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25X1

STENOGRAPHIC NOTES OF CONVERSATION BETWEEN DCI [redacted]
ON 21 JULY 1956 AT 1600 HOURS

D-"...have to be done very commercially. I've done some talking along that line. Maybe we're not the best ones to get involved in the thing."

M-"I think the economic subject is another area where, if you begin to try to expect the idea that you're going to use economic contacts as a pull on some of these people, you of course run into the East-West trade--."

D-"(Sommers?) did better than that. Didn't you see, he went up to Congress and talked to them. I don't know whether he sent the record or not. But he went up ... understanding. ...do some borrowing, take our excess farm products and butter and things of that kind and start using them."

M-"This is one of the areas the Communists must have had to use a lot of people who were pretty deeply involved in satellite industrial and economical activity before, ...and the whole reorientation of their economies and trade patterns toward the East must be one of the things that some of them still feel most unhappy about."

D-"Someone was talking to me today and I asked him to get the figures. The trade of the Eastern European states with the Soviet Union were a very small percentage of their total trade back in 1939 after the war."

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M-"It was very small. I can't remember the figures."

D-"It's less than ten percent. Now, that's a very startling thing and that's one reason they seem immature, One of the reasons you have these troubles is that we've been stalled and absent-minded."

M-"You see there are very deep implications in this because if they are to supply European markets, it's going to take in a considerable degree a different investment pattern in their growth program in there than the one that the Soviets are imposing. So this isn't just a matter of saying, 'Take what you are now producing and switch it West instead of East. But if you get back into the shoe business, this means you've got to reconstruct a better factory and give up some of the things that are highly competitive rather than complementary with what the Western European economy--.' And by and large, the kinds of shifts that are going to be involved are shifts to consumer goods in the way of heavy industrial production."

(Mr. Dulles on telephone for short period.)

M-"And the kind of appeal you'd make, you see, coming on top of the Poznan thing--. There's already a good deal of pressure; so an increase in the portion of their economy they devote to consumption purposes and if this internal pressure coincides with what would be necessary pressures, if they were to reorientate their trade a little more to the West, would get what maybe a very strong set of pressures. Even if this doesn't result in anything actually happening, it gets some key people in the satellite areas thinking

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about what alternatives which automatically pose problems to the Soviets in relations between the Soviets and the satellites. How you do this is another question."

D-"I don't know if there's any way where one can get statistics on the extent Soviet directives might force them into an uneconomical corner. I think they press them too hard on heavy industry and the common idea.... I may be taking off your favorite subject."

M-"Oh, no. This is, as a matter of fact, what we will do for whatever use it is to you is to have in the next week or ten days a bull session up in Cambridge on this."

D-"You should."

M-"We had one on the meaning of the Soviet developments but we didn't have time to get around to the implications for satellite policy and we agreed that we ought to have another one on this and then try to boil out whatever ideas we had and send them down on a brief piece of paper. And we'll do that."

D-"We're working more on our big detail ... of satellite and Russian people. I don't know whether you've seen that or not."

M-"The estimate? We had the last Princeton meetings about two months ago and the communication ... gone into this."

D-"I think the best thing we've done in a long while is the.... How long are you going to be down here?"

M-"I'm going to be down here till about Wednesday or Thursday, Thursday, I guess. I have to go away on Monday. I'll be back Monday night."

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D-"We'll see if we can't get together with each other one day before you go away. Maybe we could have lunch together.... It'll take you two or three hours, I'm afraid, for you to read it."

M-"Well, that's all right. I'd be glad to put in some time on it."

D-"Some of the military points you might not be so interested in."

