

EXECUTIVE OFFICE OF THE PRESIDENT
NATIONAL SECURITY RESOURCES BOARD
Washington 25, D.C.

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Authority NLE 2006-292 #6

By MMK NLDDE Date 11/4/16

February 8, 1952

MEMORANDUM FOR: Mr. James S. Lay, Jr.
Executive Secretary
National Security Council

SUBJECT : Organized and Coordinated Program of
Covert Preclusive Buying

REFERENCE : NSC 104/2, Paragraphs 11 and 12

1. With reference to NSC 104/2, paragraph 12, and in accordance with the planning responsibility noted in NSC Action 126, we believe that the time has now come when consideration should be given to the desirability and feasibility of denying strategic materials to the Soviet Bloc through the initiation of an organized and coordinated program of covert preclusive buying. We believe such action to be necessary to further secure for the free world the initiative in economic tactics involved in the current effort to contain Soviet expansion.

2. However, this proposed program may not properly be inaugurated before certain pertinent and preliminary studies have been undertaken and accomplished by appropriate departments and agencies within the Government. To this end it is recommended that the following considerations should be evaluated by those departments and agencies designated within parentheses:

- a. Strategic and critical materials and goods imported by the USSR, their relative importance to the Soviet Bloc economy, and the degree of their susceptibility to this proposed program. (CIA)
- b. Soviet Bloc domestic resources measured in terms of availability and adequacy, and if possible, in terms of vulnerability to pre-emptive practices. (CIA)
- c. The proportion of Soviet Bloc imports to total consumption for each selected commodity in the individual Bloc countries. (CIA)
- d. Significant neutral countries which have exported important commodities to the Soviet orbit and the amounts of those exports. (CIA)

- e. The productive capacities of source countries with respect to those commodities exported. (Department of State)
- f. The principal sources of leakage to the Soviet Union and their satellites. (CIA)
- g. The extent of controls exercised by individual neutral and allied countries. (Department of State)
- h. The prospects of tightening controls (which are relaxed) through the Department of State on a government-to-government basis. As a corollary, the problems of other nations of the free world in connection with prospects of continued Congressional understanding of their economic needs must be recognized, particularly if they are requested to participate covertly or overtly in economic warfare. (Department of State)
- i. The commodities exported by countries behind the Iron Curtain in exchange for goods which are or have been badly needed by the source countries. (CIA)
- j. The degree of interdependence among the satellite countries of the Communist sphere. (CIA)
- k. The prices paid for important goods traded between Soviet Bloc countries and source countries. (Department of State)
- l. An analysis of economic intelligence to determine whether the Soviet Bloc trade pattern is changing and whether such changes reflect actual need or represent in fact a tactical maneuver in the present struggle for essential goods. (CIA)
- m. An analysis of source areas which are apt to become inaccessible to the United States and other countries of the free world in the event of further Communist aggression. (Department of Defense)
- n. An analysis of the effects of such a program upon Japan's economy. (Department of State)
- o. The validity of such a program in terms of the estimated monetary cost (following determinations on c, e, f and h). (NSRB)

- p. The sources of funds for the continued implementation of the program. (Budget)
- q. The measures necessary to insure that from the very start pre-emption plans and programs will be adequately geared to foreign economic intelligence, overall foreign economic strategy and present cold-war procurement. (MSA)

3. While it is recognized that certain of the above studies may already have been started, nevertheless, the Resources Board believes that the urgency and immediacy of the need for these studies are such that it is prepared to undertake the monitoring and coordination of these planning efforts.

4. Attached hereto you will find a draft of a National Security Resources Board analysis which may prove helpful in supplying the background information and fundamental considerations essential to an understanding of the complexities inherent in the establishment of such a program.

/S/ JACK GORRIE

Jack Gorrie
Chairman



Attachment