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8 October 1974

MEMORANDUM FOR: Acting Deputy Director for Intelligence  
SUBJECT : General Keegan's Comments on Chinese  
Military Procurement Costs (SR IR 74-5)

1. General Keegan's memo to Ed Proctor shows a clear appreciation of our problems in estimating Chinese military expenditures. We are, of course, well aware of these difficulties and are beginning work to resolve some of them.

2. I don't believe it desirable or necessary to respond to the General, for we will be dealing with his Chinese economic analysts from time to time as our research develops. In the event that you consider some note of appreciation would be useful, however, I have attached a reply for your signature.

[Redacted Signature]

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E. H. KNOCHE  
Director  
Strategic Research

Attachment:  
Reply for Signature

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Approved For Release 2006/03/17 : CIA-RDP80B01495R000200150020-5

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