M-"But whatever one feels about the genuineness of some of the new attitudes that are being expressed behind the curtain, there just isn't any doubt in my mind at all that this is a period of great historic change that's taking place willy-nilly whether we want it to or not. I think this year or two is very crucial in a good many different respects. I've been playing around trying to help out some people in the Pentagon in WSEG in their study on the social and political implications of fall-out--is what it is--at the moment; but I know that it is much more broadly ... political implications than our present war plan. And you can't immerse yourself in this stuff for long without coming up with the very strong conviction that if there's any rationality at all in the Soviet Union--and there obviously is some--the time can't be far off when they're going to see the enormous advantages to them of some kind of disarmament agreement schemes. It may take five or ten years but it's becoming so increasingly obviosu that the kinds of campaigns that are now being contemplated would really be of no use to anybody. But in this direction, also, I have the feeling that it's going to be a very likely opportunity."

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D-"You think the Government scheme is unfortunate?"

M-"Very unfortunate."

D-"I think it's very overdrawn, even the worst--. It accomplishes....

25X1 I see [redacted] got in a little trouble with this."

25X1 M-"Apparently [redacted] didn't like it."

D-"The...were all very friendly at the time they got the secrets and it's all right; but they read the newspapers."

M-"Human nature is very sensitive and this isn't only foreigners. You read the morning papers, didn't you?"

D-"...in an election year."

M-"i gather you've had underway an internal beat-up on the satellites. I had a little session with [redacted] and some of his people about a month or so ago." 25X1

D-"Oh, we've got some papers on it we've been getting out. I've got a lot of people I disagree with here in my own shop on that seriously. I don't think they're quite dynamic enough. The ... way overestimate the possibilities than to underestimate them. They should do something. And I've thought it over on that side. ...I don't want to rush at it, but there we start off again. So it's all going to go back to what it was. We never get anywhere."

M-"Well, experimentation is really the secret of exploiting an uncertain period like this because if you don't do anything else, you get some intelligence results out of it. You found out a little bit more about how this became possible."

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D-"I think the most encouraging thing about this is that I think we've discredited the theories of the Communists more and more; but after a time, the satellites just settled down and they all lost hope and courage, initiative and that as the younger generations came on knowing nothing but Communist rule and domination, they keep acclimated to it. I don't think that's true."

M-"I don't either."

D-"Just take the Hungarians that took over this (grainary?) They were fellows in their early twenties, you know. They're young people. That brings new light. That took planning, thought and courage because if you fail on that, you're through. The chances of failure are pretty good on that. And the Poznan thing in many ways showed that the younger generation and the working people were quite willing to take risks to improve their lot. And I... quite often anyway--not that ... people were killed, but they.... I sometimes think people are too frightened. But I got very angry with some of my people for not sending others after the June 17th thing in Germany. It would have been horrible if people had gotten killed. But the horrible thing in that Czechoslovakian thing was that nobody got killed. I'd have felt much better about that and the Czechoslovakian people would have stood much higher in the world's estimation if there had been a thousand or ten thousand people killed in that. We kill more people on the roads every day for no purpose. They were killed in that Poznan affair. You've got to take some risks and you can't make an

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omelet without breaking eggs. I think we're building up in psychological warfare a good deal better set-up. It's really going along very well. I don't keep much in touch with that now. We're getting some of our best people in there."

M-"This is within the shop?"

D-"Within the shop, yes. Our own exploitation that we've got... very much in favor of it now."

M-"It would be most interesting if there were any way of even hypothetically setting up the probable reaction and attitudes of the key people in the Kremlin towards the impact of the deStalinization in the satellites because this is the one area where it's very hard to see how there are any positive gains for them. There are a lot of positive gains internally and this is probably why they did it. Or else there's some gain in the free world which I don't think is why they did it...."

(E-"...the FBI agent will be up a little bit Monday afternoon and in the meantime, there is a (friendly?) copy which Bob Amory has; but he's not in. I can't get him up there. ...Monday about four o'clock, Sir. ....)

D-"If you people up there in science will give some thought to this, it'll be very helpful."

M-"Well, we'll certainly do so."

D-"And I think it would be encouraging to get some idea about it's trade.... It's not out of the question. We're a little bit tied.

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We can't do anymore on legislation. I don't know what happened but I think we got some relaxation of the thing. I think we can find some ways."

