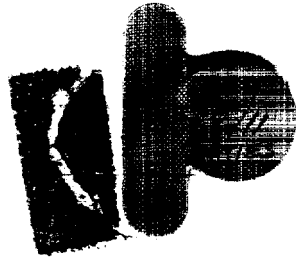


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- IAC-D-55/10.1 Estimated Costs of Foreign Intelligence Program, 1954 Through 1959 (9 July 1956) (TS-Eyes Only)
- IAC-D-55/10.2 NSC Status Report on the Foreign Intelligence Program (Fiscal 3-Year Projection) (16 July 1956) (TS-Eyes Only)
- IAC-D-55/11 Memo for IAC and Chairmen, IAC Subcommittees re IAC Annual Report to NSC on Status of National Security Programs on 30 June 1956 (22 June 1956)
- IAC-D-55/11 (Final) Annual Report to the National Security Council on the Status of the Foreign Intelligence Program (14 Aug 1956)
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- IAC-D-55/11.2 (First Draft) Annual Report to the National Security Council on the Status of the Foreign Intelligence Program (27 July 1956)
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Final
18 August 1956

CENTRAL INTELLIGENCE AGENCY

MEMORANDUM FOR : The Executive Secretary
National Security Council

SUBJECT : Report on the Status of the Foreign
Intelligence Program

1. The attached report has been prepared pursuant to Presidential directive as forwarded to the Director of Central Intelligence by the Executive Secretary, National Security Council, by memorandum dated 4 June 1956. Primary reference has been made to national security policy objectives applicable to the intelligence community as set forth most recently in NSC 5602.

2. Annex A, attached, is a cross-reference of the material in the report to applicable National Security Council Intelligence Directives. Annex B is the three-year projection of the costs of foreign intelligence programs previously forwarded to you under date of 13 July 1956 and not enclosed herewith. Annex C is a report of action taken pursuant to the recommendations of the Technological Capabilities Panel of the Science Advisory Committee, submitted as a part of this report in accordance with your memorandum of 4 June. (For security reasons, only Annex A is being attached to the copies of this report circulated within the intelligence community.)

3. This report, with Annex A, was concurred in by the Intelligence Advisory Committee on 14 August 1956. Annex B had been previously concurred in by the IAC on 10 July 1956. Annex C has been prepared by CIA, with appropriate concurrence from the Department of Defense on matters where that Department shared in the responsibility. 25X1A

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ALLEN W. DULLES
Director

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14 August 1956

ANNUAL REPORT TO THE NATIONAL SECURITY COUNCIL
ON THE
STATUS OF THE FOREIGN INTELLIGENCE PROGRAM
(as of 30 June 1956)

Submitted by
Intelligence Advisory Committee

August 1956

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ANNUAL REPORT TO THE NATIONAL SECURITY COUNCIL
ON THE
STATUS OF THE FOREIGN INTELLIGENCE PROGRAM

SUMMARY

Evaluation of U. S. Capabilities to Provide

Warning of Attack

We continue to believe that the U. S. could expect possibly as much as six months and not less than 30 days warning of Soviet preparation for a full-scale land, sea, and air attack based on full, or nearly full mobilization. However, warning of the intent actually to launch the attack might be obtained only within a period from a few hours to a few days in advance.

The growing air capabilities of the USSR makes unlikely any relative improvement in our ability to give advance intelligence warning of surprise air attack. Should the USSR attempt a major surprise air attack against the U. S. from forward bases in 1956, the preparations might be detected, and if they were, would provide a generalized degree of warning of several days, and specific warning of unusual and possibly threatening air activity on the order of 18-24 hours. A lesser scale of attack, involving about 250 aircraft, if accompanied by an extraordinary security effort could be launched as early as 1956 with no assurance of specific advance warning to the U. S. (apart from that provided by early warning radar). Attacks against U. S. bases or forces overseas, or against U. S. allies, could be made with equal or greater likelihood of being accomplished without advance warning, and the situation with respect to warning in these areas will worsen over the next three years if the USSR acquires the guided missiles which we estimate are within Soviet capability.

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In the period between now and 1959, Soviet capabilities for surprise attacks will almost certainly increase. Furthermore, the USSR will have a progressively increasing capability for launching attacks on the U. S. from interior Soviet bases. Such a method of attack would probably provide no specific advance warning to U. S. intelligence.

Evaluation of Soviet Capabilities and Intentions

The field of political intelligence has profited from the greater accessibility of Soviet personalities and the opportunities for wider contacts within the USSR which have resulted from the turn in Soviet policy in the post-Stalin period. On the whole, we can probably have somewhat greater confidence than formerly in our estimates of probable Soviet courses of action in the foreign policy field. Nevertheless, despite the gains in this respect, there are many aspects of the Soviet political scene which remain obscure. In assessing political developments within the USSR, we continue to feel fairly sure of our analyses of short-term trends, but we are uncertain about the basic interplay of forces producing future policy, e. g., personality relationships, the reasoning behind the announced reductions in military forces, the effect within the USSR of the denigration of Stalin, and the impact of economic problems on policy. Externally, the intensification of the diplomatic offensive of the Sino-Soviet Bloc poses increased intelligence problems of evaluating Bloc intentions and capabilities and the vulnerabilities of the target areas, particularly in connection with the increased use by the Bloc of trade and aid agreements in support of its diplomacy. Political intelligence on Communist China remains a major problem and is still highly inadequate for an assessment of Communist Chinese motives and possible future actions.

Military intelligence information available on the countries of the Sino-Soviet Bloc continues to be generally adequate to support broad assessments of the capabilities of the armed forces of those countries and to discern trends in their development. This information, however, continues to be inadequate in many critical fields to

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provide a firm intelligence basis for military plans, operations, and research and development. Gains have been made in certain categories of military information due in part to some relaxation of security restrictions and increased travel to and within Bloc countries. The deficiencies in our military intelligence, as is to be expected, occur in those categories over which the target nations exercise the most stringent security measures. A continued expansion of clandestine activities is being undertaken to intensify the collection of military intelligence on the Sino-Soviet Bloc. Increased attention is also being given to the development of scientific and technical equipment and methods for overcoming security measures in target areas.

Improvements in economic intelligence on the Sino-Soviet Bloc have resulted not only from more intensive research and analysis but also from a significant increase in published data on nondefense industries, particularly for the USSR. Large-scale research has enabled us to improve cost calculations for Bloc military programs, to estimate the cost burden of the programs on their economies, and to provide a basis for comparison with similar programs of the U. S. Detailed data on production of military end-items remain generally inadequate and the prospect is that detailed estimation in this field will become increasingly difficult. In most other areas of economic research, including the economic aspects of the Soviet guided missile and atomic energy programs, the outlook is for continued improvement. Special emphasis has been placed upon the economic growth problems of underdeveloped countries bordering on the Bloc. There is also under way a continuing systematic study of Bloc economic activities in underdeveloped areas.

There has been continued improvement in scientific intelligence on the Sino-Soviet Bloc both through research and through information gained from increased contacts with Soviet nationals. Significant information on the Soviet atomic energy program, particularly in the fields of nuclear weapons development and testing and in the production of fissionable materials, was obtained during FY 1956. Although recent developments, particularly within the last year, have improved the quality of our guided missile intelligence information and expanded the extent of our general knowledge of the Soviet program, available information is inadequate and fails to meet our minimum intelligence

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requirements. The highest priority has been given to this problem with special emphasis being placed on technical collection techniques. Concerted efforts to determine the quality and quantify of Soviet scientific manpower and developments in specific fields of basic and applied science, have resulted in some improvement in our understanding of these underlying factors in Soviet technological capabilities.

Collection

Pursuant to NSCID No. 4, the list of priority national intelligence objectives was again revised (DCID 4/5). This revision has further refined the First Priority Objectives to focus special emphasis in intelligence collection on intentions, policies or actions of the Sino-Soviet Bloc related to the initiation of hostilities, especially nuclear air attack or the clandestine delivery of weapons against the U. S. or key U. S. overseas installations. Our over-all collection capabilities, overt and clandestine, have shown improvement in the past year both within and outside the Sino-Soviet Bloc, and information and material received from the field have increased in both quantity and quality, due primarily to the currently increased access to target areas, personalities and materials. Soviet publications, with the exception of those in the military field, are becoming increasingly available and include items, hitherto prohibited for export, containing new scientific and economic data. Further development and use of technological methods, such as ELINT, has also brought about improved collection results.

