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407226

March 19, 1953

MEMORANDUM

SUBJECT: Discussion at the 137th Meeting of the
National Security Council on Wednesday,
March 18, 1953

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Present at the 137th meeting of the Council were the President of the United States, presiding; the Vice President of the United States; the Under Secretary of State; the Secretary of Defense, and the Director for Mutual Security. Also present were the Secretary of the Treasury; the Secretary of Commerce (for Items 1 and 2); the Director, Bureau of the Budget; the Chairman, Joint Chiefs of Staff; the Administrative Assistant to the President for National Security Matters; the Special Assistant to the President for Cold War Operations; the Military Liaison Officer; the Executive Secretary, NSC; and the Deputy Executive Secretary, NSC. Various staff members from the Department of State, the Department of Defense, the Department of Commerce, DMS, MSA, and CIA, were also present to assist their principals during the discussion of Items 1 and 10.

There follows a general account of the main positions taken and the chief points made at this meeting.

1. U. S. POLICIES AND PROGRAMS IN THE ECONOMIC FIELD WHICH MAY AFFECT THE WAR POTENTIAL OF THE SOVIET BLOC
(Progress Report, dated January 19, 1953, by the Secretary of State and the Director for Mutual Security on NSC 104/2)

Mr. Cutler introduced the first item on the agenda, and informed the Council that the Director for Mutual Security would brief them on the reference Progress Report, with the assistance of a briefing team which would answer detailed questions.

With the assistance of charts, Governor Stassen proceeded to summarize the written report which he had distributed to them at the beginning of the meeting. The major issues covered by Governor Stassen's briefing included levels of general (strategic and non-strategic) trade between the free world and the Soviet bloc; the trade of certain specified countries with the Soviets; an index of volume of trade between Eastern Europe and Western Europe prior to World War II and since the end of the war; merchant shipping involved in trade of all types with Communist China; licensing of strategic materials for export to the Soviet bloc by the European COMCOM countries; and the problem of the so-called "prior commitments". Governor Stassen's presentation ended with a discussion based on charts of what seemed to him

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E.O. 12356, SEC. 1.3 (a)(4)(3)
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to represent the five major issues confronting the policy set forth in NSC 104/2.

At the conclusion of Governor Stassen's report, the President stated that while it had been very informative, it seemed to him that Governor Stassen had actually omitted discussion of what was by all odds the most important issue as regards this policy, namely, which side was benefitting most from east-west trade--the free world or the Soviet bloc? The President expressed the opinion that the distinction between strategic and non-strategic materials no longer made very much sense in the kind of world in which we live and in the kind of wars in which we were involved. He went on to say that the various items included in east-west trade and its general level of a few millions of dollars, did not strike him as having any great importance or significance. He could not refrain from stating that he thought it little less than crazy to waste as much talent on this problem as was represented by the individuals in this room who were devoting themselves to the problem. The President did admit, however, that of course there was the law of the land (Battle Act).

Continuing, the President stated that in his view the very best weapon in the hands of a modern diplomat was trade. If we continued to pressure our European allies to the point which we seemed prepared to do under this policy, we might very well confront a situation of virtual isolation. In short, the President said, he simply could not agree with the general philosophy underlying NSC 104/2 as it had been presented in Governor Stassen's briefing. It would be impossible to win any war with such severe restrictions placed on our allies, and especially a cold war. The President very forcefully insisted, for example, that the Danes had got to have Polish coal. On the subject of coal he went on to say that if European production could be increased by 50%, "we'd be in the clover." Coal was the secret of much of the difficulty faced by the free nations in their dealings with the Soviet orbit.

In response to the President's statement, Governor Stassen stated that each of the countries involved in trade with the Soviet Union within the framework of NSC 104/2, was absolutely convinced that it was getting the best of the bargain vis-a-vis the Soviet bloc. Each of these nations was likewise convinced that continuation of its present trade with the Soviet bloc was vital to the maintenance of economic health.

The President expressed no surprise at these assertions, and said that he himself would not object if the United States could advantageously purchase Soviet manganese.

It was pointed out, in response to a question from the President, that the very tiny figure for United States imports from the Soviet Union covered caviar, furs, and such luxury items.

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Secretary Wilson expressed some skepticism with respect to the general position taken by the President toward Governor Stassen's briefing.

Secretary Weeks specifically called attention to the heavy increase in the shipment of anti-biotics manufactured in this country to Western European nations which in turn shipped them to the Soviet bloc. He felt that in view of the war in Korea, anti-biotics fell definitely into the classification of strategic items, and their treatment might require a different approach than that suggested by the President.

