of the Soviet industrial system. The study concludes that observation of industrial activities would be most useful if the agreement includes limitations on size of strategic attack forces.

8. Representatives of Industrial Division participated in the annual conferences on Bloc Aircraft Production and Land Armaments [REDACTED] 25X1X7 [REDACTED] 25X1X7. The Division will also be represented at the Shipbuilding Conference and the ONI-NID Conference [REDACTED] in November. 25X1X7

9. As previously reported, AFCIN continues to show an interest in Military Economics Branch's military costing techniques. The branch briefed Dr. Passony (AFCIN), on methods and problems of military costing. At Dr. Passony's suggestion Military Economics Branch will participate in a joint briefing of the Library of Congress, Air Information Staff in November. Dr. Passony is also [REDACTED] for ORR collaboration on the costing of Soviet Air Force expenditures. 25X1A5a1

10. The JAETC Economic Working Group continued its series of meetings throughout October. By month's end coordination had progressed to the point where a wind up of work on the contribution to NIE 11-2-59, The Soviet Atomic Energy Program, was assured for early November.

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11. Analysis Division has been provided with the substantive content of personal discussions between Mr. Hal Lary of the Council of Economic Advisors [REDACTED]

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[REDACTED] problems facing the Soviet economy.

12. Analysis Division plans to continue its interchange with leading academicians in Soviet economic research by inviting Professor Francis Seton of Oxford to Washington next month. Professor Seton, a visiting professor at Columbia this semester, is noted for his research into growth of Soviet industrial production.

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13. [REDACTED], Far East Branch, Analysis Division, debriefed [REDACTED]

[REDACTED] observations will contribute significantly to the research effort on Communist China's Commune movement.

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14. Economic Area's disappointment over the drop in both quantity and timeliness of the [REDACTED] for its areas of interest, has again been expressed to the [REDACTED] Officer. Those sections of the [REDACTED] in which items of economic interest are generally found, have decreased in number of pages by approximately one-third. The economic abstract cards, which are now supposedly carrying the material which is screened from the Dailys, for lack of space, are heavily backlogged and currently being received from 4½ to 6 months following the broadcast date.

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15. FDD Service has seriously declined, particularly in the European Satellites area, since the FDD reorganization this past year. JPRS work does not begin to approach the work formerly performed by FDD from a timeliness point of view. Delays of as much as 3-6 months are not unusual since analysts must now await the arrival of formal publications as opposed to informal telephone calls which were formerly made directly to interested analysts by the FDD translator in advance of the formal publication date. There has been definite improvement in the quality of some JPRS publications but, in general JPRS quality in no way approaches the level which analysts have become accustomed to receive from FDD.

16. During October four new professionals entered on duty with ERA and one transferred from DD/P. Unfortunately the number of prospective employees currently being processed is quite low, and it appears unlikely that the special recruiting trips, which commenced this month and will continue throughout November, will produce enough candidates to fill the

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gap. One of the more effective sources of potential employees has been personal referrals volunteered by analysts already on-board. Recently several such referrals have produced good results. Analysts are encouraged to continue to recommend potential candidates from their personal or professional contacts.

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17. [REDACTED] has returned from a two-year PCS assignment to 25X1X [REDACTED] and has been assigned to the Guided Missile Branch, Industrial Division.

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[REDACTED]

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