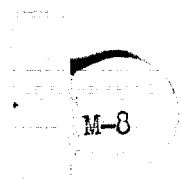


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SECURITY INFORMATION

EIC-M-8
3 December 1951
CIA 430690

ECONOMIC INTELLIGENCE COMMITTEE

Minutes of Meeting held in
Room 2101, Temporary "M" Building
28th and Constitution Avenue, N.W.

27 November 1951

PRESENT:

Dr. Max F. Millikan, CIA, Chairman
Mr. Edward Doherty, State
Mr. Howard Wiedemann, State
Mr. John Kullgren, Army
Cdr. Donald C. Deane, Navy
Dr. Edward L. Allen, Air Force
Dr. James T. Lowe, Air Force
Colonel H. G. V. Hart, JCS
Mr. Fred Rossiter, Agriculture
Mr. Emil E. Schnellbacher, Commerce
Mr. Thomas Curtis, Office of Defense Mobilization
Mr. Henry P. Caulfield, Jr., Interior
Mr. Joseph C. McCaskill, Interior
Dr. Edward L. Mullins, Munitions Board
[REDACTED], CIA, Secretary

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APPROVAL OF MINUTES

1. Action: The minutes of the Economic Intelligence Committee meeting of 25 October 1951 (EIC-M-7) were approved.

REPORT BY THE CHAIRMAN OF THE AGRICULTURAL SUBCOMMITTEE

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2. Discussion: [REDACTED], CIA, discussed the functions and accomplishments of the Agricultural Subcommittee from the time of its organization to the present. This Subcommittee has begun looking into the question of what foreign economic intelligence is required in the agricultural field to serve national security interests, and what information of the types required is already available in Government agencies. Gaps in information required will be identified and an attempt made to fill the gaps of greatest security interest.

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TERMS OF REFERENCE FOR NATIONAL ESTIMATES

25X1A9a 3. Discussion: There was some discussion concerning terms of reference for National Estimates and Dr. Millikan, CIA, pointed out that the National Estimates Board is eager to have modifications or changes suggested. Anyone having important comments on these terms of reference should contact [REDACTED] (Code 143, Ext. 2817).

REPORT ON JIG PROJECT, "CAPABILITIES FOR WAR OF THE USSR AND ITS SATELLITES"

4. Action: A list of nominations by State, Army, Navy, Air, JCS, and CIA to a Working Group on this project was distributed to EIC members. These nominees had already been accepted by the IAC members of the EIC at an Ad Hoc meeting.

5. Discussion: Dr. Millikan, CIA, discussed the project briefly and explained that the Intelligence Advisory Committee had instructed that this project be undertaken by the EIC. (IAC-M-50 dated 1 November 1951). The Working Group has already held several meetings to discuss terms of reference.

PROGRESS REPORT ON NIE-40, "POTENTIAL MILITARY, ECONOMIC, AND SCIENTIFIC ACCRETIONS TO THE USSR RESULTING FROM THE ACQUISITION OF WESTERN EUROPE BEFORE MID-1952."

6. Action: The EIC Secretary was directed to check with the Chairman of the Working Group on the Economy of Western Europe to find out how soon copies of sector papers and the summary on NIE-40 would be available for distribution to EIC members.

7. It was agreed that the EIC would hold a meeting as soon as possible after papers on NIE-40 were distributed to members to discuss both the substance of the EIC contribution and the effectiveness of the Working Group procedure in handling the project.

8. It was agreed that the NIE-40 sector papers and the summary will be published as an EIC document clearly showing the name of the agency preparing each part. CIA is to undertake the coordination of the various papers and draw up a proposed format for their publication.

9. Discussion: Dr. Millikan, CIA, announced that the deadline on NIE-40 had been extended. It is now planned to submit all sector papers to ONE by 1 December.

10. The EIC members agreed that the Working Group submissions to ONE would be useful as basic studies. It was also generally agreed that the

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EIC would assemble and publish these papers and that the component parts of the document would show names of the producing agencies. The question of whether this study is to be published as a "coordinated EIC document," i.e. a report concurred in by the EIC members, or merely as "a group of documents assembled by the EIC" will be decided at a future meeting.

DISCUSSION OF NIE-56, "LIKELIHOOD OF LOSS OF IMPORTANT ECONOMIC RESOURCES IN SELECTED FOREIGN AREAS" AND ESTABLISHMENT OF WORKING GROUP

11. Action: Dr. Millikan explained that terms of reference for NIE-56 had been agreed to by the IAC agencies in their meeting with ONE on 16 November and that production responsibility for certain portions of this paper had been assigned to the EIC.