In response to Secretary Weeks' statement, the President said that he would like to ask Secretary Weeks a very simple question: Do you want to adopt, as Secretary of Commerce, a policy of supplying to the free world nations all the materials which they are now obliged to import from the Soviet bloc?

Secretary Weeks did not answer the President's question, but again pointed out that with respect to anti-biotics the situation might be different if there were not a war in Korea and if it were not likely that these drugs were being shipped to Korea.

The President then restated his general position on the subject of east-west trade and United States trade policies with respect to its European allies. The standard of living in most of the countries of Europe was, from his own observation, "too damned low." We cannot permit our national policies to lower that standard of living still further if we want to keep these nations on our side in the struggle with the Soviet Union. This was no theoretical matter to him, said the President; he had had ample opportunity to observe the low standards in French towns and villages during his sojourn in Europe. The whole attempt to restrict trade to the further detriment of these standards of living seemed to him foolish and impossible, although he was prepared to admit that the anti-biotics constituted a special case in view of their obvious use in the war in Korea.

There then ensued a brief discussion as to what, precisely, constituted strategic items. Among those pointed out besides anti-biotics were tankers, copper, certain types of machine tools, spare parts for various types of machinery, and bearings. Governor Stassen pointed out that by special methods which prevented the Soviet bloc from acquiring such items, it was certainly possible to delay the Soviet build-up for war.

Secretary Wilson agreed with the positions taken by Secretary Weeks and Governor Stassen, while Secretary Smith said that certainly in the majority of cases, though not including these and other strategic items, the advantage in east-west trade lay with the free

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world. The problem, said Secretary Smith, was nevertheless very complex, and it seemed to him that the Progress Report and the discussion in the Council pointed up the need for a really comprehensive view of the trade policy set forth in NSC 104/2 by the Senior NSC Staff. Such a review would enable us to make a clear distinction between the really critical items which should be embargoed, but which the Soviets should receive in as small quantity as possible, and less important materials.

There was general agreement with Secretary Smith's suggestion, though Governor Stassen pointed out that the Department of Commerce should participate with the Senior NSC Staff in the proposed review.

The National Security Council:

- a. Noted and discussed an oral presentation on the subject made by the Director for Mutual Security with the assistance of the Economic Defense Advisory Committee, based on the reference Progress Report.
 - b. Noted the President's view that the basic question on this subject is whether the free world or the Soviet bloc is gaining the greater advantage from east-west trade.
 - c. Directed the NSC Planning Board, with the participation of the Department of Commerce, to review the existing policy on this subject (NSC 104/2) and submit appropriate recommendations for Council consideration.
2. U. S. CIVIL AVIATION POLICY TOWARD THE USSR AND ITS SATELLITES
(Progress Report, dated February 9, 1953, by the Under Secretary of State on NSC 15/3)

Secretary Smith said there was very little to add to the brief Progress Report on this policy. At the present time there were no Soviet bloc airlines overflying allied-controlled territories in Europe.

The National Security Council:

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Noted the oral remarks by the Under Secretary of State on the subject, based on the reference Progress Report.

3. NATO STRATEGY
(Letter for the President from Ambassador Draper on the subject, dated March 9, 1953)

At this point in the meeting, Mr. Cutler said he thought that there were a number of other items which, though not on the agenda, should receive Council consideration, and he thought this a convenient point to introduce them.

The first of these concerned a letter from Ambassador Draper to the President, suggesting that a commission be established to review NATO strategy. The President had replied in the negative, but Mr. Cutler stated that if there were any comments from the Secretaries of State and Defense or from the Director for Mutual Security, the President would be willing to receive them.

The National Security Council:

Noted the President's desire, as expressed by Mr. Cutler, that the Secretaries of State and Defense and the Director for Mutual Security transmit, through Mr. Cutler, any comments they may wish to make regarding the reference letter, which has been answered by the President directly.

NOTE: The above action transmitted to the Secretaries of State and Defense and the Director for Mutual Security.

4. SETTLEMENT OF REPUBLIC OF KOREA ADVANCES OF KOREAN CURRENCY (WOW) TO UNITED STATES FORCES
(Memo for NSC from Executive Secretary, same subject, dated March 10, 1953; NSC Action No. 711)

Mr. Cutler described the settlement of the issue, noted that the money had been paid to the South Korean Government, and that Mr. Tasca, loaned by Governor Stassen, had gone to Korea as Economic Adviser, subordinate only to General Clark.

