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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D.C. 20505

National Intelligence Council

NIC #236-83
11 January 1983

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

FROM: Maurice C. Ernst, NIO/Economics

SUBJECT: Update on PFIAB Economic Study

1. In an earlier memo I summarized the discussion of my meeting with Leo Cherne and other PFIAB members on our role in international financial issues. Most of the discussion concerned my function in providing economic warning in the future. I am ready to resume activity on this front.

2. With regard to using private sector contacts for economic warning purposes, my principal objective is to get knowledgeable people to volunteer their concerns, rather than just wait to be asked questions.

3. On the substantive level, I have participated in the interagency process which will hopefully lead to a more coherent formulation of US policy. As a next step, I have discussed with [redacted] the need to do a brief paper which lays out the magnitude of the economic and trade adjustments and the financial flows if IMF sponsored programs were followed by all concerned, and assesses, based on current trends and our knowledge of political and economic problems, the risks that at least some of the main actors will not play the desired role. Later I may prepare a new version of our earlier perspective paper.

4. Apart from international finance, we are closely following the world oil market. The latest CIA assessment for 1983 is in the latest IEEW. [redacted]

See Tab N

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