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IAC-D-55/8  
24 February 1955  
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INTELLIGENCE ADVISORY COMMITTEE

Semi-Annual Status Report

for the NSC on the Foreign

Intelligence Program

The attached report, prepared by the IAC representatives, has been placed on the agenda of the IAC meeting to be held on Tuesday, 1 March. (See IAC-D-55/8, Revised Draft, 4 February 1955; IAC-D-55/8.1, 9 February 1955; IAC-M-184, 15 February 1955; IAC-M-185, 23 February 1955).

[Redacted Signature Box]

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Secretary

NSC Review Completed.

DIA review(s)

USAF review(s)

NAVY review(s)

State Dept. review

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INTELLIGENCE ADVISORY COMMITTEE

Semi-Annual Status Report

for the NSC on the Foreign Intelligence Program

Paragraph 10a of NSC 162/2\* sets forth the primary missions of the US intelligence system in support of basic national security requirements. This report presents a statement and evaluation of capabilities to carry out these objectives as of 31 December 1954. Section I of the report is addressed primarily to the first of these three objectives (warning of aggression) and Section II to the other two (capabilities and intentions of foreign countries). Section III deals with problems of collection related to all three objectives.

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\* Superseded by NSC 5501, dated 6 January 1955. The missions of the US intelligence system are reaffirmed in the same words (para. 56).

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I. WARNING OF AGGRESSION

"Collecting and analyzing indications of hostile intentions that would give maximum prior warning of possible aggression or subversion in any area of the world." NSC 162/2, para. 10a(1)

1. National Intelligence Objectives. Pursuant to NSCID #4 the IAC on 14 December 1954 approved a new statement of "Priority National Intelligence Objectives" (DCID 4/4) which was prepared in the light of NSC 162/2. This basic revision of priority national intelligence objectives, which will be reviewed semi-annually, provides improved guidance to research and collection throughout the intelligence community and focuses attention upon those intelligence areas of greatest security concern.

2. Watch Committee of the IAC. For the purpose of supporting the mission of the IAC Watch Committee "to provide earliest possible warning to the United States Government of hostile action by the USSR, or its allies, which endangers the security of the United States" there has now been established, under the direction of the committee, an Indications Center. This center is staffed by representatives of the intelligence agencies who, in coordination with their parent agencies, analyze information from all sources and select and collate indications of Soviet/Communist hostile action or intentions affecting US national security for the consideration of the Watch Committee. This function is in counterdistinction to the warning

For further support of the mission of the watch committee, there was issued on 30 November 1954 NSC Directive 5438 "Transmittal of Information to the IAC Watch Committee," which authorizes and directs appropriate departments and agencies of the Government to make fully available to the IAC Watch Committee all information and intelligence pertinent to its mission and functions. "

3. Evaluation of US Warning Capabilities.

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Our advance warning largely depends on sifting a large quantity of material to discover those indications of enemy activity which suggest that measures are being taken to implement a decision to attack. The enemy's choice of the type of attack greatly affects our advance warning capability. We are largely dependent on radar and forward observation stations for early warning of air attack, in the event that our intelligence fails to discover indications of preparations therefor and if the USSR should risk launching such an attack without prior mobilization.

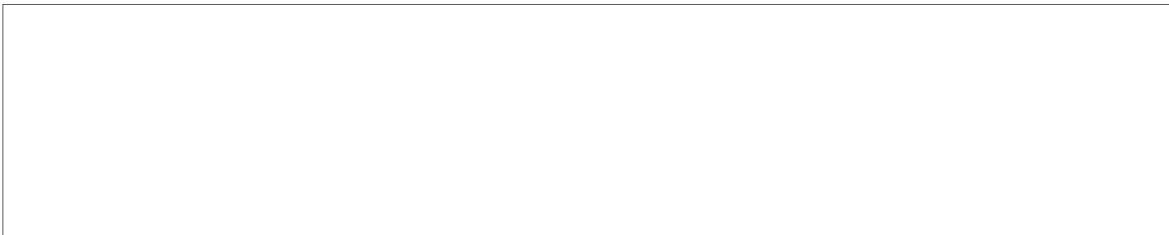


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Reports of troop movements and logistical activity are usually reported too late or are too inconclusive to give adequate early warning in such an event. We are exploiting all available sources of information and constantly striving to develop new and improved means of detection of attack.