The National Security Council:

Noted the oral summary by Mr. Cutler of the reference memorandum, which reported on the activities of the committee established pursuant to NSC Action No. 711.

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5. EVALUATION OF POSSIBLE REDUCTIONS IN THE ATOMIC ENERGY COMMISSION PROGRAM

The next point, said Mr. Cutler, involved the President's approval of a coordinated evaluation of the atomic energy program with a view as to the effects of certain budget reductions in the AEC programs as they would affect the national security. The President had directed that Admiral Strauss take the lead in such an evaluation.

The National Security Council:

Noted the report by Mr. Cutler that the President had directed the Assistant to the President for Atomic Energy Matters to take the lead in a coordinated evaluation, together with the Department of Defense and the Atomic Energy Commission, of the Atomic Energy Commission program, with a view to appraising the possibility of reductions in that program in the magnitude of \$300 million to \$500 million in each of the Fiscal Years 1954 and 1955.

6. RECOMMENDATIONS REGARDING THE NATIONAL SECURITY COUNCIL
(Memo for NSC from Executive Secretary, same subject, dated March 17, 1953)

Mr. Cutler then informed the Council that his report to the President on the future shape of the National Security Council and its staff, which he had been intensively studying for many weeks, had now been completed and approved by the President. Thereupon Mr. Cutler summarized for the Council the chief points in this report.

Upon conclusion of Mr. Cutler's summary, the President said that the most significant matter with respect to the report was realization that he and the members of the new Administration were all trying to take a new look at existing policies and programs. He therefore felt that it would be unwise for the members of the Council to appoint as members of the NSC Planning Board any individuals, however competent, who had been long and closely identified with the policies of the past Administration. In short, he wanted new faces. It was also of vital importance, continued the President, that appointees to the Planning Board should be of such calibre and stature as to be assured of direct access to their principals and of the complete confidence of these principals. "You Council members", continued the President, "simply do not have enough time to do what needs to be done in thinking out the best decisions regarding the national security. Someone must therefore do much of this thinking for you. You should therefore appoint individuals in whom you have complete confidence, and these individuals should have overriding responsibility for carrying out the requirements of this most important task."

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Secretary Wilson inquired as to how many individuals he could nominate to represent him on the new Planning Board. As he saw it, Secretary Wilson felt that he had a duplicate function--one lay in the military sphere and the other in the political sphere of international affairs.

The President did not grasp Secretary Wilson's point, but replied by noting that General Bradley would of course continue to attend Council meetings as military adviser.

Secretary Wilson was nevertheless not convinced that he could be sure of discharging his responsibilities to the National Security Council with only one representative on the Planning Board.

The National Security Council:

Noted the oral remarks of the President and Mr. Cutler regarding the reference memorandum, and that Mr. Cutler would be conferring during the next day or so with each Council member regarding the nomination of Planning Board members.

7. CIVIL DEFENSE

Mr. Cutler said that the last new item which the Council needed to consider was a request from the Federal Civil Defense Administrator for the President to send telegrams to the Governors of the several States with respect to the implications for civil defense of the recent atomic explosions at the Nevada Proving Grounds. Initially the President seemed inclined to sympathize with this request. But Mr. Cutler pointed out that it would be extremely difficult for the President to issue a firm statement with regard to civil defense until such time as the magnitude and character of the FY 1954 civil defense program had been determined. This would not be prior to the middle of April. Accordingly, Mr. Cutler suggested that it might be wiser if Governor Peterson were invited to appear before the Council, either on March 31 or on April 8, to set forth his own ideas as to a suitable FCDA program. This program would then be considered in the normal way in the course of the Council's review of basic national security programs and their budgetary implications.

The President agreed with Mr. Cutler's general points, but stated that he believed the March 31 date the last possible one, since shortly thereafter many of the State legislatures would adjourn for a year or more and it would be impossible for them to consider their own part in the civil defense program.

Enlarging on this point, the President stressed his conviction that greater initiative and responsibility for the development of adequate civil defense should in the future be assumed by local

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governments and less by Washington. It seemed to the President that the civil defense problem was not unlike that of NATO. He had always stressed, in his discussions with NATO officials, that in the first instance each NATO country was defending itself by a coordinated defense with the associated countries. So it should be in the field of civil defense except for certain obvious strategic targets---such as New York City, Chicago, or Gary, Indiana. This was primarily a local responsibility.

The President then inquired as to whether he might not be called on to speak to the civil defense problem at his press conference the next day. It was agreed that this was a likely contingency, and the President invited the members of the Council to suggest what he ought to say on the subject at the press conference. It was clear to him, he said, that his remarks should emphasize local responsibilities and at the same time give Governor Peterson the boost which he would need in his difficult task.

