

July 26, 1959

MEMORANDUM

EYES ONLY

SUBJECT: Discussion at the 33rd Meeting
of the National Security Council,
Thursday, July 25, 1959

Present at the 33rd Council meeting were the President of the United States, presiding; the Vice President of the United States; the Secretary of State, the Secretary of Defense; and the Director, Office of Defense Mobilization. Also present were the Secretary of the Treasury; the Acting Attorney General, the Director, Bureau of the Budget; the Chairman, Atomic Energy Commission; the Director, U. S. Information Agency; Assistant Secretary of State Bowie; Assistant Secretaries of Defense McNell and Sprague; the Deputy Director, Bureau of the Budget; Brig. Gen. C. J. Randall, Department of Defense; Robert E. Anderson, Treasury Department; General Nathan F. Twining, USAF; the Deputy Secretary of Defense; the Secretaries of the Army, the Navy and the Air Force; the Chairman, Joint Chiefs of Staff; the Chief of Staff, U. S. Army; the Chief of Naval Operations; the Chief of Staff, U. S. Air Force; the Commandant, U. S. Marine Corps; the Director, Central Intelligence; The Assistant to the President, the Deputy Assistant to the President, Special Assistants to the President, Cutler and Dearborn; the White House Staff Secretary, Major John Eisenhower; the Executive Secretary, NSC; and the Director, NSC Secretariat.

There follows a summary of the discussion at the meeting and the main points taken.

U. S. MILITARY PROGRAMS FOR FY 1958 AND FY 1959

Mr. Cutler said the Secretary of Defense would give the U. S. military programs for FY 1958 and FY 1959. Included in the presentation would be a brief indication of the effect of the programs on the military mobilization base. The Council would decide that Defense had presented an interim report on the mobilization base on April 11, in the light of the proposed new concept of M + 6 months. A complete report would not be ready until October. Mr. Cutler said the Defense presentation would take a good head start at FY 1960 and FY 1961 based upon the trends as they are seen today. He then called upon Secretary Wilson, who said that General Randall would make the presentation. (The Department of Defense presentation, as given by General Randall, is filed in the minutes of the meeting.)

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TOP SECRET

The Department of Defense presentation was followed by presentations by the Secretary of the Army, the Chief of Staff of the Army, the Secretary of the Navy, the Chief of Naval Operations, the Commandant of the Marine Corps, the Secretary of the Air Force, and the Chief of Staff of the Air Force. (Copies of these presentations, including a summary of the remarks of the Secretary of Defense, were filed in the minutes of the meeting.)

Secretary Wilson said that greater responsibility had been imposed upon him because of the difference of opinion which had developed in the Joint Chiefs of Staff. He had reviewed this difference of opinion with Admiral Radford, and had developed the Defense program for FY 1958 and FY 1959 which had been presented by General Banfill. With respect to the Army, the basic assumption underlying the program was that a change was taking place in the relationship between numbers of men and fire power. The program also assumed that a substantial redeployment of U. S. forces from Europe would be necessary, and that forces had been deployed to Europe for five years. Under these conditions, the only feasible action seemed to be an improvement of equipment.

Secretary Wilson said he was proceeding on the basis of the of spending money where it would do the most good for national security, even if this involved departing from historical principles of allocation of funds among the Services. He said he was in line with the program of missile development which the Army had proposed. For example, he felt the development of substantial Nike interceptors in the Middle West would not be worth what it would cost, and he decided not to go ahead with such a missile program, costing about \$800 million. Secretary Wilson then displayed a chart showing that missile expenditures were within limits of \$20 billion in FY 1959 in June.

Secretary Wilson said he sympathized with the Army's position, and realized that General Taylor appeared to be taking a harder line than the other Services in his personnel proposals, particularly because of our NATO commitments. Secretary Wilson said he had considered 50,000 men as the "divisional slice" for the Army, and the correctness of this figure would depend on how many outside of Army personnel organizations were used. He said he felt we could get along through FY 1959 with 850,000 men in the Army, keeping two divisions in Korea, and five under-strength divisions in Europe. Secretary Wilson stated parenthetically that we should perhaps adopt the Russian concept of having our divisions under strength when it was desirable, and having the personnel to maintain a certain number of divisions overseas.

