

EYES ONLY

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There follows a summary of the observations made during the survey and the main points raised.

(NSC 5429/5; NSC 5816, NSC 5807, NSC 5808, NSC 5809, NSC
from Executive Secy (S-2), etc subject, dated April 10,
and 13, 1957)

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Mr. Dulles spoke first at the recently concluded Table Conference at Djamar and said widely divergent views on the conference, the Conference on the Middle East, and the Middle East.

1. *Q.* What is the purpose of the study?

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agreed communique issued. However, although no real breakthrough was made toward a settlement of the outstanding issues, which were still very short, the Conference was like a sedative--it had helped to calm the situation. The recommendations with respect to economic, social, and political problems were of a character which Hatta and Sukarno and Hatta managed to agree on a plan to be signed and sealed. It was a real meeting of minds between the two leaders. Hatta said that the Indonesian officials in Jakarta felt that the Conference was a psychological success in laying the basis for a future settlement. Leaders from the outlying islands also expressed their support.

The attempt to solve existing problems through the Round Table Conference was a complete failure, all the outstanding issues were turned over to a seven-man subcommittee for settlement at some future time, after Hatta's return from his forthcoming visit to Communist China. In sum, continued in Dulles, the subcommittee estimates that the situation is serious, and that the Government is unwilling or unable to meet the demands of the people in the provinces of Indonesia.

As to the oil situation, Dulles's political and economic advisers were three major oil companies were operating in Sumatra, two of which were American and one British. They were still paying their taxes to the Central Government at Jakarta with the permission of the local authorities on Sumatra, who have been sympathetic to the Government, which the oil companies are finding as themselves. Dulles reported that the estimate of oil resources of Indonesia has been upped a great deal recently. Dulles's political advisers are currently estimated, and the Government is planning to increase production.

The President had said that he would go on a journey to Communist China. Dulles replied that he had no particular reason for going to Communist China at one time or another, but that he was particularly worried about Hatta's trip to Communist China. Dulles said that he was a Communist.

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Pointing to the map, the President inquired how it appeared that the Central Government still had no real political control over the eastern part of Sumatra. Mr. Dulles explained that the local commander at Medan was still in the Central Government's hands.

Having finished his report, Mr. Dulles turned to the Secretary of State for his comments on the recommendations of the Interdepartmental Committee as presented by the Chairman, Board.

Secretary Dulles replied that in general he agreed with the Committee's recommendations, and added that indeed the actions constituted no radical departure from our past policy and actions vis-a-vis Indonesia. Secretary Dulles stated that the Committee's program was a carefully considered and feasible in its execution.

Asked for his opinion, the Acting Secretary of Defense, Mr. Brucker, said that the Department of Defense approved the recommendations of the Interdepartmental Committee. However, he wanted to say that he wished to add a suggestion with respect to the revision of paragraph 9 of the Special Report. He proceeded to read paragraph 9 very much along the lines of the original version of the proposal which had been submitted to the Planning Board by the version recommended by the Planning Board.

Upon hearing Secretary Brucker's proposal, the President expressed the opinion that the proposal contained elements which could not appropriately be placed in a NSI policy. The President added that the Planning Board had considered the proposal.

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Secretary Brucker, but had requested that the President had just suggested. Secretary Brucker was in the Department of Defense and the President had just suggested that the Department of Defense was the proper place for this. Secretary Brucker agreed thoroughly with the State Department. He had also suggested that bring this other version of the document to the National Security Council.

The National Security Council:

- a. Noted and discussed the Special Report on the subject of the prepared by the Interdepartmental Committee on the subject of the pursuant to NSC 5412. The Committee had previously prepared a reference memorandum on September 1, 1954, and had also made recommendations and recommendations on the subject of the NSC 5412. The Board, transmitted by the reference memorandum on September 13, 1954, in the light of the views of the Chiefs of Staff as requested at the meeting of the Joint Chiefs of Staff on September 13, 1954, and the views of the Director of Central Intelligence.
- b. Adopted the recommendations of the Committee on the subject of the Committee on the subject of the Committee on the subject of the following amendments:

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- The action of the Board is approved by the Board of Directors, subsequently transmitted to the Secretary of the Treasury.

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2. TENTH ANNIVERSARY OF THE NATIONAL SECURITY ACT OF 1947

Mr. Cutler asked the President if he wished to make a comment with respect to his statement (mimeographed copy of which had been distributed to the members of the Council) regarding the Tenth Anniversary of the National Security Act of 1947. The President said that he wished to say something at the 10th anniversary of which the Council had before it and in a statement to be made to Mr. Lay, the Executive Secretary of the Council. Upon making his statement of appreciation of Mr. Lay's service to the Council, the President turned to Mr. Lay and said that he preferred the old Anglo-Saxon custom of expressing appreciation by the French custom of kissing the cheek of both Mr. Lay and Mr. Lay's wife. In this case, however, he wished to express appreciation and appreciation to Jimmy Lay, the Executive Secretary of the Council, and the President for his remarks.

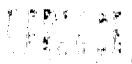
The National Security Council

Noted the President's comment to the public regarding the Tenth Anniversary of the National Security Act of 1947, as distributed at the meeting and as it had been made in subsequent remarks at the meeting.

