

ANNOUNCEMENTS BY THE CHAIRMAN

At the request of the Assistant Secretary of the Department of Health, Education, and Welfare, formal representation of HEW on the EIC has been terminated. HEW is willing to be called upon on an ad hoc basis, however, and has asked that all future communications be addressed to Mrs. Gertrude Gates, Coordinating Officer for International Relations. [Tab J contains copy of HEW memo and EIC reply.]

REVISED PROCEDURE FOR EIC REVIEW OF EXTERNAL RESEARCH
PROJECTS OVER \$5,000

The proposed revised procedure was drafted by the EIC Secretariat in an attempt to minimize the presently long period of time required for EIC consideration of these external research projects.

It should be specifically noted that the procedure as proposed does not reduce the comprehensiveness of the reviews as they are presently constituted, but merely seeks to take advantage of such administrative short-cuts as seem to be available. The proposed procedure has been submitted to the members prior to this meeting and although no comments have been received from any member, there seems to be no apparent reason for objection to the proposal.

The Secretariat recommends approval of the proposal as submitted.

EIC-R-5, "THE ECONOMIC IMPORTANCE OF THE RESOURCES OF
SELECTED AREAS TO THE US AND OTHER FREE WORLD COUNTRIES"

1. On 30 January, the Department of the Army requested EIC consideration of updating of EIC-R-5, "The Economic Importance of the Resources of Selected Areas to the US and Other Free World Countries." The Secretariat has advised all agencies who might possibly have a responsibility in any updating of this report, and these agencies have been invited to this meeting. [EIC-D-286]

2. With the exception of the Department of State and ORR/D/M, none of the IAC agencies have provided the Secretariat with any comments regarding their agency positions on this proposed updating. State's informal comments are as follows:

- a. The US stockpile program is now virtually complete;
- b. The modern concept of war and war planning obviates the need for studies such as EIC-R-5;
- c. State could contribute and would if the EIC decision were to proceed with the updating. At best, however, the time required for such an updating would be excessive in view of their estimate of the potential value of such a report.

State, therefore, seems to be of the opinion that an updating is not appropriate. Chief, Materials Division, ORR, has indicated that ORR participation would at the most be in an advisory capacity. He further indicates that, in his judgement, one of the principal sources for the statistics required for the updating would be the Comprehensive Economic Reporting Program (CERP's), under the administration of the Department of State.

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3. The Associate Members who may have some responsibility for an updating have, in general, replied with comments similar to those of the Department of State.

a. ICA has indicated that it would be interested in such a revision and that they do some work along these lines themselves. They question, however, the need for classification of the report and would probably request that if the report were to be updated that the tabular presentations be unclassified.

b. Commerce has indicated that the report would be useful if updated, but that such an updating does not seem to be essential. They would like a copy if the updating is done, but agree that with the changed concept on stockpiling that the need for an updating does not really exist.

c. Interior and Agriculture Department Associate Members have not commented to the Secretariat regarding their positions on the proposed updating. They would probably be the major contributors to such an updating.

4. In summary, the general feeling of the members is that while possibly useful, the proposed updating is not recommended in view of the changed concept of the stockpile program, and the availability of the required statistics from unclassified sources. The Secretariat concurs in these views and barring a significant change in the outline by the Department of the Army, there seems to be little reason for the EIC to undertake such an updating.

EIC-P-8, WSEG STUDY ON SOVIET MILITARY TRANSPORTATION CAPABILITY

In response to a question raised by the Executive Secretary, who had noted that EIC-P-8, "Soviet Military Transportation Capability," had been carried by the EIC as being "in progress" for the past four years, the Chief, Economic Research Area, ORR, conferred with the Director of WSEG and the Assistant Director for Research, WSEG, on 23 May 1958. These WSEG officials indicated that the preliminary draft of EIC-P-8, which was made available to WSEG in August 1954, adequately filled their requirement and the Director of WSEG will so notify the Director of Central Intelligence by memorandum.

Consultations with the Department of the Army Chairman of the Transportation Subcommittee indicated that the Department of the Army desired its completion and publication as interdepartmental intelligence, even though the EIC no longer was required to complete and forward to WSEG a final version of P-8.