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II. ESTIMATING THE CAPABILITIES AND INTENTIONS OF FOREIGN COUNTRIES

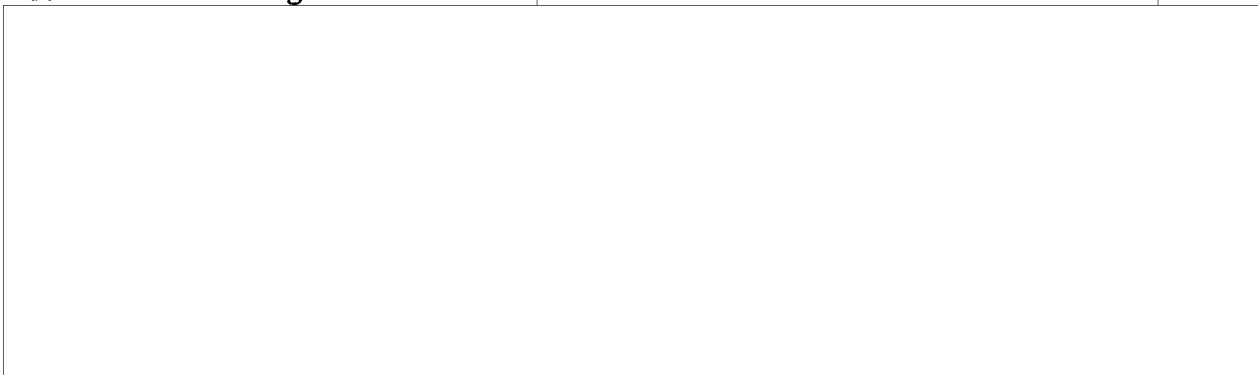
"Accurately evaluating the capabilities of foreign countries, friendly and neutral as well as enemy, to undertake military, political, economic, and subversive courses of action affecting US security." NSC 162/2, para. 10a(2)

"Forecasting potential foreign developments having a bearing on US national security." NSC 162/2, para. 10a(3)

1. National Intelligence Objectives. DCID 4/3 and 4/4 set up, respectively, comprehensive objectives for all countries and areas, and priority objectives for specific countries and subjects. DCID 4/4 particularly delineates more precisely than has been done heretofore the specific aspects of capabilities and intentions of certain countries that deserve priority attention.

2. National Intelligence Estimates. Since the last report, several major estimates have been produced dealing with Soviet Bloc capabilities and probable courses of action. Included in this group were three basic annual reviews: "Soviet Capabilities and Probable Courses of Action Through Mid-1959," "Communist Courses of Action in Asia Through 1957," and "Probable Developments in the European Satellites Through Mid-1956." [redacted]

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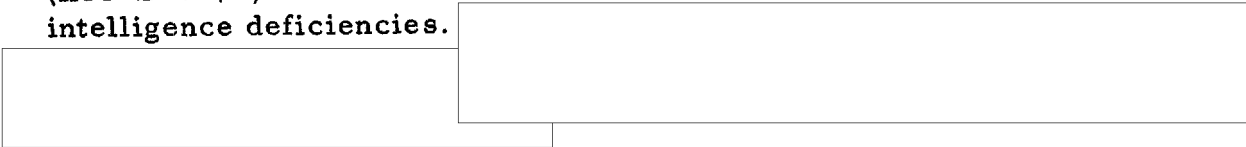
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or policy decisions.

Continuing evaluation is taking place on means for improving the quality of National Intelligence Estimates. The entire production of 1953, and more recently, the production of the first six months of 1954

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(IAC-D-57/2) have been reviewed in order to identify and correct intelligence deficiencies.



