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EIC-M-40

ECONOMIC INTELLIGENCE COMMITTEE

Minutes of Meeting Held in
Room 2125, Temporary "M" Building
26th and Constitution Avenue, N. W.

2 December 1954

PRESENT

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- [REDACTED] CIA, Vice Chairman, Presiding
- Colonel William C. Baird, Air Force
- Colonel Lyman Bothwell, Army
- Mr. John Easton, JCS
- Mr. Edward Fried, State
- Mr. Kingsley Hamilton, Air Force
- Mr. Duncan Holmes, Army
- Mr. Fred Ritchie, FOA
- Mr. Fred Rossiter, Agriculture
- Commander Burns Spore, Navy
- Mr. Clayton Whipple, Agriculture
- Mr. Frank Whitehouse, OSD
- Miss Marion Worthing, State
- Mr. Earl Cox, Chairman, Subcommittee on Transportation
- Mr. Irving R. McConnell, Chairman, Subcommittee on Electronics and Telecommunications
- Mr. George A. Pope, Chairman, Subcommittee on Requirements and Facilities for Collation

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[REDACTED] CIA

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Mr. Walter Ellis, Air Force

[REDACTED] CIA

Commander Grange McKinney, Navy

Major William G. Shaw, Army

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[REDACTED] EIC
[REDACTED] EIC

[REDACTED], EIC, Executive Secretary

APPROVAL OF MINUTES

1. Action: The minutes of the Economic Intelligence Committee meeting of 23 September 1954 (EIC-M-38) were approved.

ANNOUNCEMENT OF NEW SUBCOMMITTEE CHAIRMAN

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2. The Chairman announced EIC approval by interim action on 29 November 1954, of [REDACTED] ORR/CIA as Chairman of the Subcommittee on Industrial Machinery and Equipment.

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PROPOSED EIC STUDY ON INDONESIAN ECONOMIC DEVELOPMENTS AND PROBLEMS

3. Action: A small working group was established by the EIC to examine the proposed study on Indonesia in order to:

a. Compare the terms of reference proposed by the DDI/CIA, for an EIC study, with planned outlines of studies being undertaken by the State Department as a contribution to the next NIE on Indonesia and for the Hoover Committee on Asian problems of the NSC.

b. Decide whether any additional work would be required to meet the needs of the requestor and, if further work needs to be done, make appropriate recommendations to the EIC as to how additional contributions might be arranged.

Mr. Edward Fried of State was designated as chairman of the group and Mr. Fred Ritchie and Mr. Clarence Purves were nominated as representatives of FOA and Agriculture respectively. The service agencies may wish to designate members at a later date. The Executive Secretary, EIC, was asked to provide secretariat services for the group and any necessary liaison with the principal requestor.

ESTABLISHMENT OF AN EIC WORKING GROUP TO FACILITATE COORDINATION OF ECONOMIC CAPABILITIES CONTRIBUTION BY CIA/ORR TO NIE-11-9-54

4. Action: Approval was given to establishment of an "ad hoc" working group to aid in the implementation of Step Three in the "Procedure" of the Terms of Reference for NIE-11-9-54. Members designated were as follows:

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██████████, CIA, Chairman
Mr. Daniel H. Gagon, AFOIN
Colonel Lyman Bothwell with Mr. Duncan Holmes
as alternate, G-2
Commander Burns Spore, ONI (as ONI participation is
required)
Mr. John Easton, JCS

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██████████, EIC, Executive Secretary for group.

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██████████ proposed that the first meeting be held early the following week.

PROPOSAL FOR WORKING GROUP ON PRODUCTION ASPECTS OF SOVIET GUIDED MISSILES PROGRAM

5. Discussion: The members generally were reluctant to approve the CIA proposal for establishment of a special working group at this time. The Air Force representative suggested that the economic aspects might be covered on a "stop-gap" basis by arranging for ORR participation in the present AFOIN interdepartmental working group already responsible for scientific and technical aspects of Soviet guided missiles production.