Secretary Wilson said the possibility of keeping one division and one regimental combat team in Korea had also been discussed in the Pentagon, as had the possibility of deploying 10,000 personnel divisions to Korea.

TOP SECRET

Turning to the Navy, Secretary Wilson recalled that naval forces in the last few years had frequently been called upon to take action in emergencies short of war, e.g., the Tachen Islands, Formosa, and the Middle East. The Navy was a mobile, immediately available force, as was the Air Force, whereas the Army and the Marine Corps faced the problem of landing divisions in some foreign country's territory. The Secretary said the United States was now doing something new in history--that is, it was keeping strong forces which, however, were not occupation forces, in foreign countries in time of peace. He felt that political pressures would eventually force us to bring our forces home. These pressures were becoming particularly strong in Japan. The trend of the times was toward maximizing air power, including naval air power, and minimizing the foot soldier.

Secretary Wilson said that perhaps General Pace's plan for deferring additional cuts in the Marine Corps until FY 1969, on account of the timing of the expiration of Marine Corps enlistments, should be taken into account in planning the Defense program in detail. However, the statutes relating to the Marine Corps, while they prescribed the number of Marine Corps divisions, did not say how many men should be in each division.

Secretary Wilson said that the Defense program was subject to detailed staffing. The figures for the division of total manpower and funds between Services should be regarded as order of magnitude figures only. The allocation between the Services might be incorrect by as much as \$500 million for FY 1968.

Turning to the Air Force, Secretary Wilson remarked that big ideas were being developed in all fields of activity. He realized, however, that the Air Force was faced with keeping manned planes in operation and at the same time developing guided missiles. It was difficult to weigh the military value in relation to cost of some of the new ideas for the development of new planes, new missiles, and new methods of propulsion.

Secretary Wilson said the problem of the Defense budget was complicated by economic inflation, which had increased defense costs by as much as 5%, or \$2 billion, over the last year. He thought that U. S. forces must be reduced if Defense was to live within its \$38 billion ceiling, but warned that continued inflation might make it impossible to maintain this ceiling. He felt that unless disarmament were agreed upon, it would be impossible to reduce U. S. forces below the figures contained in the Defense presentation. He was sure that unless we could redeploy the Army in the next few years, it would be difficult to live within the \$38 billion ceiling. Moreover, if personnel were not reduced, the United States would be spending all its defense dollars on personnel and maintenance.

TOP SECRET

TOP SECRET

Secretary Wilson said he had divided the cost of each Service by the number of men, and had found that one man in the Army cost \$10,000 per year, one man in the Marine Corps cost \$9,000, one man in the Navy cost \$14,000, one man in the Air Force cost \$20,000. This meant that in reallocating funds among the Services, if we take one man out of the Air Force, we get two back in the Army.

Admiral Radford said he regretted the lack of unanimity in the Joint Chiefs of Staff. He had repeatedly emphasized to the Joint Chiefs the fact that their failure to agree automatically required that their decisions be made for them by higher authority. He said the Joint Chiefs realized that a sound economy was a necessary capability, but were unable to agree on a detailed allocation of military expenditures. The plan produced by the Secretary of Defense was an extension of the New Look of 1953 brought up to date. Admiral Radford felt that the Services could decrease the impact of a reduction in forces by reducing the strength of their units (divisions, wings, etc.). Such a reduction in the strength of units would be justified because of recent increases in fire power. It was unnecessary to keep the same number of planes in a wing now that one plane had a capability equal to a whole World War II wing.

Admiral Radford also felt that redeployment would be compensated for. He said the concept of tactical air support would have to be changed because our tactical airfields in Europe, for example, were vulnerable to destruction by guided missiles. Moreover, we would be justified in reducing our present forces for the defense of the United States, since the present plan would protect against the guided missiles of the future. Our program for the Air Force must envisage great change in Air Force structure as guided missiles are developed.