12. Colonel Hart, JCS, requested that all references to JIC in the memorandum to the National Estimates Board from [REDACTED] dated 21 November 1951, be changed to JIG.

13. A list of nominations to a Working Group on NIE-56 was distributed to the EIC members and agreed to by them.

14. The Secretary, EIC, was asked to instruct the Working Group to propose a realistic deadline for completion of studies on both the Far East and the Near and Middle East. The Working Group is to be advised that the deadline for completion of both studies should be in the neighborhood of 1 March. This proposal will be submitted to ONE for approval.

15. Discussion: A tentative allocation of production responsibility reached by some of the Working Group members was read by Dr. Millikan and discussed.

16. Dr. Millikan read from a memorandum from ONE indicating certain changes in the proposed terms of reference for NIE-56 as originally distributed. A copy of that memorandum is attached to these minutes as Tab A.

17. There was some discussion on a new deadline for the completion of EIC contributions to NIE-56. It was felt that three months would be required to do the job. Mr. Rossiter, Agriculture, suggested that the new deadline should allow time to recall some of their men from the field who could make important contributions based on their experience in the area.

DISCUSSION OF NIE-59, "RELATIVE STRATEGIC IMPORTANCE OF EAST-WEST TRADE TO THE SOVIET ORBIT AND TO THE REST OF THE WORLD" AND ESTABLISHMENT OF A WORKING GROUP

18. Action: Dr. Millikan reported that on 16 November the National Estimates Board and the IAC representatives referred this project to the

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EIC with a tentative completion deadline set for 1 March 1952. A list of nominations to a Working Group on NIE-59 was distributed to EIC members and accepted by them.

19. Discussion: There was some discussion on the terms of reference. Mr. Doherty, State, felt that some of the terms in the opening remarks of the terms of reference (e.g. "diffused damage," "irreplaceability," etc.) should be more clearly defined.

20. Dr. Millikan explained that a new item II was to be inserted in the outline. Subject for new item II is, "The Logic of Economic Warfare as Applied to the Special Case of East-West Trade." Dr. Millikan stated further that CIA would undertake to prepare a draft of Section II for circulation and general discussion. A tentative allocation of production responsibility was reviewed and discussed.

21. Mr. Curtis, ODM, suggested that a bibliography of papers already available on this subject should be compiled as the first job of the Working Group. He further suggested that NSRB had prepared a series of papers that may be of help.

PROPOSAL FOR CONTINUING COMPILATION OF EAST-WEST TRADE STATISTICS IN THE DEPARTMENT OF COMMERCE

22. Action: Discussion of this item was postponed until the next EIC meeting.

USE OF EIC SUBCOMMITTEES FOR VARIOUS INTER-AGENCY PROJECTS

23. Action: It was agreed that an item on the agenda for the next EIC meeting would be "Proposal for a Study on the Soviet Bloc Merchant Fleet."

24. Discussion: Mr. Doherty, State, discussed the background of a project request on the Soviet Bloc Merchant Fleet made by State to the Transportation Subcommittee. This study which was to be used in COCOM negotiations, was turned down by the Subcommittee and was not referred to the EIC. Mr. Doherty indicated that there was no longer an immediate need for this paper but that it would be very useful in discussions which will take place within a few months and he wanted to resubmit the request.

25. There was some discussion of the failure of this discussion to appear in the Subcommittee minutes and a question of the appropriateness of a Subcommittee denying a request made on them by an EIC member agency

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without referring the matter to the EIC. It was agreed that all requests for the assignment of specific research projects to EIC Subcommittees must eventually be referred to the EIC for approval. In many cases it will be useful to discuss the importance and the feasibility of a proposed project with the Subcommittee members first. In all such cases, however, the EIC should be advised of the sense of the Subcommittee discussions, and in these discussions must be reported in the Subcommittee minutes. Discussion of this general issue and of Mr. Doherty's specific request will be continued at the next meeting.


PROGRESS REPORT ON SUBCOMMITTEES

26. Discussion: A progress report on Subcommittees was distributed at the meeting. This review was prepared by the Secretariat to permit the EIC members to determine the extent to which these subcommittees are carrying out their responsibilities as assigned by the EIC.

PLANS FOR NEXT EIC MEETING

27. Action: It was decided that a meeting of the Economic Intelligence Committee would be held on Thursday, 6 December 1951, at 2:00 p.m.

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Secretary
Economic Intelligence Committee

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