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5 June 1955

Chief, D/S

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Review and Consideration of the [REDACTED] Project, Communist Take-Over
and "Economic Reshaping" of Eastern Europe by [REDACTED]

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1. The first four chapters of the study were submitted to D/S for consideration as well as the titles of the remaining chapters to be completed.

2. The first four chapters contain information and analyses of interest to D/S. Of particular value is the fact that the author has knowledge of and access to foreign language publications of the geographical area covered.

3. The remaining chapters to be written will have (judging from their titles) material which D/S would find of value. This is especially true of Chapter VIII, "Planning and Capital Formation", and Chapter X, "The New Managerial Groups".

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4. It might prove helpful to [REDACTED] and of additional value to D/S to compare this study of what has happened in Eastern Europe in the postwar period with a 1945 study of approximately the same area by K. Mandelbaur (The Industrialization of Backward Areas, Oxford, Basil Blackwell, 1945).

5. Two important factors involved in the industrialization of economy which are not specifically treated in the study are the creation of an industrial labor force and the creation of effective demand for industrial products. A study of these two factors would also be of interest to D/S from the following standpoints:

a. The relocation and training of workers and the effect of industrialization on the agricultural labor force (which in that area suffers from chronic underemployment).

b. The attempted or proposed solutions to the problem of creating effective demand for industrial products. Although currently capital and military requirements may be supplying the needed demand, it does not seem an adequate base for a long-run industrialization program.

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6. Because of the anticipated value of the completed study to D/S, it is recommended that Agency funds be used to insure its continuance.

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