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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D.C. 20505

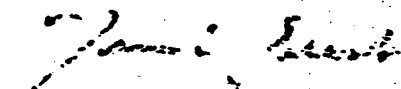
National Intelligence Council

NIC #9762-82
2 December 1982

MEMORANDUM FOR THE RECORD

SUBJECT: PFIAB Discussions on International Finance

1. On 29 November, I met with Leo Cherne, Alan Greenspan, Warren Meeker, and two PFIAB staffers for about an hour and a half to discuss international finance issues. Mr. Cherne referred to his favorable reaction to the draft NIC memorandum on the Implications of LDC Debt, which was sent to him for comments by the DCI, and his strong belief that follow-up action should be taken to provide warning of possible financial crises.
2. I responded that CIA was making a major effort on financial warning, involving collectors, the DDI, and the NIC, and that international finance had become one of the core economic issues on which CIA would be focused, much as energy had become in 1973. In performing the warning function, I distinguished between continuous monitoring, including use of key warning indicators, which was being done mainly by OGI, and the process of identifying and analyzing less likely future developments that could have serious consequences. NIOs are in a good position to perform the latter function, and have in fact been trying to do so. I indicated, and Cherne, Greenspan, and Meeker agreed, that this should be done in economic area on a more regular and systematic basis.
3. There was also considerable discussion of the use of outside contacts and contractors. Mr. Cherne offered his assistance in identifying individuals who could be especially helpful in the warning process.
4. No problems were raised during the meeting; there appeared to be a general agreement on what needed to be done, and support of the approach the DDI and the NIC were taking.


Maurice C. Ernst

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