In conclusion, Admiral Radford said the defense program was based on the principle of deterring a general war, and was not intended to be a reaction to even change in Soviet capabilities.

The Deputy Secretary of Defense said he believed the \$14 billion ceiling provided the means with which to maintain a satisfactory defense posture, provided the necessary readjustments were made promptly. However, he felt it would be difficult to convince Congress that Defense needed as much as \$38 billion a year at a time when our forces were being reduced. The new weapons would, in part, take the place of men, even just as cost as men, but less than the men replaced.

The President said he appreciated the frankness of the presentations. He cautioned that everything said at the meeting should be kept absolutely secret. He said there was danger in assuming that we would continue to pay \$15 billion annually.

TOP SECRET

Congress. He had already pointed out the dangers of a severe reduction in the budget for national defense. Nevertheless, Congress had now reduced new obligation authority to \$36 billion. The President said we should review the history of Congressional appropriations for the armed forces. He recalled that right after World War II he had told President Truman that we could get along on \$12 billion a year, but that figure had been reduced to \$12.6 billion. The President said he was prepared to fight for a figure of \$38 billion a year, but realized he might not be able to get that much. He said that he expected anyone who had anything to do with the Defense budget to defend the figure of \$38 billion a year. Given the necessary determination, we could make the required adjustments in our defense programs, including redeployment of our forces. The President said he realized that the Army and the Marine Corps had the most difficult problem, and said that perhaps reductions in these forces should not be made so fast. However, in order to develop missiles we must make reductions somewhere.

Referring to General White's presentation, the President said he was astonished that the Air Force should be puzzled by the varying number of wings--ranging from 70 to 137--authorized from time to time. It was inevitable that the organization and concept of the Air Force undergo great changes in the midst of a scientific revolution--and we were in the midst of a scientific revolution. It should be remembered that the Korean war and the increase in our nuclear weapons stockpile were only two of the factors that increased the number of wings in the Air Force.

The President then said that the surest and best military organization is one which is continuously developing and advancing on a stable basis over an extended period of time. He said we should not count on getting 17 divisions deployed to Europe by May 1955. In the event of general war, our retaliatory power would be the most important factor.

In conclusion, the President repeated that \$38 billion was the figure for which he would fight, but cautioned against the assumption that as much as \$38 billion would be available every year. He remarked that Defense should develop only those programs which could be continued over a period of years.

General Twining, called upon by Secretary Wilson, said that in his view \$38 billion annually would enable the United States to build deterrent forces. He believed Secretary Wilson's allocation among the Services was a reasonable one, but wished to point out that this allocation and the \$38 billion ceiling would require a great redeployment of our forces.

The Secretary of State said that the Defense programs had foreign policy implications. He hoped that no decisions would be made on the Defense proposal without allowing the Department of State more time to consider these political implications. In the Defense presentation, General Randall had said that the Department of State would have the job of making redeployment of U. S. forces acceptable to foreign countries. However, Secretary Dulles said it was not clear just what was meant, in specific terms, by the proposed redeployments. The Department of State would need to study detailed plans for redeployment before it could comment usefully on the political implications. Secretary Dulles' immediate reaction was that it would be better to reduce the size of our divisions in Europe than to pull these divisions out. He said that if we pulled all our forces out of Korea, President Rhee might start a war, and this would certainly not be conducive to a reduction in the U. S. expenditures.

Secretary Dulles then said that low-level military officers frequently carried out a military program with which they did not agree, in such a way as to cause maximum political embarrassment. In the case of redeployments, if the rumor that we were pulling out of Germany, for example, became current, the Socialists might win the election there and then we would have no West German forces.

Secretary Dulles felt it was important to maintain Navy and Marine Corps capabilities to cope with new crises around the world. He said that the mobility of these forces, and the fact that they did not need to have permanent bases on foreign territory, meant that we could place great reliance on them to take action in the "trouble spots" of the world. However, the mobility capabilities of the Navy and Marine Corps had never been entirely clear to him.

