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WAR DEPARTMENT
OFFICE OF THE ASSISTANT SECRETARY OF WAR
STRATEGIC SERVICES UNIT

25th & E STREETS, N.W.
WASHINGTON 25, D.C.

INTEROFFICE MEMORANDUM

29 May 1946

TO: Mr. Herbert J. Cummings
Division of Foreign Activity Correlation
Department of State

FROM: ECONIC, SSU

SUBJECT: Attached memorandum

Confirming our conversation of yesterday, I have prepared the subject memorandum for you to use as you see fit.

My conversation with Mr. Klaus would indicate that the Central Intelligence Group as it is now constituted would not be a satisfactory place to put an operating unit. You will note in my last two paragraphs I suggested the possibility of an Economic Intelligence Division being established in the Central Intelligence Group. If this does happen, of course the ECONIC Unit should go into that Group, but until it happens, the other suggestions seem to be more valid.

For the immediate future, I am fully convinced that a request coming from either Assistant Secretary Russell or Assistant Secretary Clayton, or both, would guarantee the continuation of the service that both your office and Mr. Surrey's office find useful.

Attachment

Gardiner S. Platt
Gardiner S. Platt

DEPARTMENT OF STATE

Retain class'n Change / classify to _____
 With concurrence of CIA, OSD
 Declassify In part and excise as shown
EO 12356, Sec. 1.3 (a) (_____)
FPC/HDR by RHC 12-1-91
Withdrawal No. 2-49

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ECONOMIC INTELLIGENCE CORRELATION

E C O N I C

This Unit was set up in early 1945 in the Office of the Office of the Director of OSS. It was placed in this office so that it could draw on all of the Economic and Fiscal Intelligence in the Agency. On its Executive Council were members of all the Intelligence Branches. The function of the ECONIC Unit was to correlate all of the Economic Intelligence available in OSS files to supplement investigations being conducted by the Department of State or other war agencies. To this end a highly selective filing system was installed with the advice and assistance of the International Business Machines Company experts. The system was designed to extract from the rapidly growing files all pertinent intelligence reports bearing on any subject of Economic or Fiscal interest, irrespective of how the request for information might be couched.

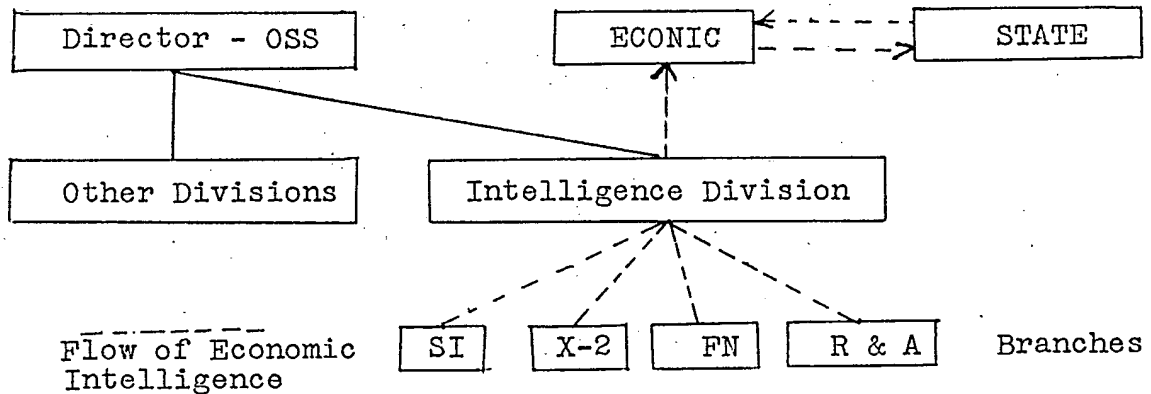
Early in the experience of the Unit, it became apparent that speed was essential in serving the Divisions of State which were the main users of ECONIC material. This justified the use of highly selective IBM system which can be indefinitely expanded to meet expanded needs.

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Diametrically, the setup was as follows:



Today, the ECONIC Section is assigned to the SI Branch because of the general contraction of the Agency and the close association of the two Intelligence Procurement Branches.

The SI Branch is charged with the procurement evaluation, and dissemination of spot intelligence items. The function of correlation does not belong in this Branch and should be moved to a position in the National Intelligence organization, where it will be of maximum value to the using agencies, present and potential.

