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SECURITY INFORMATION

EIC-14-6
4 October 1951

ECONOMIC INTELLIGENCE COMMITTEE

Minutes of Meeting held in
Director's Conference Room, Administration Building
2430 E Street, N. W.

27 September 1951

PRESENT:

Dr. Max F. Millikan, CIA, Chairman
Mr. Edward Doherty, State
Mr. Howard Wiedemann, State
Mr. John F. Kullgren, Army
Col. Lloyd R. MacAdam, Army
Cdr. Donald C. Deane, Navy
Dr. Edward Allen, Air Force
Mr. John Easton, JCS
Col. H. G. V. Hart, JCS
Mr. Stanley Andrews, Agriculture
Mr. O. V. Wells, Agriculture
Mr. Edward F. Denison, Commerce
Mr. Henry Caufield, Jr., Interior
Mr. Joseph H. Taggart, Munitions Board
[REDACTED], CIA, Secretary
[REDACTED], CIA

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APPROVAL OF MINUTES

1. Action: The minutes of the Economic Intelligence Committee meeting of 13 September 1951 (EIC-14-5) were approved with the following corrections:

(a) In paragraph 15, last sentence, delete "preparation of a coordinated paper" and insert "initiation of a survey of research programs."

(b) In paragraph 18, change reference paragraphs from "21 and 22" to "19 and 20."

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REPORT ON THE PROGRESS OF SUBCOMMITTEES - GENERAL

2. Action: A proposed associate member will be considered as approved by the EIC if no objections to approval are received by the EIC Secretariat before 1700 hours of the day of the EIC meeting at which the nomination is announced.

3. Mr. Irwin N. Heine, Chief of The Division of Ship Statistics, Maritime Administration, was approved as an associate member of the Transportation Subcommittee.

4. Discussion: Progress of subcommittees was discussed in broad outline. It was pointed out that subcommittee minutes are being distributed to all EIC members, giving more complete details on activities.

TERMS OF REFERENCE FOR SUBCOMMITTEES

5. Action: Coordinated terms of reference will be distributed to EIC members for consideration at the next meeting.

6. It was agreed that the attempt to cast terms of reference in a common mold should be held to a minimum, on the grounds that individuality should be encouraged. The EIC should coordinate only to the extent of removing conflicts among terms of reference of different subcommittees.

7. It was agreed that no attempt should be made in the terms of reference to spell out in general terms the relative importance of different functions. The EIC should instead provide from time to time such guidance as is required on the importance of particular subcommittee activities. Arrangements should be made for subcommittee chairmen to meet with the EIC from time to time to discuss their problems.

PETROLEUM ADVISORY PANEL

8. Action: It was agreed that members of advisory panels were selected more as individuals than as representatives of agencies. Hence there should not be any provision for alternate panel members.

9. It was agreed that the Petroleum Advisory Panel should select its own chairman.

10. Discussion: The difference in nature between subcommittees and advisory panels was pointed out. Members of the latter are chosen more for their experience and knowledge as individuals than as representatives of particular agency viewpoints.

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WORKING GROUP ON THE ECONOMY OF WESTERN EUROPE

11. Discussion: Work for NIE-40 is proceeding on schedule. State has taken on the study of machinery in Western Europe because of the inability of ECA to undertake this work at the present time. Ways have been found to surmount most of the obstructions to research on the agricultural sections.

12. The question was raised whether the terms of reference for NIE-40 specifically, and for other NIE's in general, were not overclassified. It was pointed out that most of the NIE's concerned subjects that any foreign country would expect US intelligence to investigate as a matter of course. Dr. Hillikan stated that this security issue was being taken up, along with related issues, at appropriate levels.

SURVEY OF RESEARCH PROGRAMS ON THE ECONOMY OF THE SOVIET ORBIT

13. Action: The Secretariat hopes to present at the next meeting a preliminary report covering all categories surveyed.

14. Discussion: The Secretary pointed out that it has seemed appropriate to move beyond the original intention of surveying research projects in being. Information is also being collected on the general nature of research programs, major gaps in knowledge, and personnel engaged in research. A sample of the form which the survey might take was distributed at the meeting.

POTENTIAL INSECURITY OF FOREIGN AREAS OF STRATEGIC IMPORTANCE TO THE US

15. Action: G-2 is proposing to the IAG that a series of National Intelligence Estimates be undertaken to survey key factors that might endanger the accessibility of strategic world areas to the US. The ETC will probably be involved in evaluation of the major economic factors.

