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ECONOMIC INTELLIGENCE COMMITTEE

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

23 September 1954

PRESENT

25X1A9a Dr. Otto E. Guthe, CIA, Chairman
[REDACTED] Jr., CIA,
Col. William C. Baird, Air Force
Col. Lyman Bothwell, Army
Mr. Bennett Davis, Navy
Mr. John Easton, JCS
Mr. Kingsley Hamilton, Air Force
Mr. Duncan Holmes, Army
Mr. Philip Trezise, State
Miss Marion Worthing, State
25X1A9a [REDACTED] EIC, Principal Staff Economist
[REDACTED], Staff Economist
[REDACTED], EIC, Executive Secretary

APPROVAL OF MINUTES

1. Action: The minutes of the Economic Intelligence Committee meetings of 5 August 1954 (EIC-M-36) and 2 September 1954 (EIC-M-37) were approved.

POSSIBLE REQUEST FOR STUDY OF ECONOMIC DEVELOPMENTS IN INDONESIA

2. Discussion: The Chairman advised the members that CIA is increasingly concerned about the future implications of emerging developments in Indonesia. The EIC may soon be requested by CIA to coordinate a study of current and potential economic developments in Indonesia, with special consideration of the probable economic effects of the possible loss of Indonesia to the Western World.

DESIGNATION OF WORKING GROUP FOR SYSTEMATIC EVALUATION OF THE EFFORT OF THE INTELLIGENCE COMMUNITY

3. Discussion: As recommended in the Third Annual Progress Report (Section V, A), the Chairman asked that a Working Group be established to analyze and evaluate present efforts of the economic

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intelligence community in the light of the over-all needs of the U.S. Government for economic intelligence related to the national security.

4. Action: It was agreed that such a working group should be established, consisting of Mr. Philip Trezise, State; Col. William Baird, Air Force; and [REDACTED], CIA. The EIC Secretariat will provide staff support. 25X1A9a

CONSIDERATION OF IMPLEMENTATION OF SURVEYS OF PRIORITY COLLECTION DEFICIENCIES

5. Action: In view of current conversations by EIC officers with the Subcommittee on Requirements and Facilities for Collation, the Chairman asked that consideration of this item be postponed.

ESTABLISHMENT OF AN EIC CONTINUING WORKING GROUP ON GUIDED MISSILES

6. Discussion: The Chairman outlined the background relating to his recommendation for the establishment of an EIC Working Group on Guided Missiles which would focus specifically on production aspects. The discussion which followed indicated a consensus of thinking that some special arrangement would soon be needed, but several members had not made up their minds as to the precise type of group which would be appropriate. As to timing, several members stressed the need for extensive advance preparation before conclusive evidence of actual production calls for a definite study.

7. Action: It was agreed that an early decision as to the formation of an EIC Working Group on Guided Missiles should be taken, and that this item should again be placed on the EIC agenda as soon as

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ACCEPTABILITY OF THE DRAFT SUBCOMMITTEE REPORT FOR WSEG, EIC-P-8, "SOVIET BLOC'S 1955-56 MILITARY TRANSPORTATION CAPABILITY TO LAUNCH AND SUPPORT CAMPAIGNS INTO THE AREA BETWEEN THE BALTIC SEA AND THE ALPS"

8. Action: The Chairman asked to have this item postponed - explaining that both WSEG and the EIC Secretariat had expressed reservations about certain sections of the present draft, that WSEG (as consumer) had asked for additional explanations of the methodology and factors used by Transportation Corps in their sections, and that the latter's answers had not yet been evaluated by interested WSEG personnel, who had been out of town. The State Department representative expressed State's general sharing of the concerns about the present draft paper, and welcomed further examination thereof by the Secretariat prior to formal consideration by EIC.

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MAINTENANCE BY SUBCOMMITTEES OF AGREED BASIC STATISTICS

9. Discussion: The members asked that the EIC Secretariat work closely with each subcommittee to provide guidance in their development of agreed statistics. The particular figures to be agreed on a current basis should be a highly selective list, and should be considered very carefully. ONE guidance should be sought as to when such figures are likely to be needed for the next over-all "capabilities" estimates.

10. Action: The EIC Secretariat was instructed to request each subcommittee to develop measures for implementing the recommendation in the Third Annual Progress Report (Section V, B, 3). After meeting with representatives of the various subcommittees, the Secretariat should report back to the EIC, which may wish to give additional guidance to the subcommittees after the practical problems involved in the individual fields have been explored.

TRANSMITTAL OF EIC-S-16/12(b)(Approved), "PRIORITY DEFICIENCIES OF COLLECTION ON RAILROAD TRANSPORTATION IN THE USSR," TO THE SUBCOMMITTEE ON REQUIREMENTS AND FACILITIES FOR COLLATION

11. Action: The Executive Secretary was instructed to transmit the "Survey of Priority Deficiencies of Collection on Railroad Transportation in the USSR" to the Subcommittee on Requirements and Facilities for Collation - for consideration and action similar to that already requested for the "Survey of Priority Deficiencies of Collection on USSR Electronics and Telecommunications Equipment Production" (EIC-M-35, 20 April 1954, item 10).

CLARIFICATION OF TERMS OF REFERENCE FOR EIC SURVEY OF PROFESSIONAL PERSONNEL

12. Action: It was agreed to defer action on this item, since Mr. Doherty, State Department member on the special working group for this survey, had requested postponement. It was suggested that the working group be invited to meet with the Chairman of EIC to discuss detailed problems arising in developing this survey.

COMMENTS ON ANNUAL REPORTS OF THE VARIOUS EIC SUBCOMMITTEES

13. Discussion: The Executive Secretary briefly summarized the extent to which the subcommittee reports indicated that priority gaps in research were being covered by current programming. In general, the gaps are being filled, except in several cases where the deficiencies may now appear less urgent. The rate of completion of these studies, however, is some source of concern. It was pointed out that a number of the reports stressed the need for the separate agencies to authorize more time of their staff for devotion to subcommittee matters. The

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Vice Chairman suggested that the EIC might well look further into the operations of the Subcommittee on Armaments to consider what this group might most usefully do next. It was asked that this item be placed on the agenda for the next EIC meeting.

14. Action: The subcommittee reports were noted by the EIC (except for the report of the Subcommittee on Requirements and Facilities for Collation - which has not yet been received). The Secretariat was instructed to see that copies of individual subcommittee reports be distributed (through the executive secretaries of each subcommittee) to the total membership of each particular group concerned.

ANNOUNCEMENT OF NEW MEMBERS

15. Discussion: The committee noted the new members of several subcommittees, a list of whom had been distributed prior to the meeting.

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