Nonetheless, serious deficiencies remain in our collection capabilities in all fields, particularly in relation to the Sino-Soviet Bloc. With respect to political and economic deficiencies, improvement and expansion of existing facilities and methods are required. With respect to deficiencies in critical military and scientific fields, expanded clandestine programs must be continued and technological collection capabilities further developed. Such expanded programs must be in operation for a long period before a significant reduction of our critical intelligence deficiencies can be expected.

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REPORT

A. Warning of Attack*

1. Evaluation of U. S. Capabilities

a. We continue to believe that the U. S. could expect possibly as much as six months and not less than 30 days warning of Soviet preparation for a full-scale land, sea, and air attack based on full, or nearly full mobilization. However, warning of the intent actually to launch the attack might be obtained only within a period from a few hours to a few days in advance.

b. The growing air capabilities of the USSR make unlikely any relative improvement in our ability to give advance intelligence warning of surprise air attack. Should the USSR attempt a major surprise air attack against the U. S. from forward bases in 1956, the preparations might be detected, and if they were, would provide a generalized degree of warning of several days, and specific warning of unusual and possibly threatening air activity on the order of 18-24 hours. A lesser scale of attack, involving about 250 aircraft, if accompanied by an extraordinary security effort could be launched as early as 1956 with no assurance of specific advance warning to the U. S. (apart from that provided by early warning radar). Attacks against U. S. bases or forces overseas, or against U. S. allies, could be made with equal or greater

* A revision of NIE 11-6-55, "Probable Intelligence Warning of Soviet Attack on the US through Mid-1958," 1 July 1955, on which some of these statements are based, is scheduled for completion in December.

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likelihood of being accomplished without advance warning, and the situation with respect to warning in these areas will worsen over the next three years if the USSR acquires the guided missiles which we estimate are within Soviet capability.

c. In the period between now and 1959, Soviet capabilities for surprise attacks will almost certainly increase. Furthermore, the USSR will have a progressively increasing capability for launching attacks on the U. S. from interior Soviet bases. Such a method of attack would probably provide no specific advance warning to U. S. intelligence.

2. The Watch Committee of the IAC

a. Through the past year the Watch Committee has continued its close inspection of intelligence for indications of hostile Soviet Bloc intentions and, by direction of the IAC in February 1956, of Arab and Israeli intentions to launch hostilities in the Middle East. The National Indications Center (the 24-hour staff of the Watch Committee), in addition to its regular support of the Watch Committee, has made considerable progress in the development of indicator lists, contacting in the process a large number of activities within the intelligence community which have been alerted to the need of the Watch Committee for the specific types of information required to execute its mission.

b. During the next three years, it is anticipated that the Watch Committee will continue to improve and expand its information system involving a better intelligence collection and analysis of data relating to Soviet Bloc intentions to initiate hostilities. This process will include the improvement of lists of indicators now in preparation in the National Indications Center and close collaboration with the intelligence agencies and field collection organizations looking toward more sharply focused collection and analysis of data required for the mission of the Watch Committee.

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3. USAF Indications Center

The Air Force has continued operation of a world-wide Indications System keyed to the detection of the imminence of hostilities, especially air attack with nuclear weapons. Indications Centers serving the Air Defense Command, Alaskan Air Command, Northeast Air Command, Far East Air Forces and USAF Europe are tied in with Washington by rapid communications for flash transmissions of early warning intelligence. The USAF system maintains close liaison with the unified command indications centers and with the National Indications Center in Washington. The establishment of additional centers and sub-centers is currently under study.

4. "Situation Room" in the White House

At the request of the White House, CIA has established a "Situation Room" in the White House and, with the cooperation of other IAC agencies, is arranging to provide the necessary intelligence support for it.

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6. Formosa Strait Coverage

The ad hoc IAC Current Intelligence Group on the Formosa Strait Problem, established by the IAC in March 1955 in response to the President's desire for coordinated intelligence coverage of this area, continues to meet regularly. The Group issued daily reports initially and then weekly reports until August 1955; since then the reports have been prepared on a biweekly basis. A special study of the military and logistic situation was issued in January 1956.

7. The Arab-Israeli Situation

In response to an informal request of the Department of State, an ad hoc IAC Working Group on the Arab-Israeli Situation was set up in March 1956 to cover the potentially explosive developments in Palestine. The working group issued its first statement on the military and political situation on 8 March and has since kept it up to date, together with current maps and military statistics.

8. Emergency Plans

In recognition of the probable impact of emergency situations on the functioning of the IAC, there was established, at the suggestion of the Director of Central Intelligence, an ad hoc Working Group on Emergency Plans, charged with the examination of the impact of war on the functions of the IAC and the identification of problems that might arise at Operation Alert 1956. The IAC adopted a series of recommendations prepared by the committee and designed to anticipate problems affecting the operations of the IAC both under simulated and actual war conditions.

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B. Evaluation and Estimates

1. National Intelligence Estimates (NIE)

a. Production of NIE's continued to be guided largely by the needs of the NSC and related bodies. Of the 48 NIE's published during the last year, 26 were related to specific NSC papers or policy decisions.

b. The IAC has prepared a number of estimates in support of the reports to the NSC on the "net evaluation" of the capabilities of the USSR to inflict direct injury on the continental U. S. The main estimates for the 1955 report, which were keyed to the focal period of mid-1958, were "Soviet Gross Capabilities for Attacks on the US and Key Overseas Installations Through Mid-1958," and "Probable Intelligence Warning of Soviet Attack on the US Through Mid-1958." For the net evaluation to be submitted on 15 November 1956, the IAC has produced "Soviet Gross Capabilities for Attack on the US and Key Overseas Installations and Forces Through Mid-1959" and "Soviet Nuclear Program." The following NIE's will also provide intelligence support for the 1956 report: "Soviet Capabilities and Probable Soviet Courses of Action Through 1961," and the pending "Soviet Capabilities and Probable Programs in the Guided Missile Field."

c. The following estimates have been produced in support of the work of the Special Assistant to the President for Disarmament: "Soviet Gross Capabilities for Attacks on the US and Key Overseas Installations and Forces in 1965," and "Some Implications of a System of International Armaments Inspection."

d. There has been completed a "Survey of NIE Dissemination and Use," which had been undertaken to assist in determining how national estimates can be made more useful to policy makers. The results of this survey are currently being reviewed by the IAC. During the past year there has also been a further refinement of

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the reporting of intelligence deficiencies encountered in the preparation of estimates in order to alert the intelligence community to gaps which need to be closed. In addition, a careful study of the validity of each estimate is made after a lapse of time as a further check on the estimative process.

2. National Intelligence Surveys (NIS)

a. NIS production during the year exceeded the yearly goal set for the program by the JCS, and brought the total of the NIS produced thus far to nearly 3,300 sections, which represents more than 60 percent of the total world coverage. Major effort continued on the JCS high-priority areas, on which coverage is now over 85 percent complete. All NIS contributing agencies continued their strong support of the program and their field collection results showed improvement.

b. In addition to regularly scheduled production, the NIS on Antarctica was produced to satisfy a priority requirement of OCB for basic intelligence to serve as a basis for policy discussions (pursuant to NSC 5424/1). During the past year there was also undertaken under the NIS Program greatly expanded intelligence research and production on international Communism. (See also Section C-9, "International Communism.")

c. During the next three years the NIS Program will continue to meet the JCS annual requirements providing the NIS contributing agencies maintain their capabilities at the present levels. This will result in 80 percent coverage of world areas by 30 June 1959, and the revision of at least 20 percent of all published NIS under the maintenance program.