M-"It's lost some of its--. I think over a period of three or four years, there's been a lot of progress in a more realistic appraisal of what strategic control can do for you. I take a little credit for this cause an initial paper we put out through ORO several years back was important in changing at least from that extreme which was mostly in the Pentagon that you really could throttle these people by cutting off their trade. A preposterous view and the real problem is to get them appropriate balance between when you lose and what you gain. There are various kinds of devices."

D-"...opinion's been poor on that."

M-"Opinion's always been that. That's one of the issues on which--."

D-"Trade's a two-sided thing, and both sides have got to make on the thing. Otherwise it's no good. And just one definite situation where the other side makes twice as much as you do,--! If you both make the same amount, you're all right. And yet, in addition to that you have some psychological political gains on it in addition to the actual value of the goods received, then there may be ... costs."

M-"I don't know who we've got in [redacted] now but I hope we've got somebody good because this is a very good listening post." 25X1

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D-"I'm glad you mentioned that because I don't know who we have either. Is that Hungarian ... still running? [redacted] (phonetic)? " 25X1

M-"Yup, he's going to leave shortly, though, I think."

D-"What's OEEC doing? Is that still operating and going?"

M-"It is still operating and going but I'm not very clear on what it's doing. I think it's not doing very much."

D-"I don't think it extends to the satellites at all."

M-"It doesn't."

D-"It's just the Marshall Plan countries, isn't it?"

M-"It's the Marshall Plan countries and its original function was of course to duty up U.S. aide within the Marshall Plan area and since the aide has ceased now except the military, that function is pretty largely gone. Also a good many of the brighter people in the Secretariat have moved. [redacted] (phonetic), I think is the best of them." 25X1

25X1 D-"What's [redacted] doing now?" 25X1

[redacted]

D-"He's a very brilliant fellow, I hear."

M-"He's a brilliant fellow."

D-"Have you got any other ideas how we can keep the debate going? What I thought when we developed this, their boast about freedom of the press. They said they have freedom of the press but they don't. ...Russian and they have opened up a good deal. They

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have many more correspondents there, we've been getting radio broadcasting from Russia now. We're considering talking to them about the German business, bringing back Germany. They're going to allow this newspaper, 'America', to go back in as a weekly. A few signs. In your basic over-all policy, you're faced with this dilemna--do you want to discredit and perhaps move to get rid of Khrushchev or do you want to let him stay there in view that he may be a relaxer for the moment? I don't know ...."

M-"Well, you can't have very much influence on his position. It seems to me the way to get at it is to argue and keep alive debates on policy issues rather than on people, to keep alive the notion that recent moves have been in a favorable direction but obviously they haven't gone very far. To have gone a lot further would be a good idea. One of the things that has concerned us a little bit, I think Walter even put together a little memorandum and sent it down on this is the tendency on the part of places in the U.S. Government--I think in view of ... as well as elsewhere--rather than to accept this deification of Lenin idea. I think this is a very dangerous thing to let slip by too far, this conception that really everything started with Stalin and that if we'd just go back to Leninist policies, we'd be back in the clear. This has enormous appeal in a lot of the neutralist areas because Lenin is associated with the imperialist doctrines which they've always found attractive anyway. And I think there's

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a great deal to be said in a propaganda effort--not for some blind slashing attacks but just in pointing out that this is really a relatively small step and you've got to go back a lot further than Lenin before you get back to something that looks like a free decent society in any sense in that many of the things that you've got to go back to at least to the constituent assembly."

D-"I wonder if there ought not to be some article written about what it was that Lenin wrote.... Of course, he said so much and said so many things, I think you can pick out almost anything but maybe just prove that. As you say, they're going back that he's the father confessor now."

M-"But partly the notion that Stalin started the personality cult, actually Lenin ran as tight a system as Stalin did. He was able to do it without the same degree of mass murder, without killing so many people, because he came on the scene in a historic period of revolution. He had enormous personal magnetism and people would do what he said for that reason without the need for quite so much--, but it was iron run and disciplined."

D-"Didn't he allow more debate though? But wasn't he always able to swing the debate in the final analysis?"