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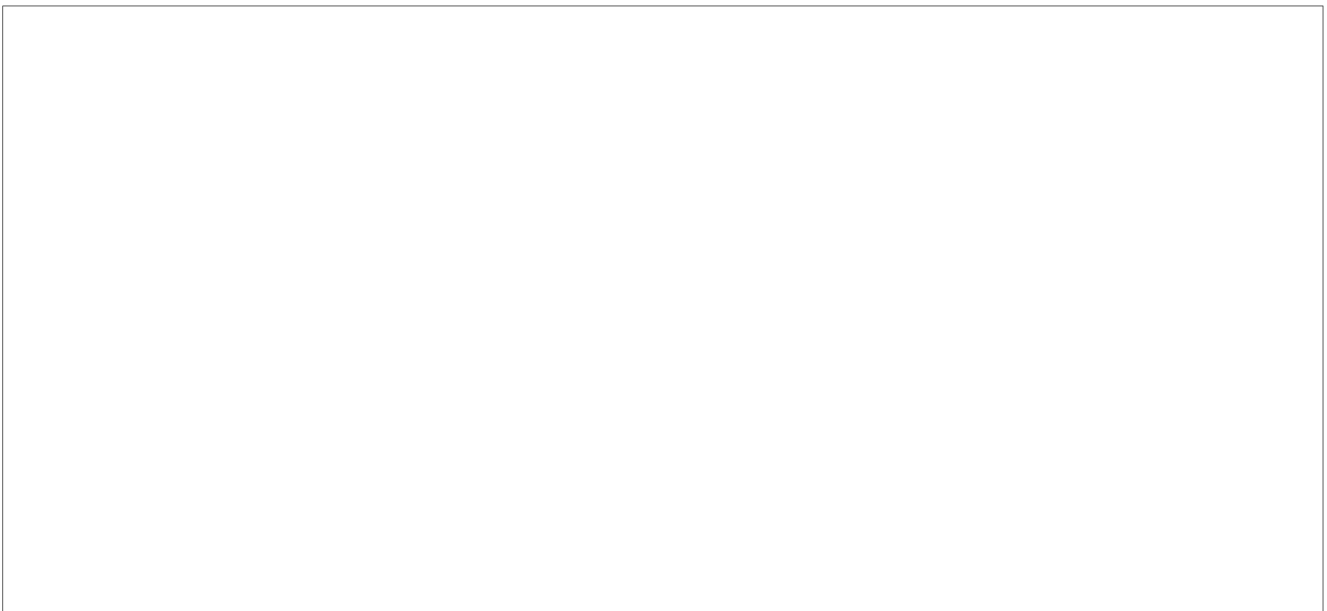
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3. Basic Intelligence. The initial world coverage of the National Intelligence Survey is essentially 45% completed, including 2400 individual sections, mainly on JCS high priority areas. Present production is slightly below the scheduled rate of approximately 8 equivalent NIS per year. The over-all quality is being improved by better collection in support of the program.

4. Military Intelligence

a. General. At the present time, military intelligence is generally adequate to provide broad measurements of the military, logistic, industrial, and governmental control strengths of the USSR, Communist China, and the Satellites. However, significant detailed information available is fragmentary and becoming progressively more so. Unless means are developed to overcome present deficiencies in the collection field, our intelligence may eventually become inadequate for the support of US military plans, programs, and operations.

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b. Target Materials Production. Approximately 80% of the minimal requirements for air target materials, in the Air Objectives Folder Program (AOFP), in support of joint war plans were completed by the end of CY 1954. The remaining 20% of the minimal requirements are scheduled for completion by the end of CY 1955. Other air target materials, desired by the Services for development of the optimum opportunities for air action, were at the end of CY 1954 approximately 50% satisfied. Production to satisfy the remainder of these requirements continues to the maximum extent practicable and consonant with priority emphasis on highest and earliest readiness in support of joint war plans\*

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\*The Director of Naval Intelligence notes that the rate of production of air target materials for the highest priority (all-weather) Navy targets continues to be a matter of concern. The Target Area Analysis Radar (TAAR) is considered to be the most significant piece of target material developed and produced for all-weather, medium to high altitude operations. Between July 1952 and July 1954 the Navy nominated 632 all-weather targets for inclusion in the Air Objectives Folder Program for production of TAAR's. As of 1 December 1954 TAAR production had not been started for 52%. TAAR production was in process for 22%, and TAAR had been completed for 26%.