3. Military Intelligence

a. Military intelligence information available on the Sino-Soviet Bloc is generally adequate to support broad assessments of the capabilities of the Armed Forces of those countries and to

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discern trends in their development. This information, however, continues to be inadequate in many critical fields to provide a firm intelligence basis for military plans, operations, and research and development.

b. Improvements have been made in certain categories of military information on the Sino-Soviet Bloc, due in part to some relaxation of security restrictions and increased travel to and within Bloc countries. Significant gains have been made in our technical knowledge of Soviet naval vessels through increased photographic coverage of Soviet fleet exercises and of naval visits by elements of the Soviet fleet to Western European countries. However, we lack definite knowledge of new weapons systems and related techniques which the Soviets intend to introduce into their navy, especially their submarine arm. With respect to Soviet ground forces, intelligence on the tactical organization of rifle, tank, and mechanized divisions has improved somewhat but information remains inadequate on other types of units, military supplies, logistical planning factors, the design and characteristics of newly-introduced conventional ground forces weapons, and the identification and location of Soviet military units. Evaluation of the over-all strength of the Soviet Army continues to be hampered by lack of information on strength levels of active units. Air Order of Battle information on the Soviet Air Forces has improved to some extent and our knowledge of the capabilities and performance characteristics of currently operational aircraft has improved. However, the lack of more positive information concerning aircraft production, research and development programs, and new weapons that may be introduced into the Soviet Air Force continues to hamper an evaluation of over-all capabilities.

c. The status of information on the European Satellite armies has continued at almost the same level as in the previous year, although improvement has been noted in coverage of the Polish, Rumanian, and Albanian armies. Order of Battle data on the Chinese Communist Army continues to be relatively good but intelligence is inadequate for advance warning purposes. This inadequacy is also

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true of intelligence on the North Korean Army. The departure of the French and the inadequacy of Vietnamese intelligence efforts have resulted in a virtual "drying up" of reliable reporting on Viet Minh military forces.

d. The deficiencies noted in military intelligence, as is to be expected, occur in those categories and areas over which target nations exercise the most stringent security measures and, consequently, in which overt collection means are most restricted. A continued expansion of clandestine activities is being undertaken to intensify the collection of military intelligence on the Sino-Soviet Bloc. Much attention is also being given to the development of scientific and technical equipment and methods for overcoming security measures in target areas. In view of the nature of the problem, however, the expanded program must be in operation for a long period before a significant reduction of our critical military intelligence deficiencies can be expected.

e. For air target materials there was completed during the period of this report, a realignment of production, identified as the Air Target Materials Program, which provides a more adequate framework for the utilization of both departmental and field resources in fulfillment of the requirements of the Unified and Specified Commanders. Of the basic air target materials needed to employ current weapon systems effectively, one or more have been completed for 90 percent of the targets in current atomic annexes for which weapons have been assigned. Predicated on present target selections and production capabilities, all of the basic air target materials on the highest priority targets of the Unified and Specified Commanders are scheduled for completion by 30 June 1957. It is anticipated that prior to 1 July 1959 the Air Target Materials Program will be functioning in phase with the JCS Program for Planning, thus assuring availability of essential air target materials on joint war plan targets during the effective period of such plans.

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intelligence with the exception of some improvement with respect to East Germany and Communist China. Since the Twentieth Party Congress in the USSR, the RIC has been watching, particularly in terms of resistance sentiment, the effects of the denigration of Stalin and of the various liberalization measures being taken behind the Iron Curtain. A new intelligence estimate has been scheduled by the IAC to deal with the stability and cohesion of the Soviet Satellite structure.

5. Economic Intelligence

a. Improvement in economic intelligence on the Sino-Soviet Bloc have resulted not only from more intensive research and analysis but also from a significant increase in published data on nondefense industries, particularly for the USSR. At the same time, there has been a reduced access to information from other sources which formerly produced valuable details on defense industries.

b. Large-scale research is under way on certain economic aspects of the Sino-Soviet Bloc military establishments. Analysis of data on prices and on military requirements has enabled intelligence research: (1) to improve cost calculations for Bloc military programs, (2) to estimate the cost burden of these programs on their economies, and (3) to provide a basis for comparison with similar programs of the United States. Detailed data required on production of military end-items, however, remain generally inadequate.

c. Other fields of economic intelligence pertaining to the Sino-Soviet Bloc in which there has been important progress include economic growth, estimates of gross national product, agricultural and transportation capabilities, and industries of vital importance to military production capabilities.

d. A program for the systematic study of Sino-Soviet Bloc economic activities in the underdeveloped areas has been undertaken by the Economic Intelligence Committee of the IAC. Periodic

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reports are providing detailed information on Bloc foreign economic activities, methods, and motivation. In addition, economic intelligence has been providing support for the consideration of proposed US-Soviet Bloc exchange visits and for United States consideration of disarmament proposals.

e. Research has continued on current economic developments, historical growth trends and long-term economic prospects for selected countries and major regions of the Free World. Particular emphasis has been placed on the economic growth problems of underdeveloped countries bordering the Bloc, including their requirements for foreign assistance and their ability to sustain given military programs. Intelligence also has provided appraisals for such problems as the economic implications of the potential denial of Middle East oil to the Free World, the implications of peaceful uses of atomic energy for future Free World economic development, and the relationships between economic development programs and political stability.

f. Substantial assistance on East-West trade control questions was provided by the intelligence community for the Foreign Ministers' Meeting in Geneva and the Eisenhower-Eden talks in Washington. Support also was provided in a comprehensive evaluation of the economic significance of international trade controls against Communist China.

g. During the next three years, improved research techniques together with expected increases in published data should assure further progress in the economic intelligence field. Increased research efforts, guided by established priority national intelligence objectives, should bring marked improvement in our estimates of: (a) the economic aspects of Soviet guided missile and atomic energy programs; (b) the costs of Soviet military programs; (c) the Chinese Communist economy and its relationship to Sino-Soviet Bloc economic capabilities; (d) the impact of Soviet economic activities in the Free World and particularly in the underdeveloped areas; and (e) the interrelated economic and political problems associated with the economic growth of underdeveloped countries. The one major

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industrial area where detailed estimation may become increasingly difficult, unless new sources are made available, is military production.

6. Scientific and Technical Intelligence

a. Improvement in scientific intelligence on the Sino-Soviet Bloc has continued both through research and through information gained from increased contacts with Soviet nationals. Concerted efforts, through intensified research and wide-scale collection, to determine the quality and quantity of Soviet scientific manpower and developments in specific fields of basic and applied science, have resulted in some improvement in our understanding of these underlying factors in Soviet technological capabilities. Further improvement with respect to these underlying factors is anticipated in the next three years, largely as a result of increased contact with Soviet scientists and institutions. With few exceptions, however, there continues to be a critical need in all branches of scientific and technical intelligence for the development and employment of technical means to collect and process data needed for estimating purposes.

b. Priority National Scientific and Technical Intelligence Objectives

With the concurrence of the IAC, the Scientific Estimates Committee (SEC) in collaboration with the Joint Atomic Energy Intelligence Committee (JAEIC) derived priority objectives in scientific and technical intelligence from the over-all Priority National Intelligence Objectives (DCID 4/5). The statement, which will be reviewed periodically, furnishes firm guidance for the collection and production of national scientific and technical intelligence in conformity with national security policy.

c. Capabilities and Trends of Soviet Science and Technology

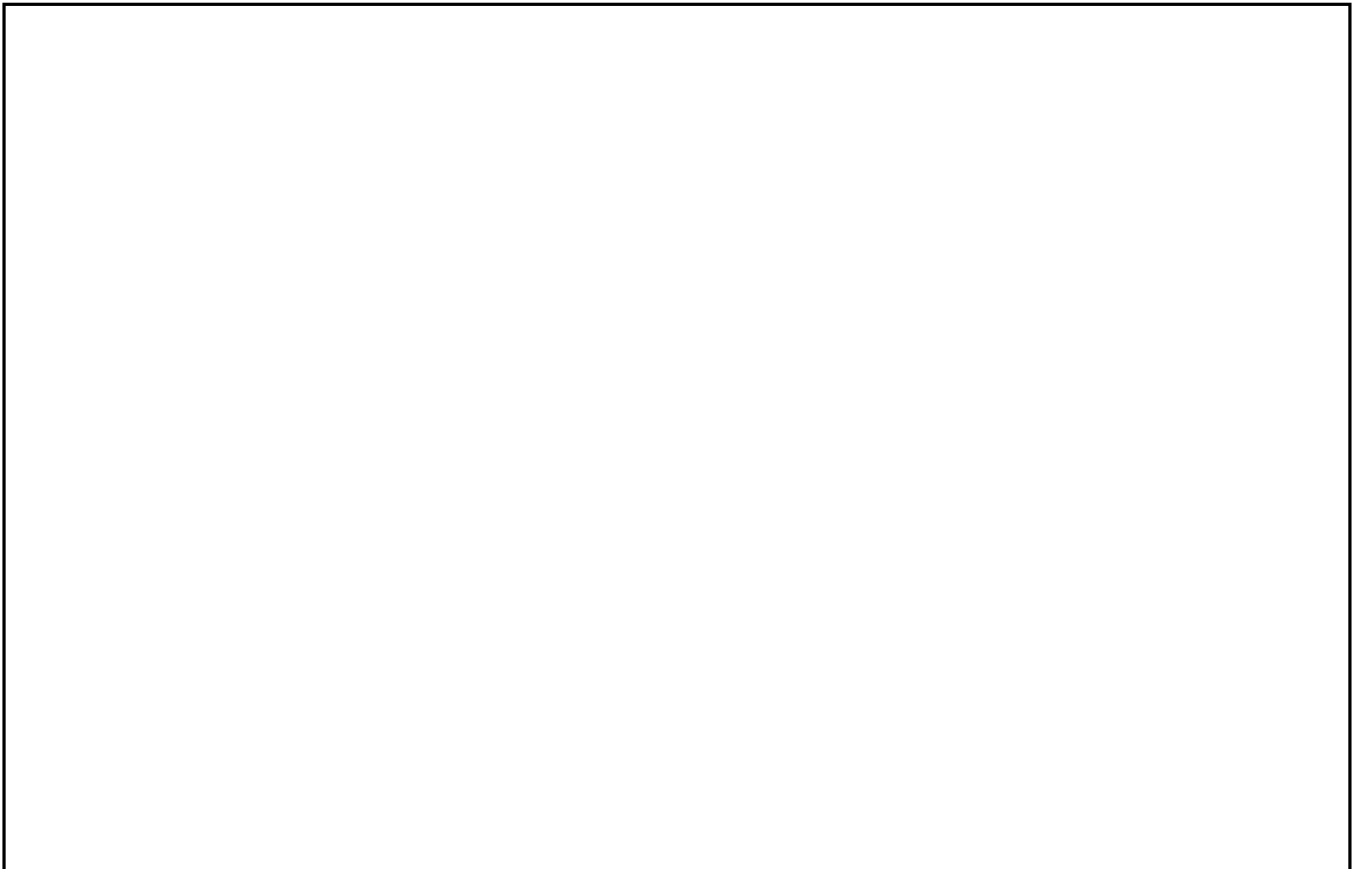
The SEC, in collaboration with the JAEIC, the Guided Missile Intelligence Committee (GMIC), and the Economic Intelligence