M-"That's it. He allowed some more debate. The real point is that the Leninist system was to allow some debate in the inner circles up to the point where a decision was made. Once the decision is made, any further debate is treason, and you get thrown out of the party if you so much as think deviation. And this is a much more difficult instrument to use than the Stalin instrument, if you

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just don't let them debate at all, you're fairly safe. But what they've done now is to open up a Pandora's box for the control system because you've got to have a very clear way of indicating at what point the debate gets cut off. If you allow it to go too far from the standpoint of the man who wants to control it--and this must be their major problem at the moment--how do they get down through the cadres a clear impression of the limits that have to be imposed on freedom of individuals to different alternatives. I would anticipate myself, just as a hunch, that there is going to be a period of fairly rigid symbolic acts of party control, that this is something that's going to be necessary. I hope we're going to be prepared when these things come to take advantage of them and point out what they are because it's inconceivable to me that they could go on running their system without some symbolic acts which take direct without assumption on whether they've gotten a little too far off the track in this neutralization business."

D-"Who in the Stalin world was the great expert on Lenin in this country?"

M-"I don't know."

D-"Has anybody made a great study of Lenin? I suppose a lot of people have. I think an analysis of Lenin would...."

M-"...a very useful thing to have at the present time."

D-"...going to look at that? ...."

M-"Walt would know that much better than I would. Walt would know who would be the people right away."

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D-"I had in mind ... that there isn't an authority on the life of Karl Marx. I read a book written by a German, I think he lived in England a long while about seven or eight years ago. I guess it must be ten years old. But it was a very extraordinary book and I got out of that that he was really an SOB in his personal life and his dealing with his friends. He cut everybody's throat, betrayed everyone; and if they could get a little bit more knowledge about Marx himself, it would be very interesting. This book was a fascinating book. I don't know where it is and I can't remember who wrote it."

....

M-"Yes, in a back issue."

D-"I think I would recognize it if I could--, maybe I have it here. I'm not sure if I have it or not. .... A good book on Marx or a bad book on Marx might be quite interesting. In certain quarters, I think it would be useful. Could you look into those two things? Well, the ... is the most important thing."

M-"I think so because--."

D- "...."

M-"The trend is not really character assassination, the trend is really to emphasize the elements in the system as it developed which was almost inevitable due to the way the system developed. And this is not just the consequence that one devil that happened to conjure the system. But the root is very deeply built in and

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the reasons that Lenin is very much more important than Marx, that is Lenin propagated the system. He gave it its operational codes. And you can demonstrate all the flaws and weaknesses in Marx's theory and they're not nigh as critical as the point we are trying to get across as the operating rules that Lenin used to run this system persist right down to the present."

D-"Well, I wasn't thinking from the Marxian angle so much as to deal with his theory as with the man. The human being in relation with every human being. We should show them the deceit, trickery and betrayal, ruthlessness that ran through his whole life. That came out in this book."

M-"It's a fairly recent book?"

D-"I read it when I was up in New York. It certainly came out six years ago and it might have come out as much as eight or ten years ago. I was thinking it came out sometime before the end of the war and '48.... It might have been earlier. I certainly couldn't have been later than '49. I think the author was a German but it was published in English. I don't think it was a translation. This German had lived in England. They're caught in this satellite thing with all kinds of problems—what I mentioned with relations between the exiles and maybe even more liberal of the internal leaders. For example, take the diplomatic representation here. They are on the whole a pretty bad lot. But that doesn't seem to be so true with their representation in Paris. [redacted] 25X1

25X1 [redacted]

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M-"It's just inconceivable to me. My feeling is that if you really want to probe and smoke out people presently in the bureaucracy in these countries, it's just inconceivable to me that in a very short period that Communism has been flourishing in these areas that you could build a whole bureaucratic class that was so deeply dedicated and incorrupt to this new principle they'd so completely forgotten the aims and ambitions of the satellites before this period. And these people are now or will be in positions of influence. I think this is a much more promising way to move this state of affairs than the exile notion that you throw everybody out who had anything to do with this and start over again."

