

Control No. 4381  
EIC-D-633/1  
29 November 1966

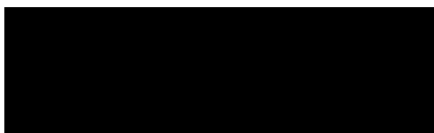
ECONOMIC INTELLIGENCE COMMITTEE

MEMORANDUM FOR: Members of the Economic Intelligence Committee

SUBJECT: Transmittal of Memorandum to Major General  
Jack E. Thomas, USAF

1. Attached for your information is one copy of the response to Major General Thomas, USAF, with respect to the Department of the Air Force proposal for tasking an EIC subcommittee with monitoring the uses of economic intelligence in military planning documents.

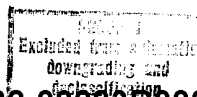
2. This memorandum reflects the views set forth in EIC-D-633, 15 November 1966, circulated for members concurrence with minor modification requested by the DIA member.



Executive Secretary

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Attachment  
as stated



## ECONOMIC INTELLIGENCE COMMITTEE

28 November 1966

**MEMORANDUM FOR:** Major General Jack E. Thomas, USAF  
Assistant Chief of Staff, Intelligence  
Headquarters United States Air Force  
Washington, D. C.

**SUBJECT:** Proposal for Tasking EIC Subcommittee with  
Monitoring the Uses of Economic Intelligence  
in Military Planning Documents

1. This memorandum is responsive to your request of 10 January 1966 concerning changes in the subcommittee structure of the Economic Intelligence Committee (EIC) and your recommendation that consideration be given to tasking an EIC subcommittee with monitoring the uses of economic intelligence in planning documents, particularly those concerned with military planning. The objective would be to insure the adequacy of the reporting on the reliability and validity of cost data on foreign military expenditures (particularly those of the USSR) and that the methodology used meets consumer needs.

2. As Chairman of the EIC, I referred this matter for consideration to the USIB Ad Hoc Working Group on Soviet Military Expenditures for NIPP. The Working Group, presently consisting of representatives from the Departments of State and the Air Force, the Defense Intelligence Agency, the National Security Agency, and the Central Intelligence Agency, have now submitted comments on this proposal.

3. During the review, the Group heard reports on how foreign weapon costs and other foreign economic data have been used in defense studies and planning documents. Certain cases were noted where economic intelligence apparently had been used without due regard to its confidence limits or reliability. In a number of these cases the misunderstandings may have resulted from inadequacies in the statements

**SUBJECT: Proposal for Tasking EIC Subcommittee**

of confidence and reliability. Other cases were noted where the particular analytical technique utilized by consumers is subject to criticism, rather than reflecting the questionable accuracy of the data being used.

4. The Working Group believes that it would be inappropriate for the EIC to attempt to monitor all publications and studies prepared by the DOD or other departments or contractors which utilize economic intelligence. The physical magnitude of the task alone would probably make such an effort impractical. The matter is essentially one of the interface between intelligence and planning within the various departments. Misinterpretations of military economic intelligence in planning are most likely to occur in policy documents that are not subject to review by - and are typically not available to - the EIC. Also, because the EIC responsibility lies primarily in the area of economic intelligence, in many instances it would not be the most appropriate body to review these military publications.

5. Therefore the Working Group and the EIC believe that the EIC should not establish a subcommittee to monitor the uses of economic intelligence reports in military planning or policy documents. The EIC, however, stands ready to assist in any specific instance of apparent misinterpretation which one of the member agencies believes would be a case appropriate for Committee action.

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EDWARD L. ALLEN  
Chairman