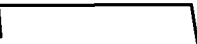
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Committee (EIC), has largely completed the first comprehensive coordinated study on the capabilities and trends of Soviet science and technology which will serve as the basis for a National Intelligence Estimate. This estimate, which is scheduled for completion in the fall of 1956, will be the first evaluation of the Soviet scientific effort as a whole.

d. Atomic Energy

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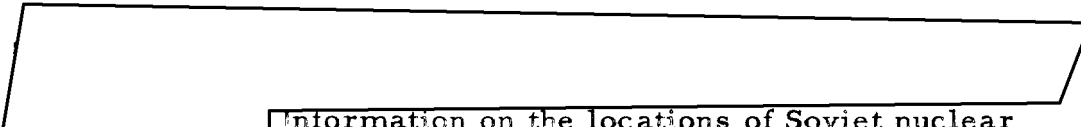


Over the next three years, the analysis of continued Soviet nuclear weapon testing should produce more detailed information on the yields and types of weapons developed. 

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Information on the locations of Soviet nuclear weapon stockpiles and the numbers of weapons contained therein will probably continue to be most difficult to obtain. We expect to have more detailed information on nuclear weapon delivery vehicles and organizations, power and propulsion reactor operations and fissionable material production by mid-1959.

e. Guided Missiles.

Recognizing the key importance of guided missile intelligence the IAC established on 31 January 1956 a Guided Missile Intelligence Committee (GMIC) for the purpose of strengthening the community approach to problems in this field and of giving added impetus to individual efforts. Since its establishment the committee has directed considerable effort to the coordinated review of new intelligence, guidance to collectors, and the investigation of new methods for the collection of guided missile intelligence. The committee is currently preparing contributions to a new estimate on guided missiles to be completed late this year. Channels have been established for



are being studied and tested.

Although recent developments, particularly within the last year, have improved the quality of our intelligence information and expanded the extent of our general knowledge of the Soviet guided missile program, the available guided missile intelligence information is inadequate and fails to meet our minimum intelligence requirements. GMIC will, therefore, continue to focus its attention on methods of improving the quality and quantity of intelligence information with special emphasis upon the review and endorsement of guided missile technical collection techniques. GMIC expects also to develop comprehensive coverage of the guided missile intelligence problem to assure that more complete guidance, directed at the critical gaps in our knowledge, will be provided the collectors. At the

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f. Biological Warfare

Coordinated research on an agreed list of Soviet potential BW installations developed valuable integrated intelligence on Soviet BW personalities, organizations, and activities. Thereupon, a revision of the first community-wide estimate in the field was largely completed. The estimate points to the almost certain existence of a Soviet BW research and development program and assesses Soviet capabilities in other aspects of BW activity. It is not yet possible, however, to depict in the desired detail the scope of the Soviet effort and their successes in this field.

g. Chemical Warfare

An agreed statement of general conclusions on Soviet offensive and defensive CW capabilities will be completed in July 1956. The statement concludes that the Soviets have a CW research and development program but points out wide gaps in our knowledge of the over-all Soviet CW program.

h. Electronics.

Refinement of intelligence on Soviet electronic equipments and capabilities, especially with regard to radars and missile guidance systems, has been assisted by a general intensification of ELINT activities. [redacted] Elec-
tronics Intelligence Conference informally reviewed and assessed current Soviet electronic progress. A coordinated program of electronic studies for the purpose of reaching agreement on the technical characteristics of Soviet radars is nearing completion and will form the basis for future community-wide estimates of their operational capabilities.

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C. COLLECTION

1. Priority National Intelligence Objectives.

Pursuant to NSCID No. 4 the list of priority national intelligence objectives was again revised in October 1955 (DCID 4/5). This list provides guidance for the coordination of intelligence collection and production in response to requirements relating to the formulation and execution of national security policy. In this revision the First Priority Objectives have been further refined to focus special emphasis on policies or actions of the Sino-Soviet Bloc related to the initiation of hostilities, especially nuclear air attack or the clandestine delivery of weapons against the US or key US overseas installations. These lists of priority intelligence objectives have had a broad and stimulating influence upon the intelligence community in the reappraisal and revision of intelligence collection requirements, and in the planning of intelligence production.

2. The Foreign Service

a. The Foreign Service continued to be a major source of overt intelligence data. Considerable improvement was evident in the past year in the quantity and quality of material received from the field. The annual evaluation of Foreign Service reporting completed in April of this year, although reflecting this improvement, identified a number of gaps in the collection program. Personnel shortages in certain areas and lack of funds for travel within areas of assignment in the Free World contributed to these deficiencies. During the next three years, increased emphasis on the recruitment and training of personnel


well as some anticipated increase in available funds will, it is believed, correct many of these gaps in collection.

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b. Although restrictions on travel and personal contacts in the Soviet Bloc have been eased during the past year, US missions continue to be severely handicapped by difficult operating conditions, intensified by the increasing demands made upon the staffs by the Soviet diplomatic offensive and the influx of American visitors. Reporting from this area was generally better than during the previous year and it is expected that this trend will continue. Improvement was particularly noticeable in political reporting. The number of sociological reports increased, but they still fell far short of the desired level. Economic reporting has been relatively successful from Rumania, Hungary, and Poland, as compared with reporting from the USSR and Czechoslovakia. Reporting on agricultural and industrial subjects has been noticeably good. Indirect and peripheral reporting on Bulgaria and Albania, where the US has no Foreign Service posts, was somewhat improved, but there is still a dearth of intelligence on these two countries.



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d. Biographic reporting on all Bloc countries continues to be inadequate. With additional reporting officers becoming available, it is hoped that this can be largely overcome.

e. Reporting from non-Communist countries improved considerably in most respects during the past year. The greatest dearth of information occurred in reporting from the Near East and Africa, where a small number of posts attempt to cover vast areas with insufficient personnel and travel funds. The Department of State has received sufficient funds to open approximately 10 additional posts in Africa and the Near East

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during FY 1957 and two more the following year. This expansion, and anticipated increases in travel funds, should result in a substantial improvement in reporting from these areas within the next 18 months to three years.

