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24 July 1967

MEMORANDUM FOR THE RECORD

SUBJECT: OER Support for Holmes Project on the Middle East

1. Attached is all the correspondence I could find concerning the Holmes Project from its inception to date. [redacted] and I have also had oral exchanges with [redacted] the CIA man on the Holmes Group.

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2. The terms of reference for the Holmes Study and the initial task assignments are shown in Attachment 1. Initially, the Holmes Group wanted <sup>us</sup> to draft ~~on make large contributions to~~ 2 Annexes:

<sup>and</sup> Economic Trends and Prospects (Annex E); Petroleum (Annex F); <sup>and wants</sup> a large contribution to Technological Development (Annex G). Information was also requested from CIA on Annex D, the Soviet Role, although this annex was to be drafted by Siscoe, one of the State members of the Group.

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3. In the latter part of April, [redacted] passed on to [redacted] some further elaborations of the Group requirements on Economic Trends and Prospects, Technology, and Communist Economic Relations with the Middle East, <sup>(attachment 2)</sup> The economic questions were examined with a view to informing the Group as to what support they could expect from CIA. No action was taken on the questions concerning the Communist role. Most of these questions are answered in the E.I.C. semi-annual, <sup>and apparently this was satisfactory.</sup> Some general guidelines were also provided on the Technological Annex.

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Excluded from automatic  
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4. Attachment 3 shows how CIA support for the Holmes Project was organized. [ ] was assigned by the DDI to look after CIA's interest. [ ] accompanied [ ] to a meeting with the Holmes Group on 21 April. [ ] as well as the DDI and [ ] did not feel that the study was particularly useful, but believed that CIA participation was necessary to assure a good job and might save time in the long run.

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5. CIA's original commitments for support of the Holmes Project are shown in Attachment 4. I prepared a memorandum for [ ] (and the DDI) on 28 April, outlining what I thought we could do. On 2 May, [ ] and I met with the Holmes Group (without Holmes), and I obtained tacit agreement on the sort of piece I had in mind. This agreement was formalized in a 17 May memo from me to

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[ ] which indicated that we had already sent the Group all pertinent existing reports, and that we would in addition prepare an essay on general economic trends and prospects in the area which would at least touch on most of the questions the Group is asking.

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6. Various progress reports are shown in Attachment 5. These show that the Group was having difficulty preparing its technological annex. [ ] memo to the DDI lists the papers CIA had sent the Group, stresses the limitations of any economic study, indicates that the then expected ONE memo on world oil would satisfy the Group requirements on this question, and recommends that CIA's

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contribution to the technological annex be limited to a review of the findings on this subject. Apparently, the Group continued to expect a petroleum annex prepared by CIA. The deadline for the economic annex was informally agreed to be 30 June; in my memorandum to [ ] I set a probable date of 15 June.

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7. Work on the Holmes Project ceased in OER during the Arab-Israel War and its immediate aftermath. It was generally assumed that the Holmes Project would be postponed or even cancelled.

I received 2 or 3 calls from [ ] to inquire about the status of the study and told him it was in suspense. He indicated no particular urgency. About 3 July the Agency was informed that Holmes intended to stick to his original schedule of completing a

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full draft of the study by mid-July. [ ] obtained permission from the DDI through [ ] to postpone the OER due date to 14 July.

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OER then prepared an outline of its paper and sent it to [ ] on <sup>about</sup> 4 July. [ ] acknowledged receipt of the outline and the

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Group offered no comments or criticism. [ ] spoke to me informally on the problem of the oil annex and was very vague indeed as to whether there would be such an annex. He indicated that

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[ ] ONE, had given him a preliminary draft of the paper on world oil, but that it might not be useable in its present form.

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[ ] asked if we could prepare the petroleum annex, and I answered that we had made no commitment along these lines.

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8. OER sent [redacted] its draft of the economic annex on 14 July through [redacted] This annex conforms closely to the outline sent ~~2 weeks~~ <sup>about 10 days</sup> earlier. It does not discuss in any detail

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all of the topics which I had listed in my 17 May memo to [redacted]

In particular it does not give detailed data on foreign aid, on trade with Communist countries and on military expenditures. However, the paper is consistent with the general description and tone of the commitment.

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9. On about 12 April, I received preliminary drafts of the technological annex, which had been prepared by a Department of Interior employee detailed to the Group. This paper is highly unrealistic since it ignores political boundaries and attitudes and takes financing for granted. Apparently, Holmes finally had found someone who "thought big" in this area. We prepared commitments and sent a copy to Andronovitch.

10. [redacted] also handed me a paper on Middle East oil, wanting to know whether we thought it could serve as a basis for an oil annex. I passed the paper to [redacted]

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[redacted] had a lot of problems with it, as shown in the attached memo. [redacted] does not want it published on the grounds that it uses almost exclusively his piece out of context and is not very judicious. Blocked in this area, the Holmes Group apparently would like the petroleum part of the economic annex to be beefed up.

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11. The main text and other annexes of the Holmes study were also received. OER comments are being prepared in writing. *(They are now attached -- no problems)*. OCI also will comment.

12. In this entire exercise, we were under instructions to do the minimum that would satisfy the Group. The Group never had a very clear idea of what it wanted and  was neither an effective protector of CIA interest<sup>s</sup> nor an effective channel for communicating the Group's desires to CIA. More could be done to support the Group, although I doubt that the additional work would turn up anything really useful.

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