It should be borne in mind that the ECONIC Section deals, or should deal, exclusively with the clandestine intelligence of an Economic nature. It should therefore be

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placed near the organization which will collect all types of Economic and Fiscal Intelligence, both overt and covert, so that it can supplement effectively any investigations being conducted by such a group.

The National Intelligence Organization as it exists today would indicate that the ECONIC Unit could be attached to any one of three groups dealing with Economic Intelligence in State.

1. Division of Foreign Activities Correlation
(liaison with clandestine organizations).
2. Division of Economic Security Controls
(chief user of ECONIC material).
3. Economic Branch of Office of Research and
Intelligence.

If an Economic Intelligence Division is established in the Office of the Central Intelligence Group to service all agencies with Economic Intelligence, the ECONIC Unit should become a part of that Division to correlate clandestine Intelligence received through clandestine channels, and maintain liaison with those channels.

In this case the Economic Intelligence Division plus the ECONIC Unit would receive all Economic Intelligence, both overt and covert, file and index it. Thus it would be in a position to serve all Government agencies in the

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same manner as ECONIC has been able to serve the State Department. The flow of Economic Intelligence can be depicted as shown on the attached chart.

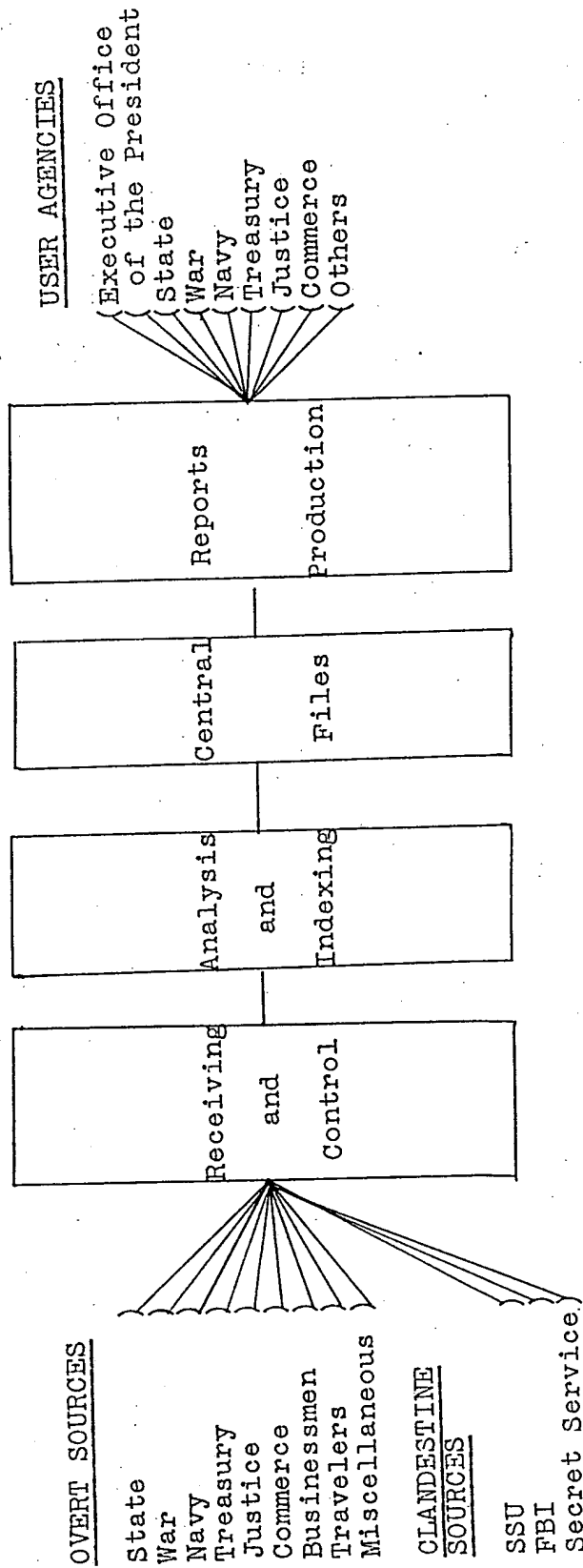
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CENTRAL INTELLIGENCE GROUP

Economic Division



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