The TAAR is seldom useful for low-level, all-weather mining but charts can serve adequately where there are steep gradients along the shore. In other cases the capability for conducting these operations is greatly reduced. No intelligence solution appears feasible.

Low level high speed aircraft missions require special charts for navigation and approach which are not now available. However, such charts are under development.

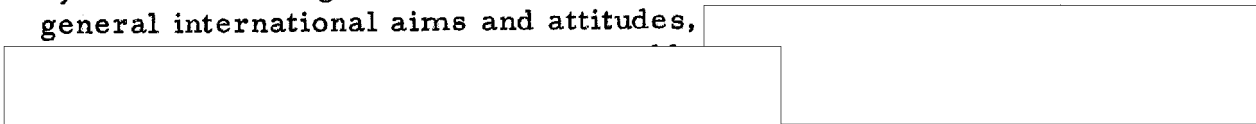
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5. Political Intelligence

a. The Soviet Bloc and Communist China. Political intelligence on the Soviet Orbit is built mainly upon the careful screening and evaluation of overt materials from the Soviet and Chinese Communist press, radio, and other information media. The flow of current material, plus the accumulated body of evaluated data and the development of a group of experienced analysts, make possible a reasonably accurate interpretation of political developments in the Soviet/ Communist world.

Recent defections of fairly high level Soviet officials have served to confirm important aspects of existing intelligence analyses. Similarly, the observed course of events over the past year has borne out in most substantial particulars the intelligence estimates of probable post-Stalin developments in the USSR.

Our capability for assessing specific short-term intentions of the USSR and Communist China is inherently limited by the closed character of the Soviet and Communist Chinese decision-making systems. Although the Soviet/Communist regimes cannot mask their general international aims and attitudes,



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b. The Free World. As a part of a long term look at the prospects in the cold war, special emphasis has been placed during the past six months on the situation in the underdeveloped areas of Asia, Africa, and Latin America; Communist capabilities in the Free World; and attitudes and reactions in the Free World and in the Soviet Bloc to nuclear weapons developments.

The revolution which overthrew a Communist regime in Guatemala and the disclosure of the Tudeh ring in the Iranian army have made available to US intelligence a new body of material on Communist tactics of infiltration and control. Analysis of these materials is expected to provide an improved understanding of Communist subversive capabilities in underdeveloped countries.

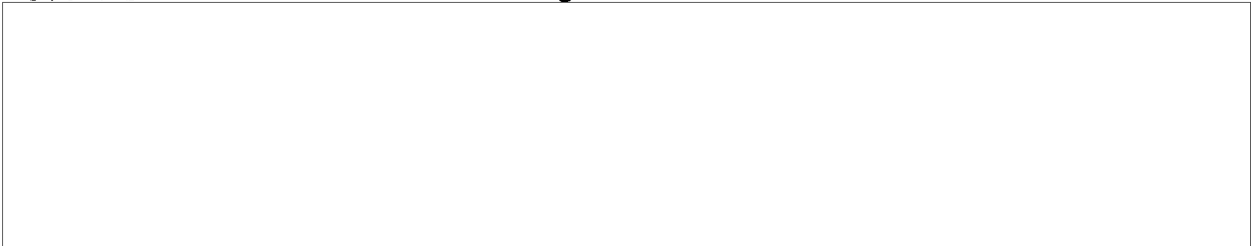
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6. Economic Intelligence

