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1238 National Press Building
Washington 4, D. C.

Executive Registry
11-8248
(11-8248)

W. H. FRANK
WASHINGTON REPRESENTATIVE

NATIONAL 8-6123

October 5, 1959

Gen. C. P. Cabell, USAF,
Deputy Director
Central Intelligence Agency
2430 E Street, N. W.
Washington 25, D. C.

My dear Cabell:

Phoned you about this enclosure on Monday, but you were out of town.

George Clark, a classmate of mine at the Military Academy, who was found, is now doing business in Chicago. He wrote that he had received this enclosure in an envelope mailed in San Francisco, with no signature and with no letterhead or return address either on the sheet or on the envelope.

Thought you might be interested.

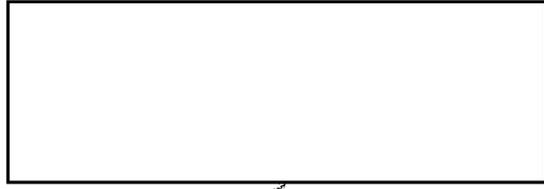
Sincerely,

W. H. Frank

Enclosure

Probably Russian Propaganda

Executive Registry
11-8248/12



STAT

hand 22 OCT 1959

Major General W. H. Frank
Sears, Roebuck and Company
1238 National Press Building
Washington 4, D. C.



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Dear Tony:

I read with interest your letter of 5 October together with the piece George Clark received about the rumors of a gold ruble. These rumors have been more or less chronic for the past year or two. It continues to be our opinion that they are based on fancy rather than fact.

The best judgment we can get denies that either Soviet production of gold or the Soviet gold stock approaches the levels cited in the rumors. In addition, even if Soviet gold stocks were at these levels, the high cost of gold production in the Soviet Union would make unlimited gold exports an unlikely venture.

The other part of the rumor relates to a ruble area. All trade among Communist Bloc countries uses the ruble as the unit of account, so, in this sense, a ruble area does exist. This international trade ruble, however, is inconvertible and must remain so as long as these countries insist on a forced draft economy. The success of their own domestic plans depends in part on their ability to insulate domestic industry and trade against external influences. Thus, the use of a gold ruble and a freely convertible currency would mean the loosening of the present absolute control over foreign trade. Such a development would expose their economies to Western interference and to foreign transactions initiated by their own nationals, both of which would be costly to the objectives of the regime.

Sincerely,

SIGNED

C. P. Cabell
General, USAF
Deputy Director

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Distribution

- 0 - Addressee
- ✓ 1 - DDCI; *1-ER/...*
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THE ASSISTANT ATTORNEY GENERAL

APPROVED:

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Gen. W. H. Frank

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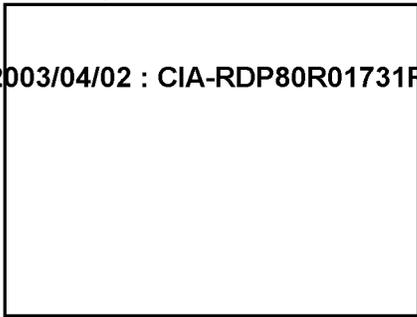


Gen. C. P. Cabell, USAF,
Deputy Director
Central Intelligence Agency
2430 E Street, N. W.
Washington 25, D. C.

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11-82-48

16 OCT 1959

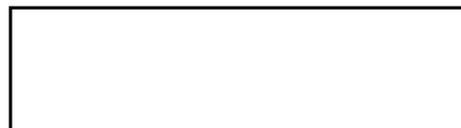
MEMORANDUM FOR: Deputy Director of Central Intelligence
THROUGH: Deputy Director/Intelligence
SUBJECT: Rumors of a Gold Ruble

1. This memorandum suggests action on the part of the DDCI. Such suggested action is contained in paragraph four.

2. As the attached letter to General Frank indicates, rumors of the imminence of a gold ruble have been circulating in the West for the past year or two. There are no indications that these rumors have a basis in fact.

3. When Soviet spokesmen predict (as Ostrovityanov did in the enclosure to General Frank's letter) that the ruble will ultimately replace the dollar as the world's leading currency, they are only voicing Khrushchev's hope that Soviet goods will one day be more sought after than are American goods.

4. It is suggested that the attached letter for your signature be forwarded to General Frank.



OTTO E. GUTHR
Assistant Director
Research and Reports

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Enclosure:

Letter to Major General W. H. Frank

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