"September marks the tenth anniversary of the National Security Act. Under it, the Department of Defense was set up on September 19, 1947, and the Council first met on September 26, 1947.

"It seems appropriate that a word be said in public statement on this significant and important day and that a copy be made in the Council's records.

"At this anniversary Council meeting, I wish to add a personal word of appreciation of the work through the Council's ten years and its meetings. For the past seven years, as its Executive Secretary, he has made a career of tireless and devoted service to the President. His self-effacement and his obscure but effective contribution towards the effective functioning of the Council's business and general affairs is a commendation to the Executive Secretary.



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3. U. S. POLICY TOWARD FORMER AND PRESENT GOVERNMENT OF CHINA

(NSC 5503; Memo for NSC Planning Board from Secretary of State, dated December 1, 1950; NSC Action Memorandum, dated December 1, 1950; and 1624-c; NIE 44-2-57; Memo for JCS from NSC, dated December 1, 1950; subject: "U. S. Policy Toward Former and Present Government of China"; dated December 1, 1950.)

Mr. Cutler pointed out that Secretary Dulles had indicated that the National Security Council had not at this meeting approved changes in the policy on Formosa proposed by the Department of State, because he wished to talk first with the President. Mr. Cutler, who had just returned from the Far East, said that the other members of the Council agreed that Mr. Cutler should present the planning board's report at this time because, as Mr. Cutler said, this would be the first time thinking about the two big problems of the planning board. Before the Council acted at a later meeting, Secretary Dulles had briefed the Council in some detail on the report and the Annexes thereto. (A copy of the report and the Annexes is attached to this memorandum. The report and the Annexes are also in the minutes of the meeting.)

At the end of his presentation, Mr. Cutler asked Secretary Dulles and Mr. Boardman whether they wished to make any comments at this time. Mr. Boardman said that they would withhold comment until the next meeting.

The National Security Council:

- a. Noted the draft report of the planning board, dated December 1, 1950, NSC Planning Board, and transmitted to NSC Planning Board, dated December 1, 1950, and transmitted to the President, dated December 1, 1950; and the draft report of the planning board, dated December 1, 1950, NSC Planning Board, and transmitted to the President, dated December 1, 1950; and the draft report of the planning board, dated December 1, 1950, NSC Planning Board, and transmitted to the President, dated December 1, 1950.
- b. Referred action on the above matters to the President until the next meeting of the Council.

4. SIGNIFICANT WORLD DEVELOPMENTS AFFECTING U. S. POLICY

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The King and Sarit had named Anantakulchai, former Ambassador to the United States and the former Secretary of the NEAM organization, as the new Premier, was perhaps not a very strong figure, but a very man and very pro-Western in his sympathies. Many assurances had been given to Ambassador Bishop by the King on their devotion to the free world. The King insisted that it was even more strongly anti-Communist than his predecessor. Despite all these assurances, Anantakulchai is still much in the situation of a "fish in a barrel" which is being watched.

Mr. Larson inquired whether there had been any invitation to the King of Siam to visit the United States. Mr. Dulles replied that he had heard of nothing along that line, though it might be possible for the King to visit the United States if he had been held in Siam.

The Vice President inquired as to the nature of the military assistance to Thailand and the military personnel involved. What were we giving the Thai armed forces, and what kind of relations had been forged between our military personnel in Thailand and the Thai military leaders, and particularly Sarit? Could our military leaders be helpful to us in the present situation? Mr. Dulles replied that such relations had been cordial since the late 1940s. Secretary of State Roberts had said he wished to go to Thailand, but was suffering from carpal tunnel syndrome, and probably would not be able to go for more than six months to two years.

Secretary Robertson noted that Sarit's appointment as Prime Minister of Israel was by all odds the most anti-American in the Middle East. On the other hand, Sarit has been at the very greatest pains to present himself as being his intentions, and has been appointed as the first Jewish Western Prime Minister in the history of the nation.

The Director of Central Intelligence also noted the Soviet ICBM program. He referred to the briefing on the subject at the last meeting of the National Security Council. He also noted the Soviet test of the ICBM on September 12, 1959, and the fact that the Soviet Union has now a capability to deliver a nuclear warhead to any part of the world.

The National Security Council

Noted and discussed the briefing on the subject of the Central Intelligence Agency's report, which was submitted to the situation in the Middle East, and the Soviet test of the ICBM on September 12, 1959.

5. U. S. POLICY TOWARD ITALY

(NSC 5411/2; Progress Report, dated September 11, 1959, on NSC 5411/2)

Mr. Cutler presented a report analysis of the Italian Report on Italy, paying special attention to the Italian Government oil monopoly, Signor Barzani, and the attitude of the Government with the Iranians. The Government's attitude toward the profit-sharing principle, and the Government's attitude toward the concern over the new Formula of 1954.

Secretary Dulles commented that it was clear that there was nothing sacred about the Formula of 1954, and that it was a government policy.

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The President likewise appeared to be asking the question whether or not the question of the situation.

The National Security Council

Noted the reference to the Department of Defense Operations Coordinating Board

John F. Kennedy
JAN 20 1961

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