3. The Service Attache System

a. In spite of the tight security measures of the Sino-Soviet Bloc the Service Attache System continues to be a major source of military information. Through the use of new techniques and devices, Service attaches have been able to increase the reliability of reporting, for example, on Soviet heavy and medium bomber production, characteristics and performance, and on submarine construction rates and design developments. Special attention is being given to the selection, training, and guidance of Attaches with special emphasis on new technical collection methods. Cooperation with friendly attaches in Soviet Bloc areas has enabled us to obtain improved intelligence. For example, during this period a program for almost simultaneous observations of many air installations resulted in more accurate air order of battle information.

b. New Service Attache offices have been opened in Bonn and Vienna to increase collection capabilities in Western Europe. Plans have been approved for a new Naval Attache office in Tel Aviv to cover the increasing Naval intelligence requirements in the Eastern Mediterranean. A few additional personnel have been placed in existing attache offices in the Bloc and peripheral areas. Improved reporting on Latin America has resulted from the establishment of Army Attache offices in Bolivia, Costa Rica, and Paraguay. An Army Attache office will be established in Haiti in fiscal year 1957.

c. Within the Bloc, Service Attache collection will remain heavily dependent upon the degree of restrictions, which have been irregular. However, in the aggregate, the relative effectiveness of the Service Attache systems should improve in the next three years through a broader use of technical collection devices, increased contacts with Soviet Bloc military personnel and possible increases in representation in the Soviet Bloc countries.

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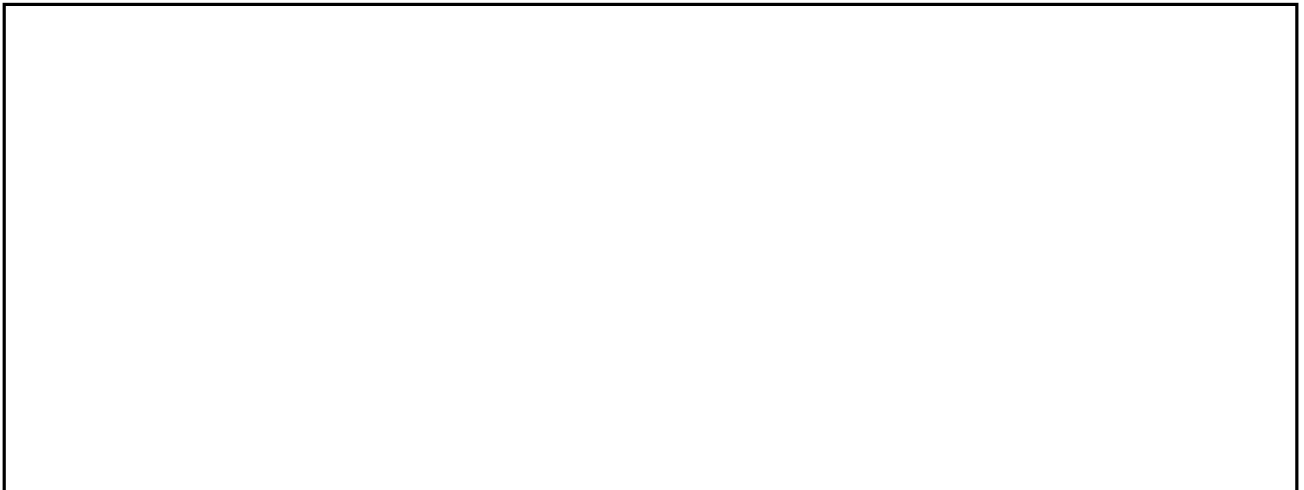
4. Overseas Commands

a. With the withdrawal of US forces from Austria, responsibility for military intelligence operations previously mounted from Austria has been divided between forces in Germany, Service Attaches in Austria, and the Southern European Task Force (SETAF) in Italy. Although the capabilities of SETAF are limited at this time, considerable progress is being made in developing an intelligence collection potential on the Southern Satellites.

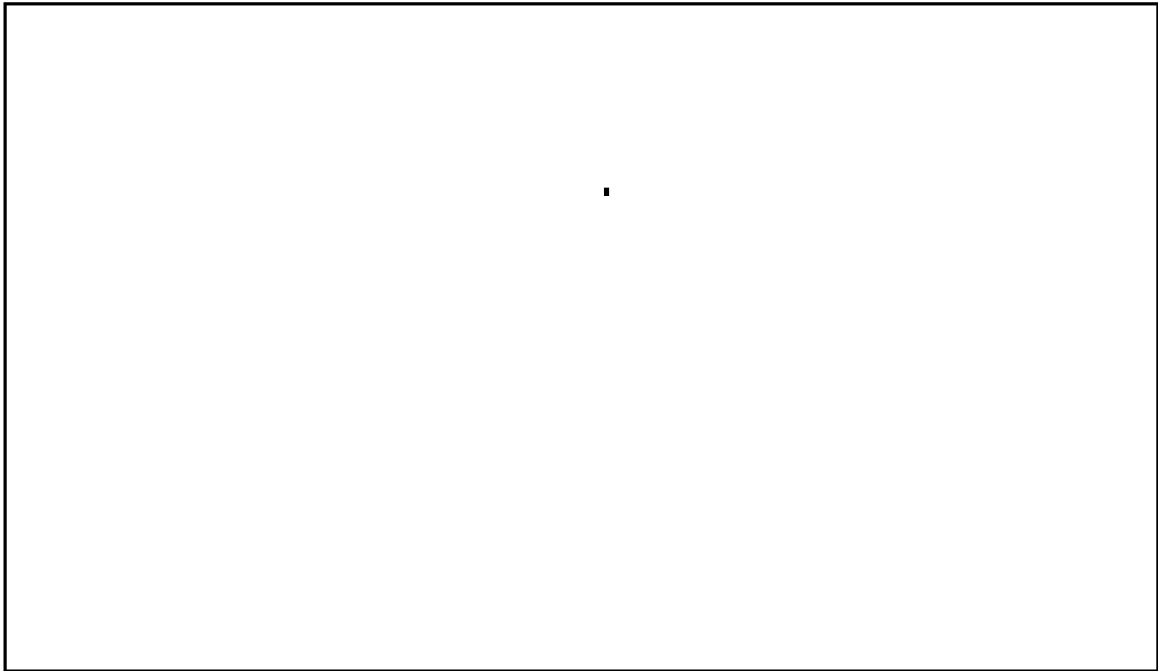
b. Negotiations continue satisfactorily in Germany for adequate recognition of intelligence operational requirements in the new Status of Forces arrangements to replace the "Bonn Conventions" and the intelligence requirements established by the IAC have been substantially accepted by the Germans. Since it is expected that the "NATO period" will not begin before FY 1958, intelligence operations in Germany probably will continue under the old arrangements for the next year.

c. Increased emphasis on the world-wide exploitation of the collection potential of naval operating forces, both ships and aircraft, has produced valuable intelligence on Soviet naval forces operating on the high seas. Coordination of fleet collection activities is being accomplished on the level of the fleet commands.

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6. Exchange Visits with the Soviet Bloc

a. In February 1956, the IAC approved a paper (IAC-D-103) dealing with the intelligence aspects of exchange visits with the Soviet Bloc, which concluded that, while the experience to that date had not been clearly favorable, a program of exchange visits with the USSR, if properly planned and executed, could produce a substantial intelligence gain to the US, outweighing the intelligence and technological gain to the USSR. Pursuant to this paper, the IAC established a Standing Committee on Exchanges, with the principal function of furnishing coordinated advice on the intelligence aspects of proposals under consideration by the Department of State and also to indicate proposals which would have net intelligence advantage if initiated by the US. This committee has met regularly since that date and has furnished the State Department with intelligence advice on a large number of exchange and quasi-exchange proposals emanating from the Soviets and from private US sources. It has also forwarded to State a number of proposals for possible US initiative. While the tempo of actual exchanges

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increased only gradually to the end of FY 1956, the adoption of a revised NSC policy on 29 June 1956 (NSC 5607) is expected to lead to an appreciable increase in the near future. Substantial economic and scientific intelligence has been realized from exchanges to date, despite initial problems in planning and execution, and the intelligence community adheres to the judgment stated in IAC-D-103, that a properly planned program can be developed into a most lucrative source of strategic and other forms of intelligence.

b. Over the next three years, the gain in intelligence from exchanges will, of course, depend heavily on the volume of exchange visits. While policy considerations will be the chief determinant of this, a major and probably growing problem will be that of funds to finance the travel of the US groups. To date, intelligence resources for this purpose have been limited.

7. The Foreign Language Publication Program

The effects of community cooperation and guidance furthered by the IAC Advisory Committee on Foreign Language Publications were evident in such standard practices as the announcement and government-wide sharing of scarce foreign publications, in the reduction of duplication in field procurement efforts, and in the more prompt delivery to requestors of foreign publications with immediate bearing on intelligence research and operational problems. The procurement programs of 25 non-IAC departments and agencies are coordinated with

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the publications procurement program of the Foreign Service. In addition to existing stations, the Department of State has re-established publication procurement officer positions in London and Cairo. An additional position for Southeast Asia is being budgeted for. Soviet publications are now being received in increasing numbers, [redacted] 25X1
containing new scientific and economic data. For example, scientific information related to Soviet thermo-nuclear research,

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nuclear energy, and guided missiles is contained in some of these new materials; and in the economic field, production information and statistical data now often appear in hard figures rather than in ambiguous percentages as heretofore. Similar relaxation of controls is not yet apparent with respect to Chinese and European Satellite publications but is expected. There has been no appreciable increase in availability of Sino-Soviet Bloc military publications.