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6. Action: The proposal for specific EIC arrangements to cover this field was deferred indefinitely with the understanding that it could be reopened at any time.

PROPOSAL FOR EIC SUBCOMMITTEE OR WORKING GROUP ON SHIPBUILDING

7. Action: A small "ad hoc" working group was approved to draw up proposed terms of reference for an EIC subcommittee or working group on shipbuilding. Representatives will be designated by ONI, ORR/CIA and AFOIN. The ONI representative will serve as chairman. The group will also assist Commander Spore in preparing a brief paper for the EIC indicating the relative advantages and disadvantages of setting up the new group as a regular EIC subcommittee rather than as a continuing working group under the Armaments Subcommittee. Both the proposed terms of reference and the ONI recommendations are to be presented to the EIC at an early date.

RECOMMENDATIONS OF THE EIC WORKING GROUP ON INVENTORIES (EIC-D-84, dated 5 November 1954)

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EIC REVIEW OF PROPOSED EXTERNAL RESEARCH PROJECTS [REDACTED]

8. Action: The proposed procedure (see WGI-M-1, dated 24 September 1954, paragraph 9) was amended to provide for EIC review of subcommittee recommendations - so that it will operate as follows:

"a. Proposed projects will be submitted to the EIC Secretariat in the form of descriptive project outlines.

"b. The EIC Secretariat will check expeditiously all available information as to completed or in progress internal research, and will prepare a brief of its factual findings.

"c. The EIC Secretariat will also forward an outline of the proposed project to ERS for checking of completed and in progress external research. ERS will prepare the factual brief of their findings and return it to the Secretariat.

"d. The EIC Secretariat will then submit the proposed project outline, together with the findings of the Secretariat and of ERS on other completed or in progress research in the field to the proper subcommittee for review. The subcommittee will submit its recommendations to the EIC for concurrence of the EIC members."

(It was understood that where unusual expedition was required, the EIC representatives might be called on to take interim action.)

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INCLUSION OF CERTAIN PERIPHERAL AND OTHER NON-BLOC AREAS
(AND ESTABLISHMENT OF A TOP SECRET CARD FILE)

9. Discussion: The State Department representative circulated a paper proposing that a listing of projects on such areas would be of little value to intelligence analysts and that as an alternative the EIC authorize a "review of the state of economic intelligence on individual countries." A sample review of this sort (on Greece) was attached. The Chairman read from the forward of EIC-S-17, "1954 Semi-annual Report of Internal Economic Research Projects on the Soviet Bloc," to suggest that the EIC survey listings were intended to serve rather different purposes from those discussed by State. He indicated that he considered it the function of the recently established EIC working group ([redacted] Colonel Baird, and [redacted] to make recommendations for undertaking "evaluations" of the state of economic intelligence on all areas. The State Department representative then expressed doubts as to the value of such listings in general - although indicating that her specific reservations were directed to a listing of projects on non-Bloc areas. Several members proposed that the Secretariat be authorized to proceed with the preparation of the listing of projects on peripheral non-Bloc areas for consideration by the members prior to publication, and State indicated that they would not oppose this. The ONI representative, however, was unwilling to approve the EIC's proceeding at this time - when the agency with the primary responsibility for the non-Bloc area (State Department) had expressed reluctance. The Chairman pointed out that if these survey listings of internal and external research, which have been prepared at considerable cost to the community, are of doubtful value then immediate reconsideration must be given to this entire activity of the EIC and of ERS, State.

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10. Action: It was agreed that a full reconsideration of the value of survey listings of internal and external economic research should be put on the next EIC agenda. Final decision as to a "Top Secret" supplement will also be postponed until after this discussion. (This has since been set for Friday, 17 December 1954, at 1400, in Room 2125 M Building.)