Secretary Dulles then warned that our allies might be willing to supply sufficient indigenous forces to compensate for reductions or redeployments of U. S. forces. He said that if the Mutual Security Program should be reduced, the United States might have to increase its forces to compensate for the lack of indigenous forces overseas.

Secretary Dulles was convinced that Soviet power was constantly increasing. If the USSR gets the impression that U. S. power is declining, it will be encouraged to keep up its military expenditures in spite of their burden on the Soviet economy.

Secretary Dulles concluded by repeating the hope that no long-range decisions on U. S. military programs would be taken until the Department of State was afforded an opportunity to consider the political implications of the proposed programs.

TOP SECRET

The President said the U. S. forces committed to NATO were supposed to be emergency forces. The original concept was that the NATO countries would eventually supply their own forces. However, they had never really fulfilled their obligations in this respect.

Mr. Cutler said this was Secretary Humphrey's second meeting and asked Secretary Humphrey if he had any comments.

Secretary Humphrey said this would be the last Council meeting he would attend. He thanked the President and the members of the Council for the privilege of working with them, and said he would miss them in the future. He said he agreed with the President that it would be unrealistic to plan on \$38 billion in defense appropriations every year. In Secretary Humphrey's view, military expenditures should be gradually reduced. The longer these expenditures were kept at a high level, the sharper would be the reduction when it occurred. The reduction would inevitably come because the present tax burden could not be continued much longer. A sudden reduction in military expenditures would be economically and militarily disastrous. Therefore, we should plan for annual reductions downward from the \$38 billion ceiling. Secretary Humphrey thought there would be a public demand for redeployment of our forces and for greater "productivity" in the armed forces--that is, a better defense job for less money. He felt it would be possible to reduce expenditures without reducing our military power.

The President said he agreed with Secretary Humphrey's remarks over the long run, but felt that these remarks ignored certain factors. It would not be possible for the United States to reduce military expenditures to the level desired by Secretary Humphrey unless and until we achieved a safeguarded disarmament agreement. We must convince the world that we are strong and will remain strong, in order to get such a disarmament agreement, and if we don't get it, we will live out our lives and our children will live out their lives, under the greatest tension and perhaps we will have to suffer an attack.

Secretary Humphrey said it was necessary to eliminate obsolete equipment more rapidly as modern equipment was developed.

The President said he would miss Secretary Humphrey and that the Council would miss Secretary Humphrey's second meeting.

Secretary Wilson said he realized that U. S. foreign and military policies were intertwined. He wondered what the Secretary of State would propose in lieu of redeployment of U. S. forces if he was not prepared to agree to redeployment. Referring to Secretary Humphrey's remarks, Secretary Wilson said he did not agree.

TOP SECRET

with the idea that the American public would demand continuous reductions in defense expenditures. He felt he could do a good job with \$38 billion, although he would need some help from the Department of State as far as redeployment was concerned. He pointed out that if defense expenditures could be levelled off at \$38 billion a year for a number of years, then as the country's prosperity grew the defense percentage of Government expenditures would decline. He said some of his subordinates had suggested that the President should make clear the fact that we were operating under a ceiling on defense expenditures. The President said he had already made the point and would do so again if necessary.

Secretary Wilson said many people do not realize the area changes that have taken place in weapons and military concepts in recent years, and he felt these changes should also be made clear to the public.

Secretary Wilson then wondered how he should go about presenting his FY 1959 program to Congress, and how soon he could disclose to his associates in the Pentagon the objective of the \$38 billion ceiling and a force level of 2.5 million men. The President replied that Secretary Wilson must work these things out himself. He said he assumed that the figures presented at the meeting were planning figures, and that the actual figures should develop naturally. He felt, however, that it would be inappropriate to discuss such directives.

