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22 August 1958

MEMORANDUM FOR: Chairman, Economic Defense Intelligence Committee

SUBJECT: Proposed Inclusion of EDIC within the EIC

1. This is in response to your memorandum of 14 August 1958 in which you seek assurance that the subject proposal would not adversely affect the character and quality of the intelligence support presently provided by EDIC.

2. Although I cannot speak for the EIC membership, which has not addressed itself to this proposal, I believe that there would be general agreement that the inclusion of the present EDIC organization within the EIC structure, either as its Economic Defense Subcommittee or as a permanent Economic Defense Working Group, would not only be a timely and appropriate simplification of the coordinating structure within the intelligence community but would also provide certain benefits not at present fully realized, such as the ability to obtain direct assistance more readily from technical experts in other subcommittees and working groups of the EIC.

3. In order to maintain the present efficiency of the EDIC organization in carrying out its responsibilities, in my mind, the EIC would have to determine that neither the EIC itself nor its Secretariat would interject more than a limited control over incoming requests, production activities, and dissemination of reports of the types currently handled by the EDIC. This procedure would not be uncommon to the EIC. Some subcommittees have issued working papers without EIC review. For two and a half years, the Working Group on Sino-Soviet Bloc Economic Activities in Underdeveloped Areas has issued a report biweekly without EIC review. I am confident that the majority of the EIC members will recognize the need for timeliness not only in accepting and acting upon requests but also in subsequent reporting in providing intelligence support to action groups within the economic defense structure of our Government.

4. At the same time, the EIC would, of course, expect to exercise its normal authority as the parent body of the new economic defense subcommittee or working group. This authority would include approval

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on the terms of reference; the review and noting of periodic non-substantive reports, including a formal annual status report; the right to place upon the subcommittee or working group requests that would legitimately fall within the latter's competence and area of responsibility; maintenance of EIC Secretariat guidance of the subcommittee's or working group's secretariat to assure conformity of the latter's activities with normal EIC procedures; and review and approval of reports produced by the subcommittee or working group which are deemed by the EIC to be of such significance to the national security to require issuance as fully agreed reports of the U.S. intelligence community.

/SGD/
OTTO E. GUTHE
Chairman

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14 August 1958

MEMORANDUM FOR: Chairman, EIC
FROM: Chairman, EDIC
SUBJECT: Proposed Reorganization of EDIC

1. The EDIC membership considered the proposal to reorganize economic defense intelligence in such manner as to place the functions of the subject committee within the framework of the EIC.
2. The membership of EDIC, save one, indicated approval of the proposal accepting in so doing the assurance of the Chairman that no basic change was to be made in the recent form of production assignment or in the timeliness of reporting.
3. The representative of the ACSI, however, objected to the proposal. His objection was based upon his allegation that the reorganization would interject an additional layer of control in the review process of intelligence production, that it would reduce the timeliness of reporting, and that it would tend to result in the allocation of some intelligence production to groups which were not familiar with the format and background of economic defense matters. The representative of the ACSI then suggested that the subject committee might be given greater autonomy within EIC so that it might report directly to its requestors.
4. The Chairman indicated that he thought the EIC would be loath to accept such responsibility without requisite authority. Inasmuch as timeliness of reporting was a matter of concern expressed by all members, he indicated he would seek additional assurance from the EIC, through its Secretariat, that the proposed reorganization would permit prompt production and dissemination of reports. He would further upon receiving a reply from the EIC reconvene EDIC and reach a final decision based upon this response.

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