D-"You can't do that. That would be a kind of revolution, and I think we ought to encourage contacts where we find any leads, we ought to encourage contacts. The remains of the approaching...."

M-"Well, nobody likes to be shut up. And nobody particularly likes to be shut up by somebody else whom he's certain didn't like him very much. I think this is a major...."

D-"And here's a further problem. How far now in the present situation is a move like the Tito situation, how far do you encourage a kind of Titoism in the satellites? It looked quite ... a year ago. But that may be only half believed the fellow. You maybe covertly encourage Communist nationalism but get away from Moscow and that would be a step forward. But now you might alienate some of the people inside if you do that."

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M-"My feeling about this range of issue is that with the people inside apparently what you want to concentrate on is Titoism in effect without the symbols. You don't want to talk a lot about a break with Moscow about major public renunciations and so on but what you want to do is push this liberalization as far as possible in concrete ways. You say, 'Look, you people. It's to your interest to do this and this and this,' specific things that you're pretty sure are not things the Soviets are going to welcome but things the satellites may feel they can play with and try and as you do this--as they become convinced that, for example, reorient their trade or they're making a lot more contacts with the West, they're participating much more independently in their decisions, they've got their own policies--as they become convinced that these would be helpful to them, useful to them and try to do it and the Soviets are increasingly confronted with the realization that they've got to put a stop to this thing or else their whole control of this area goes to pieces. Then you build up the frictions that may ultimately lead you in more thoroughgoing Titoism but a frontal attack on doctrinal grounds is likely to do just what you say, to scare off some of these people, particularly as it's associated with the United States. The more you can plant these ideas in indirect ways, the better."

D-"You may have to play inconsistent lines. They work to some extent just as a lawyer and his brief is allowed to plead in the

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brief some inconsistent theories of his .... If any of them stick, he wins his case even though ... opinion is presumpt and inconsistent."

M-"Well, this is a great advantage that you have in this operation. Even if this kicks back on you if you do it publicly. But there are a lot of ways that you can do it privately. What I think we'll try to do is put together a kind of check list, everything of this sort that you could look at and think about. Probably most of them will be things we talked about here."

D-"What about a greater intellectual exchange with the satellites. A great deal more has really been done with Russia although very smaller than with the satellites."

M-"I think this is very important. All the same things, I mean, if you really want to make an appeal to national pride which all these people feel deeply and the people whose opinions they respect in the satellites, at least the people over 35 or 40 traditionally and culturally their ties were always with the West. That they are accepted in the intellectual world as people whom the French and the British and ourselves regard as worth getting in touch with, this means an awful lot more to him than being invited to some institute in the Soviet Union. It possibly means more to him than the ones who have had to trail behind because it's a way to stay alive, to play a role. As I say, I think there's everything to be gained and nothing to be lost by encouraging contacts with the United States but I have the feeling that the ones that will

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pay off most will be the ones we can indirectly encourage as between Eastern Europe and Western Europe. There is a danger here of course insofar as the rest of the Europeans get an exaggerated conception as to how far the relaxation has already gone. I suppose you get some difficulty in getting them to continue to follow the kind of policies in resistance to this. However, you have to play this by ear. And in particular, I like the idea of having some congresses and maybe some organizations described as European and which neither we nor the Russians are invited to participate. So that this sense of 'Common Europe' is emphasized because the Eastern Europeans really don't think of Russia as part of Europe either, most of them."

D-"I wonder whether this coming session of the UN which will be the first session at which all the satellite representatives will attend is going to present an opportunity."

M-"That's an interesting idea which I hadn't thought about."

D-"They may all go along like little fugitives, but there's a chance that there might be something done up there. And I should think that at the UN it would be worthwhile to have someone on our delegation sort of following that, maybe taking opportunities--."

M-"The tactic obviously is to start with some kinds of issues on which the Soviets are likely to be least resistant and most willing to permit apparent initiative and then to move in this succession of stages on the issues that are more and more tricky. So that you kind of lead these people along, build up their sense of independent

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action and then they reach a stage where the Soviets have to try to stop them down and this dramatizes to them the fact that, in spite of all this talk, they're still in this satellite position. It's easy to talk about this thing generally, but when you find sets of issues like we're thinking about...."