Secretary Wilson said the FY 1959 plan was not too controversial, although he would have to take up with the Army the handling of overseas deployment in a way satisfactory to the State Department. Perhaps he should use the figure of \$38 billion for planning and the figure of 2.6 million men for personnel in FY 1959, and then adjust the personnel figure up or down as necessary. Secretary Wilson felt that if his plan for 2.5 million men in FY 1961 leaked out, Congress might ask that personnel be reduced to this figure immediately.

Secretary Wilson suggested that one way to make a saving would be to put all government ordinance plants, etc., in the United States on a 4-day week. The President said that was one way to make a saving. Secretary Wilson said he would take it up with the President about this again.

The President said he did not think it was profitable to talk widely about U. S. military programs for FY 1960 and FY 1961. He thought plans for these years should not be put down on paper, although they would, of course, continue to be discussed at the high level in Defense.

Secretary Humphrey said that anyone who thought he could not live within his budget should speak out now, because the Treasury balance was so low that if expenditures for the first half of FY 1958 exceed allocations, a special session of Congress will be necessary about Thanksgiving. The President agreed that the government agencies must keep within their allocations in order to avoid exceeding the debt ceiling, and added that a special session of Congress would be quite a Thanksgiving present.

The National Security Council:

- a. Noted and discussed the presentation by the Secretary of Defense of plans for the U. S. military programs for FY 1958 and FY 1959, and possible trends for FY 1960 and FY 1961; and the comments thereon by each of the Service Secretaries and the Chiefs of Staff, the Deputy Secretary of Defense, the Chairman of the Chiefs of Staff, and General Twining.
- b. Noted the statement by the Secretary of State that the Department of State should have an opportunity to study and comment upon the foreign policy implications of U. S. military programs during their planning stage and prior to final approval; and the remarks of the Secretary of the Treasury as to the relation of military programs to the domestic economy.
- c. Noted that the President:
 - (1) Stated that, if the United States is not able on a continuous basis to convince the world and particularly the Soviet Union that we are strong and will remain so, we are not likely to obtain a safeguarded disarmament arrangement, in which case the next generation would continue to live in a state of world tension and might even suffer an attack.
 - (2) Emphasized that the most economical and effective military organization is one which is continuously developing and advancing on a static basis over an extended period of time.
 - (3) Directed the Secretary of State and the Secretary of Defense to consider jointly the foreign policy implications involved in the U. S. military program for FY 1959 while in the planning stage and prior to final approval, and involved in possible trends for FY 1960 and FY 1961 as outlined in the presentation by the Secretary of Defense.

- (4) Assuming no unforeseen critical emergency or major change of an international or economic character:

- (a) Would personally give full support for the next several years for an annual expenditure level for military functions and military construction of approximately \$38 billion, and would expect Defense Department officials to do the same.
- (b) Approved the U. S. military program for FY 1958, subject to final detailed staffing within the Department of Defense, within the following limits:
 - (1) Expenditure level for FY 1958 for military functions and military construction, totalling \$38 billion. Reaffirmed his directive that Defense Department expenditures for military function and military construction during the first half of FY 1958 must be kept within \$18 billion, in order to avoid exceeding the current debt limit.
 - (2) Personnel strength of all military services at mid-FY 1958 of 3.7 million, with such further reduction by the end of FY 1958 as required to keep within the above expenditure level, but not below approximately 2.8 million, as may be decided in connection with the formulation of the FY 1959 program.
- (c) Authorized the Secretary of Defense to continue planning and preparation of initial FY 1959 budget submissions along the general lines of the FY 1958 program as proposed by him, including expenditures and new obligatory authority for military functions and military construction of \$38 billion.
- (d) Stated that military personnel and war funds for FY 1960 and FY 1961 should not now be finalized; but that planning beyond FY 1959, to the extent necessary in connection with the preparation of the 1959 budget, should be on the basis of annual expenditures and new obligatory authority of approximately \$38 billion, and should recognize the trend toward more expensive military equipment with corresponding reductions in personnel.

TOP SECRET

NOTE: The above actions, as approved by the President, subsequently transmitted to the Secretary of Defense.



MARION W. FOGEL
Director
NSA Secretariat

TOP SECRET