16. It was generally agreed that, if such studies are to be undertaken, sufficient time should be allotted to permit an adequate research effect.

17. Discussion: It was agreed that, although the location of strategic materials and the importance of areas supplying them have been carefully studied by the intelligence community, there have been no systematic studies of the likelihood of losing access to the materials in these areas and of the significance of such losses.

PROPOSED NEW SUBCOMMITTEES

18. Action: At the request of the State Department representative, the suggestion for establishing a Chemicals Subcommittee was tabled for future consideration. In the meantime, agencies are requested to send to the Secretariat their nominations.
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19. Members of the EIC are to take under advisement the question of the desirability of establishing subcommittees to cover geographic areas.

20. Discussion: State Department pointed out the difficulties in providing representatives to functional committees because of State's intelligence offices organized primarily on a regional basis. State's decisions on membership in subcommittees hinged on the likelihood of the future establishment of area subcommittees.

INTELLIGENCE ON EAST-WEST TRADE

21. Discussion: The EIC was informed that an NIE on the relative strategic importance of existing levels of East-West trade to the Soviet Bloc and to the West will be initiated soon. The need for careful thinking on conceptual and analytical issues was pointed out. ORR (CIA) has initiated a project on these conceptual and analytical issues, and welcomes any comments from other agencies.

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Secretary
Economic Intelligence Committee

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INTERNATIONAL FINANCE

Sept 1951

Department or Agency	General Description of Research Program	Major Gaps in Knowledge	Agency Projects	Agency Personnel Location in the Agency
CIA-ORR	<ol style="list-style-type: none"> 1. Balance of Payments 2. Gold and Capital Movements 3. Foreign exchange-availability, rates and controls 4. International Agreements 5. Foreign Assets 6. Relationship to Western Programs, including Economic Warfare 7. Governmental organization, programs and controls 	<p>Very few studies except those relating to parts of points 4, 6, and 7.</p>	None	<p><u>Trade & Finance Branch of the Economic Services Division</u></p> <p>4 professionals in the Branch 1/2 of one mans time on this subject</p>
Army-Navy-Air	Negligible			
State-CIR-DRS	<p>To be submitted later. Generally similar to CIA interest.</p>	<p>Details to be submitted later. Generally very weak on this subject.</p>	<ol style="list-style-type: none"> 1. Yugo-Source on Postwar External Debts. 2. Some MIS papers. 3. No other papers on this subject except as related to some foreign trade studies. 	<p>Covered by foreign trade and area people. Altogether work on this subject represents less than 1/2 time for 1 person.</p>

Department or Agency	General Description of Research Program	Major Gaps in Knowledge	Agency Projects	Agency Personnel Location in the Agency
Federal Reserve	General field of international finance relating to the orbit including (1) balance of payments questions; (2) gold and capital movements; (3) international monetary cooperation; (4) foreign exchange rates and exchange control.	Details to be submitted later. Generally very weak in this field.	1. Financial Stability and Economic Development in Communist Countries. 2. Publications in the Review of Foreign Developments (no higher than restricted)	<u>Central and Eastern Europe Section of Division of International Finance</u> 1 professional less than 1/2 time on this subject
Treasury	International Finance relating to the Soviet Orbit as it applies to Treasury responsibilities - (1) Balance of payments (2) Gold and dollar reserves (3) General trend of prices and other components of international stability.	Details to be submitted later. Generally very weak in this field.	Statement of projects not yet available.	<u>Office of International Finance</u> 2 professionals 1 man time on this
Commerce-OIT	Commercial developments in all foreign countries research on: (1) exchange controls; (2) balance of payments; (3) commercial laws; (4) foreign exchange restrictions and taxes - General emphasis on assistance to (1) U.S. business; (2) U.S. trade policy.	Details to be submitted later. Generally very weak in this field.	Statement of projects not yet available.	<u>Office of International Trade, Eastern European Division</u> 4 professionals in the Division less than full time for one man on this.

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Department or Agency	General Description of Research Program	Major Gaps in Knowledge	Agency Projects	Agency Personnel Location in the Agency
<u>International Finance</u> Dept. of Justice	1. Cover the legal aspects of International Finance relating to the USSR 2. Identify "potential enemy" money and property interests in the U.S.	This information will be obtained at a later date	Files	1. Claims Division Number of personnel to be filled in later. 2. Alien Property Custodian Number of personnel to be filled in later.
Tariff Commission	Negligible	_____	_____	_____
ECA	Negligible - except as related to trade studies	_____	_____	_____
Export-Import Bank	Negligible	_____	Study on Yugo for loan	_____

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