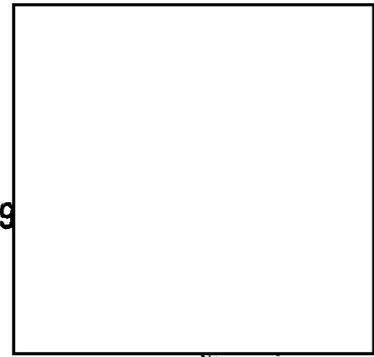


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Honorable Hubert H. Humphrey
United States Senate
Washington 25, D. C.

Dear Senator Humphrey:

I have read with a great deal of interest your speech on the Senate floor of June 10 on the "Challenge of Communist Economic Expansion." This subject is, as you know, one to which I have devoted considerable attention. In the hope that it might be of interest to you, I have had your remarks analyzed and offer you the following comments:

1. We estimate that Soviet GNP will increase by 6 to 6.5 per cent annually over the next seven years. This is about the average rate for the last two years. The increase estimated for GNP is considerably below that of industry because of the slow growth of agriculture and services.

2. Soviet production of refrigerators and of washing machines is estimated at 9 per cent of corresponding production in the United States. Russia last year produced only one automobile to every 50 produced in the United States.

3. Approximately 5 per cent of Soviet GNP has been devoted to education and based on similar methodology the proportion for the United States would be about 3.5 per cent in 1957.

4. Per capita consumption in the U. S. S. R. is about one-fourth that of the United States.

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5. The Seven Year Plan of the Soviet Union calls for an increase of 12 million in the number of nonagricultural workers. This does not necessarily mean a labor shortage. We estimate that the 12 million can be recruited from the natural increase of the population, by employing more women, by a greater employment of part-time students, and by some reduction in the agricultural labor force.

6. We would regard the aggregate industrial targets in the Seven Year Plan as underestimates of Soviet capabilities. The plans of the past two years have been overfilled to a degree. The production targets appear to be more modest in terms of investment intentions than has been the case in the past several years, implying likelihood of overfulfillment. We would not agree with those Western experts who estimate that the Soviet Seven Year Plan will be only 75 per cent fulfilled.

It is hoped that the above comments will be of value to you and please do not hesitate to call on us for assistance in this field.

Sincerely,

SIGNED

Allen W. Dulles
Director

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OGC/LC:JSW:mks (2 July 1959)

7 July 1959

MEMORANDUM FOR: Director of Central Intelligence

SUBJECT: Letter to Senator Hubert H. Humphrey (D., Minn.)

1. This memorandum contains a recommendation submitted for approval of the Director of Central Intelligence. Such recommendation is contained in paragraph 3.

2. Attached is a proposed letter for your signature to Senator Hubert H. Humphrey attempting to point out tactfully certain errors in his speech of 10 June in the Senate. The factual data was supplied by Otto Guthe and his memorandum is attached for your assistance. This memorandum lists the six points made and immediately after each point is the Senator's incorrect statement with page and column references to the Congressional Record which is attached.

"1. We estimate that Soviet GNP will increase by 6 to 6.5 per cent annually over the next seven years. This is about the average rate for the last two years. The increase estimated for GNP is considerably below that of industry because of the slow growth of agriculture and services."

The Senator stated that annual GNP growth of the Soviet Union is "6 to 8 per cent - in fact it is closer to 9 per cent." Page 9377, Column 3.

"2. Soviet production of refrigerators and of washing machines is estimated at 9 per cent of corresponding production in the United States. Russia last year produced only one automobile to every 50 produced in the United States."

The Senator stated that "Russian output of cars, washing machines, and refrigerators . . . ranges from 2 to 4 per cent of United States production." Page 9377, Column 3.

"3. Approximately 5 per cent of Soviet GNP has been devoted to education and based on similar methodology the proportion for the United States would be about 3.5 per cent in 1957."

The Senator stated that a large proportion of the GNP goes into education and that it is substantially more than 10 per cent. Page 9379, Column 2.

"4. Per capita consumption in the U. S. S. R. is about one-fourth that of the United States."

The Senator stated "the per capita consumption of the Russian people today is only one-fifth that of ours." Page 9380, Column 1.

"5. The Seven Year Plan of the Soviet Union calls for an increase of 12 million in the number of nonagricultural workers. This does not necessarily mean a labor shortage. We estimate that the 12 million can be recruited from the natural increase of the population, by employing more women, by a greater employment of part-time students, and by some reduction in the agricultural labor force."

The Senator stated that in the Seven Year Plan the Soviet Union will need another 10 million nonagricultural workers and in referring to these 10 million positions in another part referred to them as a labor shortage. Page 9380, Column 1 and Page 9382, Column 1.

"6. We would regard the aggregate industrial targets in the Seven Year Plan as underestimates of Soviet capabilities. The plans of the past two years have been overfilled to a degree. The production targets appear to be more modest in terms of investment intentions than has been the case in the past several years, implying likelihood of overfulfillment. We would not agree with those Western experts who estimate that the Soviet Seven Year Plan will be only 75 per cent fulfilled."

The Senator stated "some Western experts suggest that these targets are over ambitious and cannot be fully realized. They estimate that 75 per cent fulfillment is a more realistic expectation." Page 9381, Column 3.

3. I believe the Senator would be most appreciative of having these matters called to his attention and, therefore, I recommend that you sign the proposed letter.



STAT

Legislative Counsel

Attachments - 3

STAT

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