



DEPUTY DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON 25, D. C.

8 May 1962

The Honorable Robert A. Lovett
59 Wall Street
New York, N. Y.

Dear Mr. L:

Since I am so bare-assed naked on the job, I asked Sherman Kent to review what was troubling him (he is Chairman of the Board of National Estimates) and give me a few notes.

In the meantime, I have had some chopping done on my nose and I am retiring to my quarters for the afternoon. I did want to get this in the mail to you, however, to indicate what some of our people are worrying about.

As for me, I don't have sense enough to worry.

Will hope to talk to you over the telephone before you leave.

Faithfully yours,

Marshall S. Carter /slp

Marshall S. Carter
Lieutenant General, USA

Attachments

P. S. 50X1, 6

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QUESTIONS FOR MR. LOVETT

Common Market

What arrangements with the European neutrals (Austria, Switzerland, Sweden, Finland) are the Common Market members prepared to make; what relationships do they regard as desirable?

What would be the likely effects on the British domestic economy if the present negotiations to enter the Common Market broke down and the UK's entry were significantly delayed?

What are the long run implications for sterling if the UK's balance of payments problem is not soon relieved by membership in the Common Market? To what extent are Australia and New Zealand exploring new Far Eastern outlets for their exports?

Are there possibilities for the Yugoslavs to establish new patterns of trade relationships, short of full dependence on the Bloc?

Given the established preferences for ex-French and Belgian colonies in Africa and the possibility that ex-UK colonies will be granted parallel advantages in dealing with the Common Market, what trade relationships are likely to remain or develop with Latin America? What opportunities for the expansion of Bloc trade, if any, might these developments afford?

What will be the effect on the other Common Market countries, particularly France and the Netherlands, of continuing Italian purchases of "cut-rate" Soviet crude?

Selected European Questions

What domestic enthusiasm is there for costly nuclear weapons development program in France? Beyond de Gaulle what is the strength of the political support for the program? At what point in their program would the French be tempted to offer West Germany a nuclear role in exchange for assistance? How long will Bonn be satisfied with the recent Polaris NATO offer?

What effect will the development and strengthening of Italy's "opening-to-the-left" experiment have on its unusually high rate of economic growth?

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To what extent are Spanish products becoming competitive in Europe? What are the prospects for effective modernization of the economy taking place under the present regime?

How durable is Portugal's Salazar to repeated political shocks? Are there any influential interests in Portugal which would be willing to "phase out" African empire gracefully?

To what extent is the official Dutch position on West New Guinea designed for tactical, delaying purposes? Would the Dutch people sustain a government determined to fight?

Other Questions

What evaluations are obtainable on the intensity of the Chinese Communist economic predicament? Assuming that China is indeed in great difficulty, is it likely to be more or less aggressive in its foreign policies? What are the likely effects of a Chinese economic deterioration on Sino-Soviet relationships?

Apart from Chi-Com -- Albanian factionalism are other evidences of fluidity discernible in the international Communist movement, e.g. the Italian C.P., Poland?

In its trade with Western countries the USSR used to deal on a cash basis. Now it seeks credits for its purchases in Europe and gives credits for its sales of UDC's. In terms of credits actually used (drawn upon) is USSR net debtor or creditor?

Communist controlled banks in Europe (BCEN & Moscow Narodny) a few years ago were placers of dollars in Euro-dollar market (they loaned \$ deposits). In the past year have they been net placers or takers? (lenders or borrowers?)

To what extent has absence of Soviet sales of gold in Europe in 1962 been due to low gold price in London -- to what extent to larger Soviet Commodity exports?

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