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*Control No. 3794*  
*EIC-D-609*

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18 January 1966

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ECONOMIC INTELLIGENCE COMMITTEE

MEMORANDUM FOR: Members of the Economic Intelligence Committee

SUBJECT: Summary of Discussion of Reorganization at Meeting of 11 January 1966 and Proposed Plan of Action

1. It is gratifying to note that, in response to my request, made at our 9 December 1965 meeting, the members of the Committee and their principals have submitted a number of recommendations with respect to the scope of the Economic Intelligence Committee and its various subcommittees, and with respect to the allocation of primary production responsibilities within the economic intelligence community.

2. Concerning the existing formal allocation of responsibilities, Major General Thomas, the Assistant Chief of Staff, Intelligence, USAF, has commented,

"It is recommended that DCID No. 3/1, dated 25 July 1963 be reexamined with a view towards revision, to take account of changes in organization and responsibilities of Intelligence Board agencies and to allow for adjustments in the role and mission of the EIC. Paragraph 2, for example, should allow for the formation of DIA and its activities in the field of economic intelligence, and the concomitant reduction in the production responsibilities of the military services. This section also might contain a more explicit statement on the assignment of responsibilities for the costing of foreign weapon systems and military forces."

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3. With respect to the Economic Intelligence Committee, General Thomas recommends,

... "the EIC might review the adequacy of its exercise of responsibility in each area mentioned in its present charter, to see if more attention should be given to such topics as the review of studies and reports, collection priorities and allocated resources, role in NIEs, inventories of analytical resources, and program supervision of subcommittees, coordination with other groups and agencies, monitoring of external research, support of NIS program, etc. "

Also, with respect to the role of the EIC, it has been recommended that we review the operation of other USIB Committees -- SIC, JAEIC, GMAIC specifically -- to define our own functions more clearly.

4. A number of proposals have been made with respect to the subcommittee structure, as follows:

a. Subcommittee officers have reported to the Executive Secretary that the Committee consider disbanding the Subcommittees on Agriculture, Petroleum, and Population and Manpower. The Executive Secretary has requested each of the Subcommittee Chairman involved to hold a formal meeting to assess the over-all value of the Subcommittee and report back to the Committee by 15 April 1966.

b. The Department of State member, Mr. Crawford, has proposed the establishment of a new Subcommittee to cover current economic developments in Communist countries. Other members have

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suggested a broadening of the terms of reference of the General Economic Analysis Subcommittee to include a current economic development responsibility. In our meeting of 11 January, Mr. Crawford elaborated his proposal as follows:

(1) the new subcommittee would deal with intermediate range economic developments <sup>in Communist countries</sup>, rather than day-to-day developments;

(2) while it is not contemplated that new reports will be issued, the new subcommittee would reproduce and distribute interpretative discussion notes from the meetings; *and*

(3) he would draft a terms of reference.

c. The Department of the Air Force has proposed setting up a new subcommittee to be charged with monitoring the uses of economic intelligence in planning, particularly military planning. The objective would be, "to insure that reporting of reliability and validity considerations to users is adequate, that format and methodologies meet consumer needs, and that research is encouraged." The proposed terms of reference are;


a. Monitor the methods and techniques used in the application to (military) planning of foreign economic intelligence, especially costing, to see if more suitable types and modes of presentation of such intelligence would facilitate planning processes.

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b. Examine the adequacy of qualifications accompanying the production and dissemination of finished foreign economic intelligence and estimates, to include NIEs, to insure that users are adequately informed about reliability, validity, methodologies and data gaps.

c. Recommend internal and external research to USIB organizations, to improve the application of foreign economic intelligence to (military) planning processes, to include use in comparative cost-effectiveness analysis.

d. Review all contracts of USIB agencies above \$5000 for research on methodologies for applying economic intelligence to user problems.

5. It has also been proposed that the existing Working Group on Aid and Trade Activities of Communist Countries and the Working Group on  be made into Subcommittees of the EIC.

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6. A further recommendation (CDR. Brady) has been the study of all EIC charters (presumably largely subcommittee charters), and the amendment of charters to provide for regular semi-annual meetings, exchange of information, rosters of people, etc.

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7. For immediate progress on ~~these~~ proposals for change, the following can be ready for distribution, in my view, at the next meeting of the EIC on 8 February:

a. The preparation of a draft Terms of Reference to cover the ~~activities~~ activities of a new subcommittee, or alternatively of the General Economic Analysis Subcommittee, with respect to intermediate range economic developments in Communist Countries. Action: Mr. Crawford

b. A proposed EIC course of action to deal with the Air Force proposal for a new subcommittee covering "Uses of Economic Intelligence in (Military) Planning." Action: Chairman, EIC

c. A columnar comparative analysis of the functions of other leading USIB substantive committees -- JAEIC, SIC, and GMAIC -- with those of the EIC. Action: EIC Secretariat

d. Copies of ~~the~~ Terms of Reference for all standing EIC Subcommittees. Action: EIC Secretariat

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