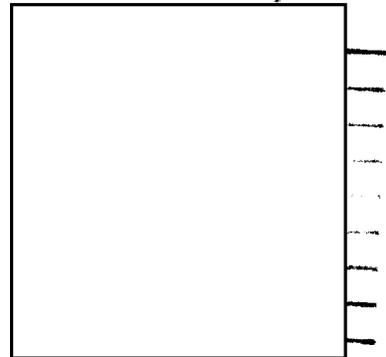


9560-407a

17 DEC 1960

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Mr. Hugh S. Ganning, Jr.
Director of Intelligence and Research
Department of State
Washington 25, D. C.

Dear Hugh:

This is in response to your inquiry of 5 December 1960 on how we might appropriately respond to Ed Galligan's request to you for periodic intelligence on Bloc shipments of arms and military equipment as well as technical assistance to Free World countries. I referred the problem to Bob Avery who, in turn, took it up with Otto Gathe who has within his Office a small group of analysts who have been working with representatives not only in your organization but also in the other departments and agencies of the intelligence community in responding to requests on this subject.

In talking the matter over with his people, Otto Gathe felt that the most appropriate existing mechanism for obtaining reports reflecting the agreed views of the several parts of the intelligence community would be the IIC Working Group on Sino-Soviet Bloc Economic Activities in Underdeveloped Areas, supported by appropriate representatives from the UNIP departments and agencies. He further suggests that the UNIP might direct the IIC to expand the terms of reference of the Working Group to include coverage on this subject so that timely and periodic reporting can be provided. This reporting would include, insofar as possible, information on confirmed and reported Bloc shipments, technical assistance, and training in the detail requested by Ed Galligan in the first paragraph of your letter, and also, within the limits of our capabilities, information on the cost or impact of Bloc shipments and technical assistance in the military field to recipient countries; considerations relating to repayment by the recipients; comments on the magnitude of Bloc military assistance in relation to the defense and internal security requirements of the recipient country; and, lastly, the nature of the burden of such assistance on the Bloc countries themselves.

(EXECUTIVE PERSONNEL FILE)

If you concur with this suggestion for obtaining the desired periodic reporting, I shall bring your request to the attention of the members of HSI at an early date with the suggestion that the HSI Working Group, with expanded terms of reference, be directed to undertake this continuing assignment.

Sincerely,

[Handwritten signature]

Allen W. Dulles
Director

Distribution:

- Orig. and 1 - Addressee
- √ 2 - DCI
- 1 - EDCI
- 2 - NS/I
- 2 - AD/RR
- 1 - C/S, D/S
- 1 - NS/S

APPROVAL

[Redacted signature box]

Deputy Director/Intelligence

DEC 17 1960

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OAD/RR: GEG:the:whx, *[Redacted]* (15 December 1960)

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MEMORANDUM FOR: Director of Central Intelligence

THROUGH: Deputy Director/Intelligence

SUBJECT: Proposed Action in Response to
Mr. Cumming's Request for Periodic
Report

REFERENCE: Mr. Cumming's Letter to DCI of
5 December 1960

1. This memorandum contains a recommendation for action as set forth in paragraph 5.
2. In the referenced letter, Mr. Cumming notes that the Acting Deputy Director for the US Disarmament Administration would like to have a report issued periodically on confirmed or reported Bloc shipments of arms and military equipment to Free World countries as well as data on technical assistance in the military field. Mr. Cumming felt that such reporting should reflect the coordinated views of the several departments.
3. The EIC, through its Working Group on Sino-Soviet Bloc Economic Activities in Underdeveloped Areas provides the intelligence community and many other parts of the Government, both here and

abroad, with biweekly and semi-annual reports. These reports presently underplay arms and equipment shipments and technical assistance in the military field since, strictly speaking, reporting on such Bloc activities does not clearly fall within the terms of reference of the Working Group.

4. I am confident that the EIC, through this Working Group, could bring together those individuals within the several parts of the intelligence community who are most knowledgeable on this subject so that all pertinent information available from all sources would be utilized in fulfilling Mr. Cumming's request and in providing other appropriate offices of the Government with agreed intelligence on this important subject.

5. My recommendation is twofold: (a) that you sign the enclosed letter to Mr. Cumming; and (b) that, with Mr. Cumming's concurrence, you bring his request to the attention of USIB with the suggestion that the Board direct the EIC to expand the terms of reference of its Working Group on Sino-Soviet Bloc Economic Activities in Underdeveloped Areas to include timely and periodic reporting on Bloc shipments to Free World countries of arms and military equipment as well as on the Bloc's provision of technical assistance and training in the military field -- at the

same time reminding each member of the Board that full cooperation is essential so that all facts can be brought to bear on the subject.



OTTO E. GUTH
Assistant Director
Research and Reports

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