The TSC agreed at its meeting of 29 May to recommend that the Department of the Army, with the facilities of the TCEG, complete the revision and updating of EIC-P-8 and publish the study as an Army, ACSI, Intelligence Report. The EIC is asked therefore to note the information provided in the referenced documents and the TSC recommendation so that when the Chairman is formally advised by the DCI that WSEG no longer has a requirement for EIC-P-8, he may reply promptly indicating the action taken at the request of Army to finish the revised version of the

EIC-P-8 (continued)

report as an interdepartmental intelligence study. The EIC members of the TSC will provide to the TCEG such support as is appropriate in contributing to the completion of the study.

NOTES AND RECOMMENDATIONS (For Chairman Only)

4. Membership of the SC: 25X1A9a

CIA 25X1A [REDACTED] Chairman
Executive Secretary

State Herbert H. Glantz (Acting)
Edward Hurwitz (Alternate)

Army Donald E. V. Henderson
Dr. Myron K. Gordon (Alternate)

Air Force John H. Kern
Lincoln D. Pruitt (Alternate)

Census Conrad Taeuber
(Commerce) Norman Lawrence (Alternate)

Labor Morris Weisz
Harold Goldstein (Alternate)

5. In the data reported for the Survey of government personnel engaged in economic intelligence and related economic research, the following man-equivalents were reported for Population and Manpower:

Population and Labor Force One-man full-time equivalents

<u>BLOC</u>	<u>USSR</u>	<u>Eastern Europe excl. USSR</u>	<u>Com. China & Far East Sats.</u>	<u>Sino-Soviet Bloc</u>	<u>TOTAL</u>
State	0	0	.10	0	.10
Army	0.07	0.02	.08	0	.17
Air Force	15.00*	0	3.00*	0	18.00 ✓
CIA	3.30	6.50*	1.0	0.10	10.90 ✓
Commerce	8.50 ✓	6.0	3.0	0	17.50 ✓
Labor**	.75	.25	0.10	0	1.10
Total	27.62	12.77	7.28	0.10	47.77

* Includes contract personnel as follows: USSR - 15.00; Eastern Europe - excluding USSR - 5.0; and Communist China - 3.0; Total - 23.0.

** Also includes work on consumption and standard of living, and prices and wages.

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One-man full-time equivalents

<u>NON-BLOC</u>	<u>Europe</u>	<u>Africa</u>	<u>Near East</u>	<u>South & S. E. Asia & Far East</u>	<u>Western Hemisphere</u>	<u>Non- Bloc</u>	<u>TOTAL</u>
State	0	0	.30*	.50	.50*	4.00	5.30 ✓
Army	0.02	.50	.01	.07	0	0	.60
Commerce**							
Labor***	<u>3.50</u>	<u>2.50</u>	<u>2.10</u>	<u>3.50</u>	<u>3.50</u>	<u>1.00</u>	<u>16.10</u> ✓
Total	<u>3.52</u>	<u>3.00</u>	<u>2.41</u>	<u>4.07</u>	<u>4.00</u>	<u>5.00</u>	<u>22.00</u>

* Contract personnel.

** Commerce (Census) does work on a contract basis for other agencies.

*** Labor Force only included.

All agencies reporting work in this field are represented on the SC.

6. The SC has maintained a close working relationship among its members and has provided a useful mechanism for interagency coordination, and for keeping the various agencies apprised of the work being done elsewhere. The SC has been a useful forum for the discussion of mutual problems of validity of data, methodology, proposed research, evaluation of proposed exchanges, and the SC has annually reviewed the status of research and collection deficiencies and of agency research programs related thereto.

7. The SC has considered from time to time the problem of agreed basic statistics and while there is substantial community agreement on most data there has been a reluctance to force agreement on estimates. This problem was discussed at length in a SC meeting in February 1957 and it was decided to consider the matter further and to plan for assembling a dossier of technical comments on the reliability of official Soviet estimates. Minutes of meetings since that time, however, do not indicate that the matter has been considered further. *mult's of Soviet personnel in the area*

8. Like the other SCs, (a) the SC Terms of Reference should be reviewed in the light of changes since their approval and (b) the priority deficiencies in research and collection should be considered in the light of revised statements of Priority National Economic Intelligence Objectives.

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9. You will probably want to note [redacted] impending retirement and comment on his valuable assistance. Nomination of [redacted] (by CIA) to fill the Chairmanship will be made at this meeting (EIC-D-300). Any agency having comments or other nominations should notify the Secretariat by 13 June. In the event no comments or nominations are received the nomination will be considered as approved by interim action. *11*

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[redacted]

retirement

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distinguished demographer