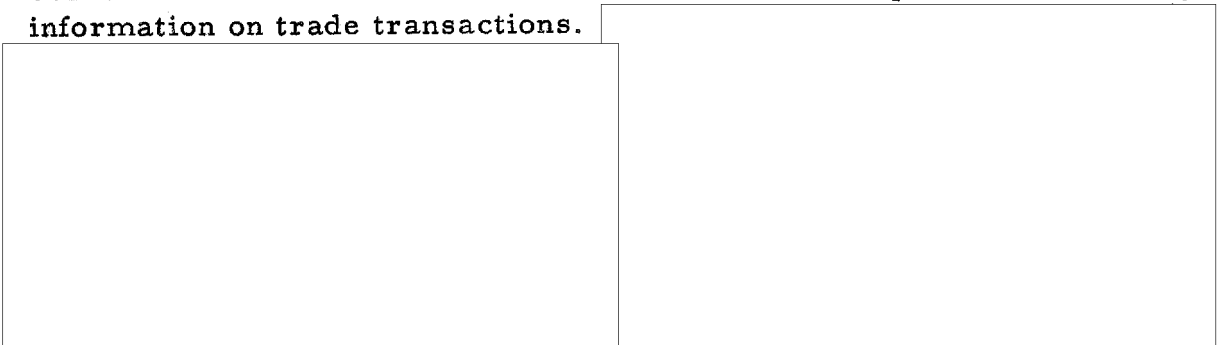
a. General. Economic intelligence, like political intelligence, is essentially the product of collation and analysis of data from primarily overt sources. Economic intelligence on the Soviet Bloc has improved



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b. Communist China. Economic research effort and the flow of intelligence materials on Communist China have increased, resulting in a better appreciation of Chinese Communist productive capabilities and of Sino-Soviet economic relationships. The output of certain basic industries, such as electric power, and iron and steel, is reasonably well-established. Further information and research are required to determine agricultural and handicraft output, chemical and munitions output, transportation capabilities, and overall per capita consumption.

c. Economic Defense. In addition to a continuing review of major commodity problems for East-West trade controls, intelligence support for economic defense includes an assessment of possible long run economic developments within the Soviet Bloc as they relate to economic defense policies. Intelligence support for enforcement of economic defense measures has been maintained in spite of diminishing information on trade transactions.



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d. Free World. Economic intelligence production on the Free World has concentrated on analysis of (a) improved economic conditions in Western Europe; (b)



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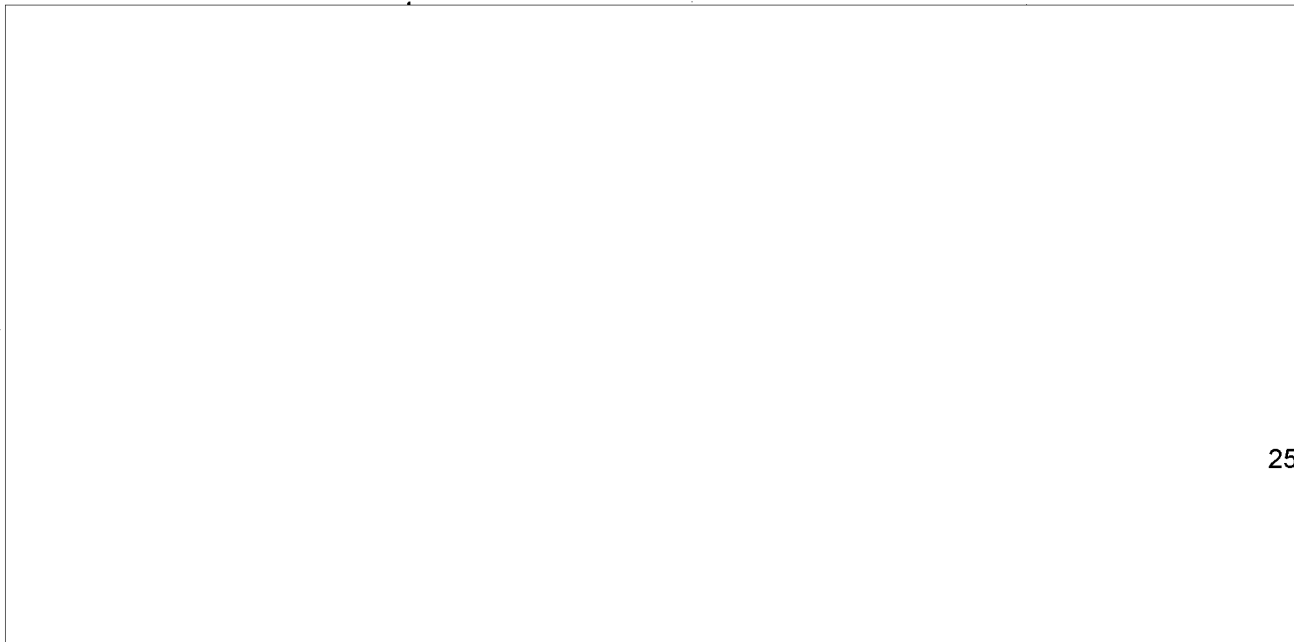
[redacted] (c) the problem of economic development in underdeveloped areas. The results of this effort have been satisfactory.