To take account of the volume and quality of new materials, translation, abstracting and extraction efforts have been re-directed.

8. Geographic Intelligence Collection

Under the coordinated foreign map procurement program acquisitions from the Sino-Soviet Bloc were limited, but generally steady, with a decrease from China and an increase from Czechoslovakia and Hungary. Two official map exchanges have been initiated with Hungary and one with Poland. In non-Bloc countries, ICA channels have proved of increasing value.

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9. International Communism

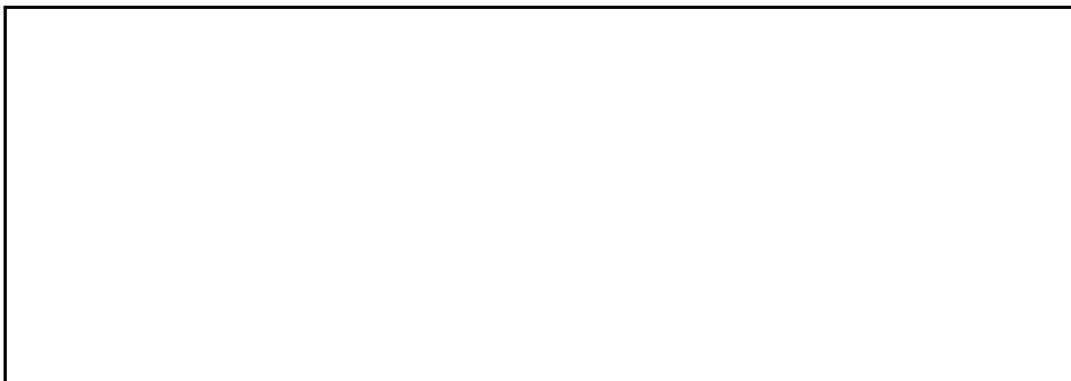
The Committee on International Communism was established by the IAC on 24 January 1956: (a) to consider and recommend appropriate action in this field on national and departmental needs and priorities and means of coordination to meet them; (b) to consider developments in the international Communist movement insofar as they relate to requirements for additional intelligence. The committee is currently bringing to completion the assembly of necessary information on the present situation in this area but has not yet progressed to the point where an adequate three-year forecast of activity can be made.

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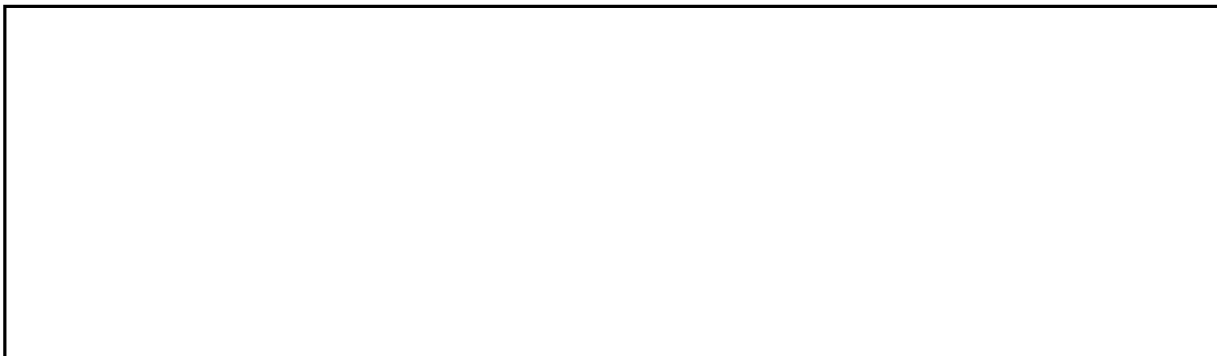
10. Programs in Electronics

a. ELINT (Non-Communications Electronic Intercept)

(1) A national structure for the direction and coordination of the ELINT activities of the US has been developed under the provisions of NSCID 17. Technical processing of ELINT will be performed in the National Technical Processing Center administered by the Air Force for the intelligence community and utilizing personnel of the three Services and CIA. An integrated group of Army-Navy-Air Force-CIA personnel under Air Force direction has been established to guide, coordinate and advise the ELINT activities of the individual Services and CIA. The effects of this national structure should be felt in the next few years in the form of consolidated US ELINT requirements, coordinated programs to meet these requirements making maximum use of Service and CIA facilities, and improved techniques and equipment.