IMPLEMENTATION OF EIC APPROVED SURVEYS OF PRIORITY DEFICIENCIES OF COLLECTION

11. Discussion: Each of the EIC principals and the Chairmen of the EIC Subcommittees on Requirements and Facilities for Collation, Electronics and Telecommunications, and Transportation participated in the general discussion of what steps the EIC might appropriately expect would be taken on these surveys through its Subcommittee on Requirements and Facilities for Collation. It was the sense of the meeting that there were positive advantages in preparing the subcommittee surveys of priority deficiencies of collection. Several speakers pointed out that two of the principal purposes were

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accomplished in the very process of preparing such surveys:

a. The various agency representatives in the substantive subcommittee concerned were often prompted to take action to "do something about the deficiencies" through their own agency channels, even before the approved survey finally reached the Requirements Subcommittee.

b. In many cases the process of "coordinating" an agreed statement of deficiencies of collection brought out the fact that certain areas of knowledge which were considered "gaps" in one agency might already be at least partially covered by data available elsewhere in the community. Accordingly some of the supposed gaps disappeared in the process of coordinating a listing.

12. The Chairman proposed that the procedure in the "Background Information" memorandum by the EIC Secretariat, dated 30 November 1954, be accepted as generally indicating the steps which the Requirements Subcommittee might take in assuring a coordinated implementation of EIC approved surveys. The Air Force representative proposed a modification of this paragraph to read that the members of the EIC Subcommittee on Requirements and Facilities for Collation should:

"a. Either themselves (to the extent that they are individually representatives of the collection activities of their agencies), or in consultation with associates (who are representatives of the collection activities of their agencies):

(1) Review collectively the detailed listings of priority collection items, and "check off" the channels which are believed to have the most useful collection potentials for giving priority attention to the collection of individual requirements.

(2) Having collectively made a judgment of the "probably most effective" channels then insure that the requirement is either already covered or that it is properly disseminated to those channels.

(3) The members of the EIC Subcommittee on Requirements and Facilities for Collation will review collectively the channels on which the requirement has been served, and determine whether the picture of coordinated collection actions being taken is satisfactory, or whether further representations should be made to any particular agency to encourage it to give higher priority to the use of any of its channels for any particular item or items."

13. Action: It was agreed that the members of the EIC Subcommittee on Requirements and Facilities for Collation should be guided by the discussion as a whole (in which they had participated) and should proceed to undertake coordinated action to implement the two collection

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surveys already transmitted to them EIC-S-16/6 (a), "Priority Deficiencies of Collection on USSR Electronic and Telecommunications Equipment Production," and EIC-S-16/12 (b) Section I, "Priority Deficiencies of Collection on USSR Railroad Transportation" and two additional surveys which have just been approved by EIC interim action 1 December 1954 EIC-S-16/6 (b), "Priority Deficiencies of Collection on Soviet Bloc Electronics and Telecommunications Facilities (Installations)," and EIC-S-16/12 (b) Section II, "Priority Deficiencies of Collection on China Railroad Transportation". On completion of its efforts on these first four surveys the Subcommittee is asked to report again to the EIC, including:

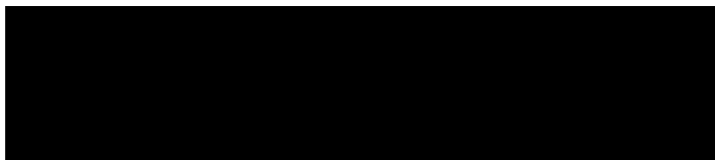
a. a recapitulation of the extent to which each of the individual collection deficiencies listed is being covered by the collection channels available to the community - including any subcommittee recommendations as to needs for higher priority for the use of any channel for any particular item or items, and

b. a brief statement of the Subcommittee's views as to the value of this exercise, generally, and its recommendations for the continuation or modification of the exercise to cover other EIC subcommittee fields.

ANNOUNCEMENT OF NEW MEMBERS

14. The committee noted the new members of the EIC and its subcommittees, a list of whom had been distributed prior to the meeting.

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Executive Secretary
Economic Intelligence Committee

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