e. Coordination. The Economic Intelligence Committee (EIC) has taken a more active part in guiding economic intelligence production and has continued its surveys to uncover economic research and collection deficiencies. In September, the EIC coordinated a draft DCID 15/1, later approved by the IAC, which delineates IAC agency responsibilities for production and coordination of foreign economic intelligence related to national security.

7. Scientific and Technical Intelligence

a. General. Through intensified collection and research our understanding of Soviet basic scientific capabilities, including the quality and quantity of their scientific manpower, has improved. In specific fields of science and technology, however, vast gaps in our knowledge still exist. Substantial improvement will require successful application of new collection techniques and improved analytical processes now under development.

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c. Guided Missiles. Preparation of the first national intelligence estimate on guided missiles revealed critical gaps in our knowledge. [redacted]

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8. Intelligence Support for Foreign Information and Psychological Warfare Programs

The survey of USIA's intelligence needs and assets reported in IAC-D-55/7 was approved by the DCI, USIA, and the Department of State, and pertinent recommendations, by the IAC. The survey report defined the types of intelligence and intelligence information required to meet USIA's essential needs which are in the main also the needs of other agencies with related programs. Arrangements have now been made to insure that USIA, to the maximum extent possible, will receive the pertinent products of the existing intelligence organizations. To strengthen existing facilities increased funds have been allocated for the expansion and acceleration of production of relevant parts of the NIS program. To meet the specialized needs of USIA, utilizing the intelligence produced by other agencies as required, an intelligence unit has been established within USIA accompanied by the abolition of certain USIA offices. It is expected in the near future that certain intelligence assets of USIA will be made available to the intelligence community.

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III. COLLECTION

1. The Foreign Service. Reporting from and collection by the Foreign Service, a primary overt source of intelligence information, continues for the most part to meet expectations.

a. Reporting from behind the Iron Curtain. Reporting remains inadequate in the political and sociological fields, principally because of restrictions on movement and the size of missions. Generally speaking, reporting from and on the USSR from the intelligence point of view has shown some slight gain; [redacted]

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[redacted] there has been a decline at least in political reporting. Some improvement in reporting has been hoped for because of the greater cordiality of Soviet Bloc officials in their contacts with Western representatives, but little is yet evident. On the other hand, a diminution in the flow of overtly collected materials is expected as a result of probable retaliatory action by the governments of the USSR and Satellites to recent and pending US travel and access restrictions on Soviet diplomatic personnel.

b. Reporting outside the Bloc. The principal handicap to improved Foreign Service reporting is reduced staff. However, strengthened interagency coordination of collection and requirements has contributed to improved reporting, especially in the economic field.

c. Publications Procurement. The continued absence of satisfactory publications procurement [redacted] and the Middle East is having a cumulative effect and for some areas is beginning to impair analysis in depth.

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d. Map Procurement. Collection of maps from the Soviet Bloc has been limited, by continued security restrictions, to atlases and small scale maps. There has been a marked decrease in the procurement of maps and map intelligence from Latin America and from Northwest Europe, because of lack of specialized collectors in these areas.

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2. Agricultural Reporting. Under recent legislation, agricultural attaches will report directly to the Department of Agriculture. However, by subsequent agreement between the Department of Agriculture and the Department of State, the latter will continue to be responsible for agricultural reporting from the Soviet Bloc.