D-"There might be something economic that might get more...."

M-"This is why I keep putting so much emphasis on the economic. It's not only because I know more about this than about some other fields but also because it's also an area where you're more likely to find issues that look technical and politically more or less neutral; and therefore, the boys aren't scared off right away by the feeling that they're getting into an awful lot of hot water and yet will lead inevitably into these political issues if they're pushed far enough."

D-"I wonder if there's anything more we can do in regard to the Danube situation? There used to be those Danube conferences and then they blew up at the time of Tito's defection. I don't even know what the status of the Danube is. ...among the various countries?"

M-"It's controlled by a series of these joint staff companies which the Soviets took controlling interest in after the war. I had the impression that they gave that up."

D-"They gave that up in Austria?"

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M-"They did up in Austria and I think they've given it up in some of the other areas too."

D-"We used to sit on that Danube business. I wonder if one shouldn't study the treaties with the satellites. There are a whole lot of things in those treaties, you know, they agreed to that have never been carried out. Maybe the countries would secretly welcome something of that kind. I think it might be something to look at there. Look at those treaties and see if that gives you something like a clue to it all."

M-"The possible role of Austria, of course, in all of this requires a lot of thought." 25X1

M-"Yes, I think if you got the visits going, it would be quite easy to begin to exert some pressure on the physical side of it, emphasize the illogicality of retaining these symbols...."

D-"I suggest another day we might get another joint Russian-American-British military group, get some retired officers from all over to

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participate in the war that would rewrite the war collaboration that might pay off. All that was pretty bad and might not be so good--."

M-"Yes, that's a very nice idea."

D-"They've now repudiated a great deal of that which Stalin did during the war."

M-"...reestablish the role the military people played."

D-"Of course, you come to some very sticky things. They did some very naughty things and they wouldn't let our planes that were trying to liberate Poland--you remember the Warsaw times, to aid the defenders of Warsaw. And they sat back there on the other side of the river and just let that thing go on. Planes that we sent had to make the long trip to Warsaw and back. They could have just gone over behind the Russian lines, you know. They wouldn't allow our shuttle bombing and things of that kind. ...."

M-"The big pass in this kind of a thing would not be his credit so much as this question of Soviet military attitudes is a great big question. We might learn more about it if we could get contacts in some of our retired military people."

D-"We've got plenty of retired generals, admirals and so forth to work on that. And even if they have very clear differences, that they've made the proposal and they refused it--."

M-"That's quite a good one. I can't see any serious drawbacks in carrying that one out."

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25X1

M-"It seems an awful shame to let this thing go by without hooking into it somehow."

D-"It's the kind of thing we do everyday, trying to think of new ways to do it. The great debate is on--make the big .... I wish they'd put in Stalin's.... .... Might be just a little embarrassing for them. If anything can be done on the German side to tie up the Germans and the Ruskies and the Poles on the boundary. That's of course a real tough one. Sensitive issue, you can't manipulate much with words. A lot of Poles that say they don't like the Russians very well.... In some ways that makes Hungary the easiest country to work with in this area.

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I suppose it's easier than Czechoslovakia although I have the feeling there's more pay off in Czechoslovakia."

D-"Yes, there's more pay off in Czechoslovakia than there is in Hungary. The Czechs are more (machine turns off).

M-"They looked to the Russians in 1950. We had one interesting piece of information on Eastern Germany. We've been doing a study that is [redacted] (phonetic) has been doing it."

25X1

D-"Is that his assignment?"

M-"Yes, he went over and had a fine time living in...and moving around in Western Germany and getting information. And the Eastern Germans as you know, have now finally published our statistics on their economic position which they're not published before and the Western Germans had all overestimated and most of the... considerably overestimated what the Eastern Germans were doing economically as compared with the now official Eastern German.... This was interesting to me."

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EYES ONLY

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