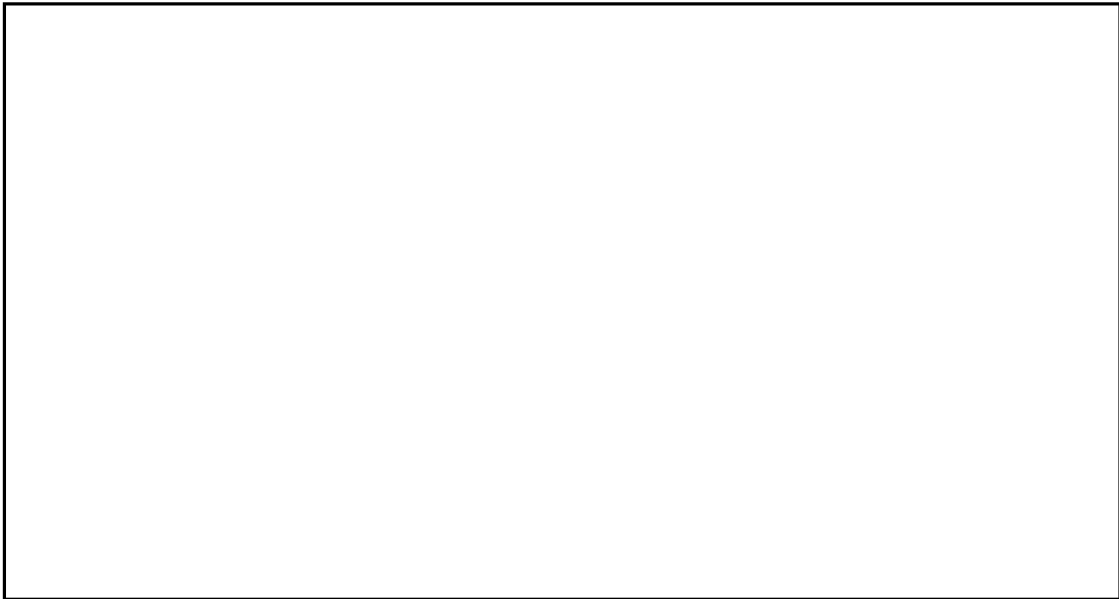
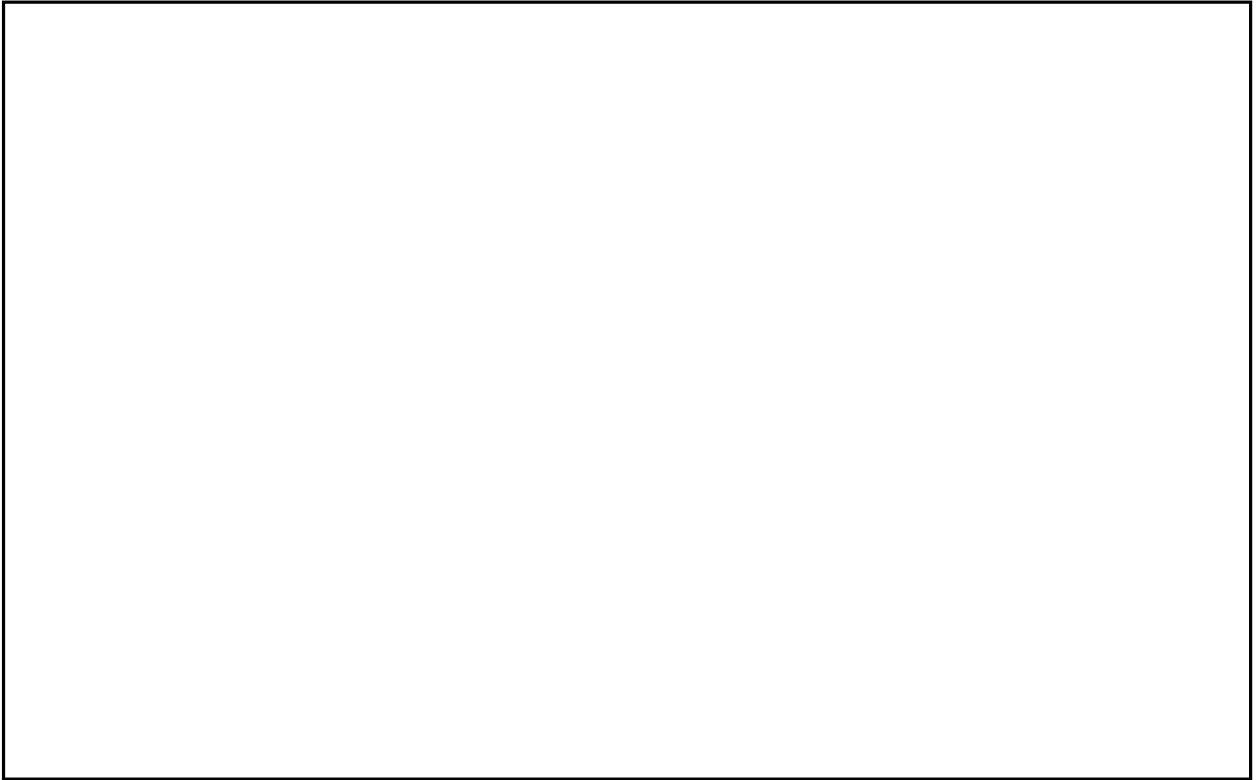
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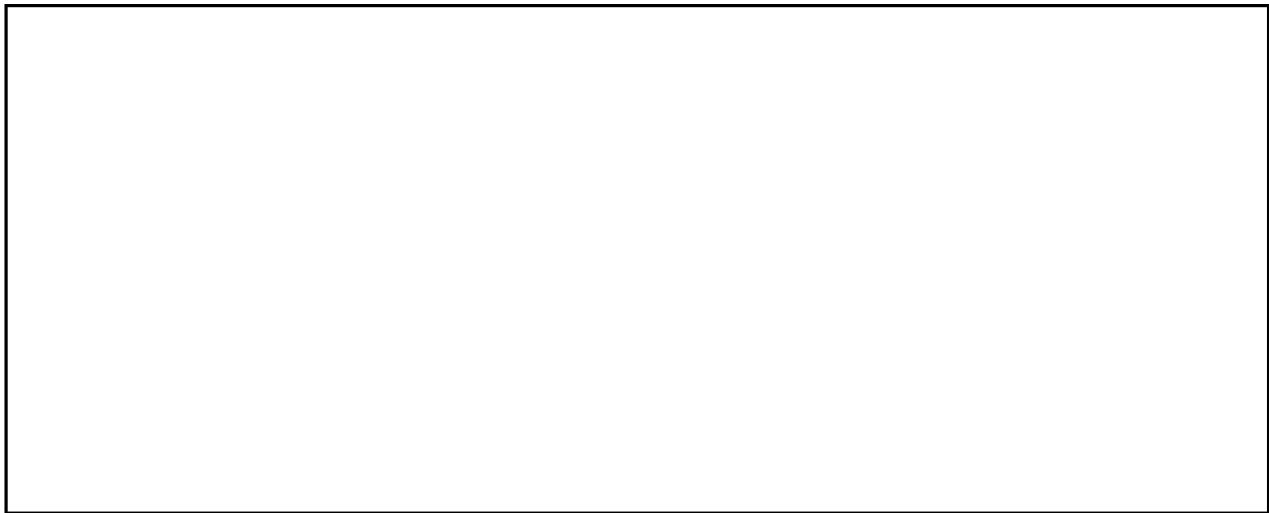
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12. Foreign Materials and Equipment

Collection efforts have been focused more intensively on the high priority, hard-to-get, Soviet Bloc scientific and military items. At the same time, there has been less emphasis on industrial and consumer goods inasmuch as more intelligence on these subjects has been available from other sources. This has resulted in the acquisition of fewer but more significant items than last year. Continued export of Bloc military equipment to neutral countries and possible access to the Bloc by Western air and sea lines should increase collection opportunities during the next three years.

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14. Information Regarding US Citizens Held by the Communists

In April 1956, the IAC established the IAC ad hoc Prisoners Information Support Committee to examine the intelligence aspects of problems posed by Communist failure to divulge

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information regarding, and to adhere to humane practices in the handling of, US citizens held in Communist countries. The Committee will continue to consider methods of stimulating the collection and improving the processing of such information available from both intelligence and non-intelligence sources. Unless there is a radical change in the Communist attitude toward prisoner exploitation, it is expected that there will be a need for further intelligence efforts in this field over the next three years.

15. Coordination of Information Processing

The increasingly complex problem of handling the great mass of data within the intelligence community at a minimum cost and with the greatest efficiency is under constant study and experimentation by the ad hoc Committee on Information Processing. During the past year this committee has continued to develop and implement compatible systems for documentation and processing of intelligence information. During the next three years it is anticipated that the work of this committee, already well advanced, will result in increased standardization of procedures and the use of the most efficient data handling equipment by the agencies concerned.

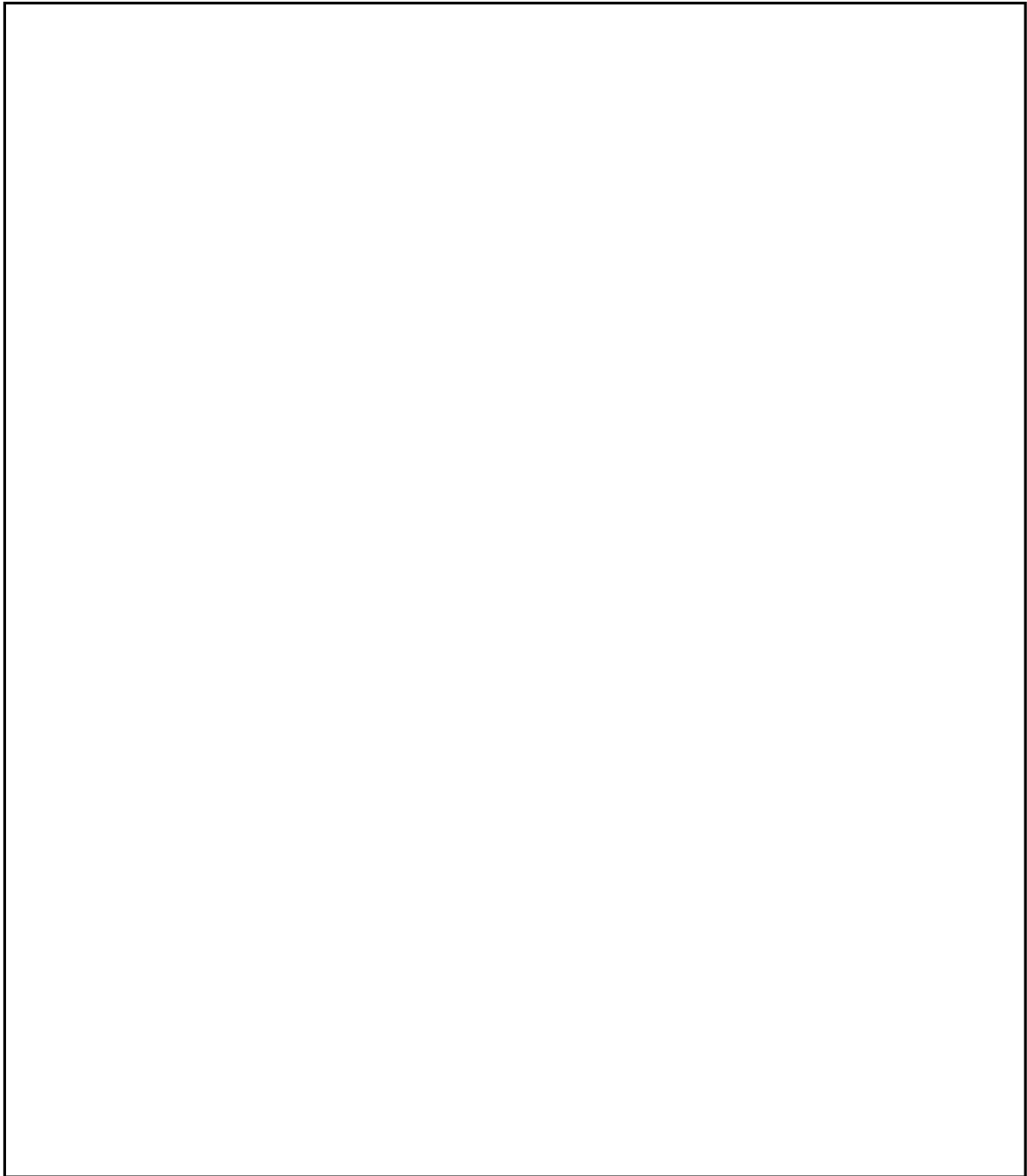
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17. Clandestine Collection Program