3. Military Attache System. The attache system continues to be a major source of military intelligence. It provides good coverage outside the Soviet Bloc, but the capabilities of attaches in countries within the Bloc continue to be drastically restricted by counter-intelligence measures. In view of these basic restrictions, active consideration is being given to training of military attaches in special observation techniques,  Also, an improved program of collection guidance has been initiated to relate attache activities more directly to urgent requirements. However, these measures will still leave overt collection capabilities far short of being able to meet military intelligence requirements in Soviet Bloc areas. Substantial improvement in military intelligence collection under present personnel, equipment and operating expense limitations will depend upon improved coordination, guidance, and the development of new collection techniques.

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4. Overseas Commands. Overseas commands continue to be important sources of information on Communist armed forces and war potential within the limitations noted in Section II, 4, and Section IV.

5. Aerial Reconnaissance. The trend toward exploiting aerial reconnaissance opportunities continues together with improving capabilities. Reconnaissance operations continue to be performed within the framework of policy considerations of other than an intelligence nature. Research and development are producing promising results in equipment and techniques. Establishment of an Army Photo Interpretation Center has been approved.

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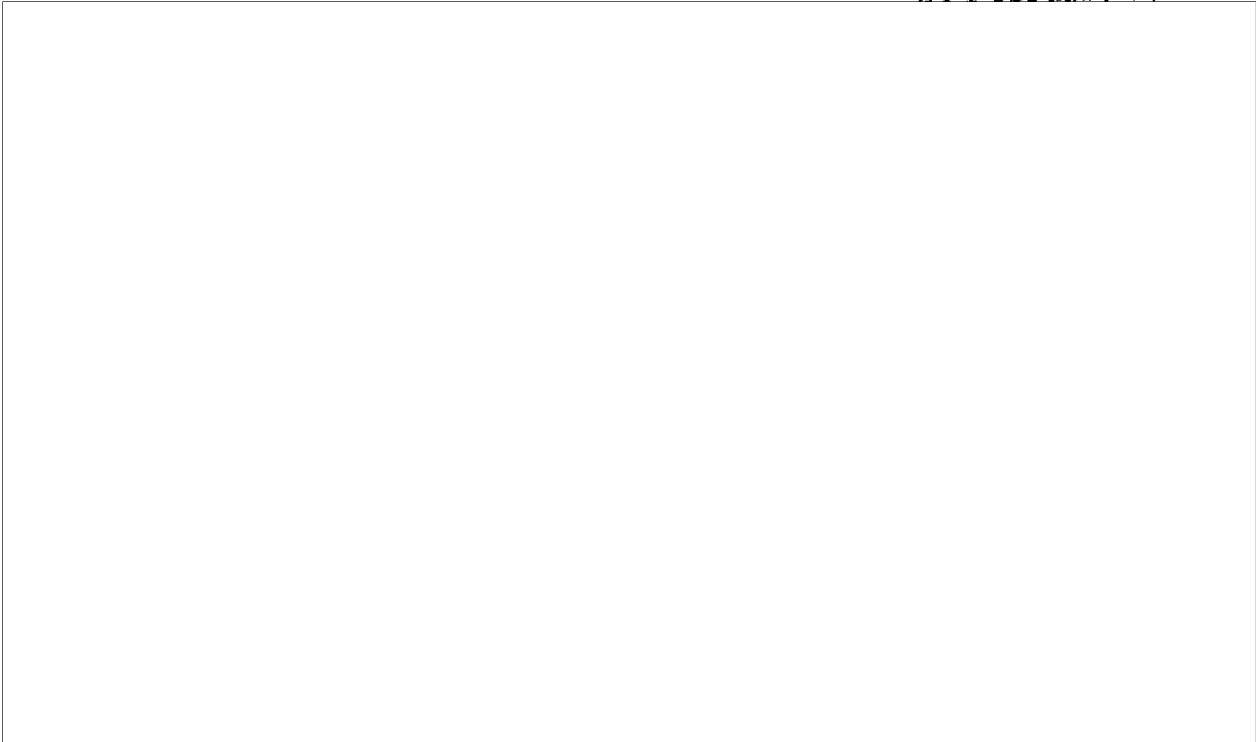
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12. Foreign Language Publications. Further progress has been made in the coordination of foreign publications procurement, particularly from Communist China, and a greater and speedier flow of publications from that area is expected in 1955.

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