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Report to the National Security Council
in Compliance with NSC 282

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1 April 1951

CENTRAL INTELLIGENCE AGENCY

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DRAFT
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DRAFT REPLY TO NSC ACTION 282

1. The aim of this report is to fulfill the requirements of the memorandum of March 3, 1950 from the Executive Secretary of the National Security Council to the Director of Central Intelligence (Appendix A). This memorandum requires the study of economic security intelligence requirements and facilities throughout the Government and the formulation of a comprehensive plan for satisfying the foreign economic intelligence requirements of national security and for coordinated interagency effort to this end.
2. The Problem - Foreign economic data are now regularly collected and analyzed by some twenty-two agencies of the Government. The nature of such data, the facilities for collection and analysis, and the purposes for which they are sought and used are summarized in Appendix C, Part II. This diverse flow of information has been generated to meet the operating or other responsibilities of these several agencies. Much of this information and analytic competence is relevant to one economic aspect or another of national security. Present ad hoc methods for consultation do not adequately provide for the mobilization of the available data and analytic competence around security problems.
3. The first aim of the proposed plan is, therefore, to ensure regular procedures whereby the full knowledge and technical talent of the Government can be brought to bear on specific issues involving the national security. The character of these issues is discussed and illustrated in Appendix B.

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4. Despite the number of agencies concerned, and the scale of the flow of intelligence data, there are important gaps in the collective knowledge of the Government. Such gaps arise in part from the lack of regular procedures for identifying and filling them, on a high priority basis, through the various existing channels for collection and analysis. The second main aim of the proposed plan is, therefore, to institute procedures for filling the most important of these gaps in our knowledge.

5. As indicated at greater length in Appendix B, the broad, primary functions of economic intelligence in the service of national security are (1) to provide a factual understanding of the economic situation in foreign countries; (2) to foresee probable future developments through analysis of economic trends; and (3) to assist in determining, on the basis of economic evidence, the feasibility and probable consequences of alternative courses of action open to the United States.

6. It is evident that the range of particular problems which might fall legitimately under these headings is very great. It is evident that the forms of economic data which might be directly relevant to such problems is likewise very great. Given the enormous potential scope of the economic problems and economic data which might relate, at one time or another, to the security of the United States, the present plan makes no specific definition of gaps in factual intelligence. Appendix C, Part I, lists, however, possible categories of economic intelligence data by geographic region with an indication of the agencies most directly concerned in collection and analysis.

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7. Such a plan must recognize further, that many of the agencies whose cooperation is required have continuing responsibilities outside the field of national security; and, therefore, special arrangements are required for making effective their potential contribution to the solution of intelligence problems relating to the national security.

8. In the light of these considerations it is proposed that a committee be established whose principal duty it would be to bring to bear, around concrete, major security issues, the combined economic intelligence resources of the Government. In the course of such selected and concerted studies it is proposed that explicit attention be given to:

- a. Major gaps and weaknesses in data and analysis
- b. How these defects should be remedied
- c. Who should have responsibility for the required action

Effective coordination among the agencies concerned can only be achieved by selective common effort, focussed on practical and urgent problems.

9. The gravest threat to the security of the United States and to the whole free world within the foreseeable future stems from the hostile designs and formidable power of the USSR and from the nature of the Soviet system. It is proposed, therefore, that the first critical studies to be carried out should relate to major aspects of the problem of strengthening the relative position of the non-Soviet world in the struggle against the Soviet bloc. Appendix B includes by way of illustration a discussion of various problems of this character, which might be suitable for such combined, critical study.

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10. Recommendations - In the light of the above it is recommended that the National Security Council consider the following action:

a. The Intelligence Advisory Council, acting through the Director of Central Intelligence, shall establish an Economic Intelligence Committee, on which shall permanently sit representatives of those agencies charged with primary responsibility for national security intelligence, i.e. the Departments of the Army, Navy, Air Force, State, the Joint Chiefs of Staff, and the Central Intelligence Agency. Any other agency whose interest or competence may be relevant to the particular problem under examination may be invited also to sit with the Economic Intelligence Committee.

b. The Assistant Director, Office of Research and Reports, Central Intelligence Agency, or his designate, shall serve as Secretary of the Economic Intelligence Committee.

c. The Economic Intelligence Committee shall:

(1) Maintain a continuing review of the foreign economic intelligence activities of the United States Government as they relate to the national security.

(2) Arrange concerted economic intelligence support, on selected major issues, for studies of interagency interest requested by the Intelligence Advisory Committee, the Joint Chiefs of Staff, etc.

(3) Mobilize the data and analysis available, relevant to appropriate operating problems of any member agency requesting assistance, or of any other agency dealing with economic security problems, which may request assistance.

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(4) Review and report, from time to time, on the pertinence, extent, and quality of the data and analyses available, bearing on the issues analyzed, with recommendations to the Intelligence Advisory Committee concerning the means and the agency by which gaps might be filled.

(5) Make such special reviews of economic intelligence distribution and processing procedures as may appear useful, and make recommendations for improvement to the Intelligence Advisory Committee, which shall have responsibility for instituting such action as it may judge appropriate.

d. In carrying out its responsibilities the Economic Intelligence Committee may set up such subcommittees and working parties as may be judged necessary.

e. After reviewing the recommendations of the Economic Intelligence Committee on the filling of specific gaps the Intelligence Advisory Council shall set priorities and allocate responsibility for collection. Carefully selected requests of this character are to be accorded high priority within the collection agency designated, which shall, within a suitable period, report back the extent of its success.

11. In acting on these recommendations, the National Security Council may wish to call to the attention of the relevant agencies of the Government, not now concerned primarily with economic security problems, the urgency of a collaborative effort to exploit the intelligence resources of the Government for security purposes. In particular, the National Security Council may wish to ask that high priority be given to requests for cooperation by the Economic Intelligence Committee. A draft of a proposed communication to this effect is attached.

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DRAFT OF NSC LETTER
(Form to be Decided)

The National Security Council has directed that an Economic Intelligence Committee be set up by the Intelligence Advisory Council acting through the Director, CIA. The terms of reference of the Economic Intelligence Committee are attached.

You will note that among the aims of this Committee is the effective mobilization of the economic data and analytic ability of the Government around issues of national security. You will also note that it provides for the active cooperation of agencies which collect and analyze economic data for other purposes, but which might also be able to contribute to the solution of economic intelligence security problems.

The National Security Council requests that your agency accord a high priority to requests for data and other assistance from the Economic Intelligence Committee.

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