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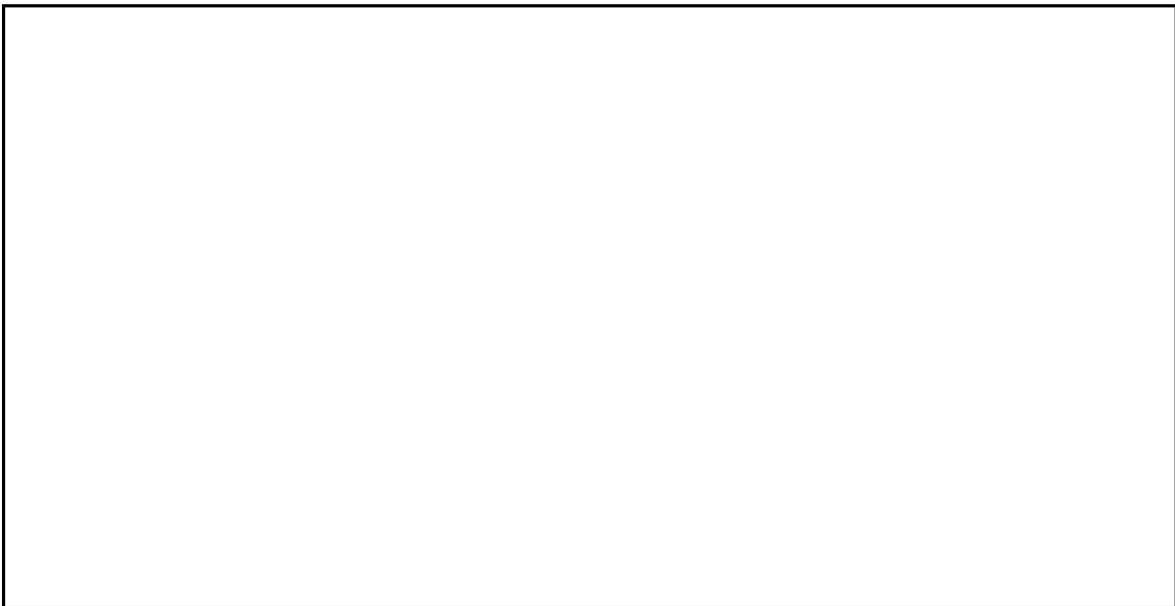
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j. Military Services Activities. During the past year, the military services have initiated several new operations from the Departmental level and overseas capabilities have been expanded to increase and diversify the clandestine effort against the Sino-Soviet Bloc. Action is being taken to improve the coordination of these activities at the national level under the terms of DCID 5/1. The intelligence collected through these operations is steadily increasing in value.

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ANNEX A

NSCID's Relevant to Activities Covered

by Annual Report

This annex provides references to those National Security Council Intelligence Directives under which activities covered in the various sections of the report were undertaken or to which they were relevant. A list of NSCID's is attached to this annex for convenient reference.

A. Warning of Attack

1. Evaluation of US Capabilities

NSCID #1 para. 4, 5, 6
NSCID #3 para. 1-e

2. The Watch Committee of the IAC

NSCID #1 para. 6
NSCID #3 para. 1-b

3. USAF Indications Center

NSCID #1 para. 6
NSCID #3 para. 1-b

4. "Situation Room" in the White House

NSCID #1 para. 6
NSCID #3 para. 1-b

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6. Formosa Strait Coverage

NSCID #1 para. 6
NSCID #3 para. 1-b

7. The Arab-Israeli Situation

NSCID #1 para. 6
NSCID #3 para. 1-b

8. Emergency Plans

NSCID #1

B. Evaluation and Estimates

1. National Intelligence Estimates (NIE)

NSCID #1 para. 4, 5, 6
NSCID #3 para. 1-e
NSCID #4

2. National Intelligence Surveys (NIS)

NSCID #1 para. 4, 5
NSCID #3 para. 1-a
NSCID #4

3. Military Intelligence

NSCID #1
NSCID #2
NSCID #3 para. 1-d, 3

4. Political Intelligence

NSCID #1
NSCID #2
NSCID #3 para. 3
NSCID #15

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5. Economic Intelligence

NSCID #1
NSCID #2
NSCID #3 para. 3
NSCID #15

6. Scientific and Technical Intelligence

NSCID #1
NSCID #2
NSCID #3 para. 3
NSCID #8
NSCID #10

6. b Priority National Scientific and Technical Intelligence Objectives

NSCID #4

6. h Electronics

NSCID #17

C. Collection

1. Priority National Intelligence Objectives

NSCID #4

2. The Foreign Service

NSCID #2
NSCID #8
NSCID #10

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3. The Service Attache System

NSCID #2
NSCID #10

4. Overseas Commands

NSCID #2
NSCID #5

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6. Exchange Visits with the Soviet Bloc

NSCID #2
NSCID #8
NSCID #10

7. The Foreign Language Publication Program

NSCID #16

8. Geographic Intelligence Collection

NSCID #2

9. International Communism

NSCID #1
NSCID #2
NSCID #3

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10. Programs in Electronics

NSCID #2
NSCID #10

10. a ELINT (Non-Communications Electronic Intercept)

NSCID #17



12. Foreign Materials and Equipment

NSCID #2
NSCID #10
NSCID #15



14. Information Regarding US Citizens Held by the Communists

NSCID #2

15. Coordination of Information Processing

NSCID #1 para. 9, 10
NSCID #2 para. 7

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17. Clandestine Collection Program

NSCID #5

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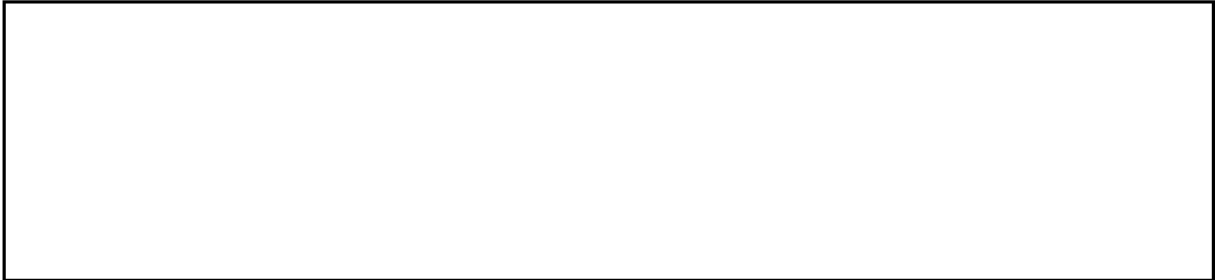
List of National Security Council Intelligence Directives

NSCID No.

- NSCID-1 Duties and Responsibilities (Revised 28 March 1952)
- NSCID-2 Coordination of Collection Activities Abroad
(Approved 13 January 1948)
- NSCID-3 Coordination of Intelligence Production (Approved
13 January 1948)
- NSCID-4 National Intelligence Objectives (Approved 12
December 1947)
- NSCID-5 Espionage and Counterespionage Operations
(Revised 28 August 1951)
- NSCID-6 Foreign Wireless and Radio Monitoring (Approved
12 December 1947)
- NSCID-7 Domestic Exploitation (Approved 12 February 1948)
- NSCID-8 Biographical Data on Foreign Scientific and
Technological Personalities (Approved 25 May 1948)
- NSCID-9 (Omitted for Security Reasons)
- NSCID-10 Collection of Foreign Scientific and Technological
Data (Approved 18 January 1949)
- NSCID-11 Security of Information on Intelligence Sources and
Methods (Approved 6 January 1950)
- NSCID-12 Avoidance of Publicity Concerning the Intelligence
Agencies of the U. S. Government (Approved
6 January 1950)

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- NSCID-15 Coordination and Production of Foreign Economic Intelligence (Approved 13 June 1951)
- NSCID-16 Foreign Language Publications (Approved 7 March 1953)
- NSCID-17 Electronic Intelligence (ELINT) (Approved 16 May 1955)

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