In response to the President's request, Mr. Cutler suggested that the President might very well say that Governor Peterson had asked to come to the National Security Council and report on the implications of the recent tests for civil defense of the United States.

The National Security Council:

- a. Agreed that the Federal Civil Defense Administrator should present to the Council members and the Consultants, at their meeting on March 31, 1953, his recommendations regarding the Federal Civil Defense program.
- b. Noted the President's view that civil defense is the primary responsibility of the local authorities except for a few key targets of strategic importance.
- c. Noted the President's desire that a statement on the subject of civil defense be prepared for possible use at his press conference on Thursday, March 19, 1953.

NOTE: The action in a above subsequently transmitted to the Federal Civil Defense Administrator.

8. SIGNIFICANT WORLD DEVELOPMENTS AFFECTING U. S. SECURITY

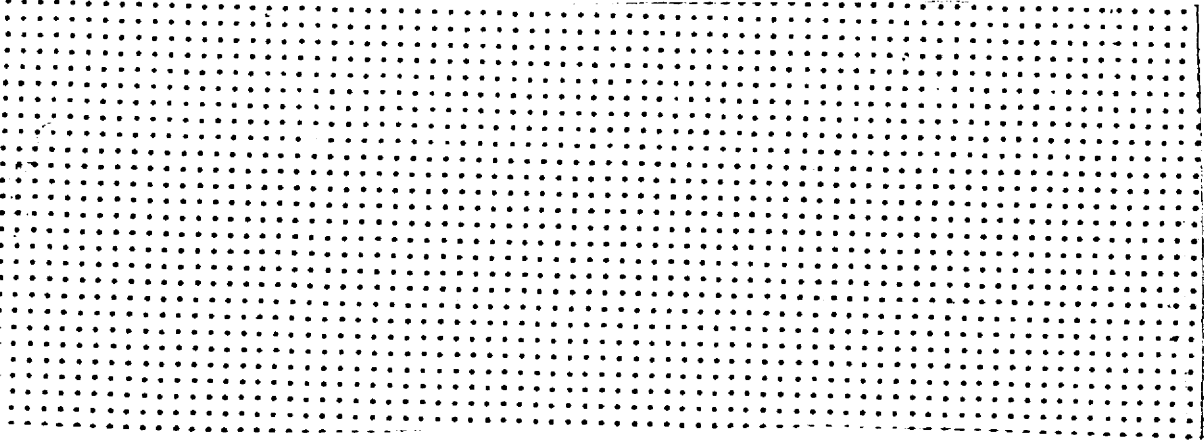
The Director of Central Intelligence briefed the Council first on the recent attacks by Soviet and orbit planes on United States and British aircraft.

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Mr. Dulles then commented briefly on Malenkov's recent speech and on the situation in Albania.

The National Security Council:

Noted an oral briefing by the Director of Central Intelligence on the subject, with particular reference to recent incidents of Soviet bloc air attacks on U. S. and British aircraft, Malenkov's recent speech, and the situation in Albania.

9. UNITED STATES OBJECTIVES AND COURSES OF ACTION WITH RESPECT TO LATIN AMERICA
(NSC 144 and Annex to NSC 144)

In introducing this report, Mr. Cutler read the objectives and summarized the courses of action set forth. He then suggested that, beginning with the Under Secretary of State, the members of the Council describe their reactions to this proposed policy.

Secretary Smith said that the paper had been prepared in some haste and represented a shotgun approach. It was, of course, very general, but would be followed by other reports dealing with specific countries which represented problems with regard to United States security interests.

Turning then to the question of the costs of the programs set forth in the report, Secretary Smith said that he would not suffer great qualms if the \$8 million budgeted for the Inter-American Highway were ultimately to be cut in half. Simply as a matter of tactics, however, Secretary Smith thought it would be wise if Congress did the cutting. As regards the Panza Road, he thought a cut inadvisable, and that every effort should be made to prevent any reduction of the proposed outlay of \$25 million for economic assistance to Latin America in Fiscal Year 1954.

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Secretary Smith also adverted briefly to plans in the State Department for stepping up visits of distinguished American citizens to the various Latin American republics.

Mr. Cutler interrupted to state that the President had been extremely pleased with the present report and was going to use some portions of it as the basis for his forthcoming Pan American Day speech.

In commentary on this point, Secretary Smith said that he was sure that the Council as a whole was aware of the heavy psychological significance of any policy and program for Latin America.

General Bradley commented next on the military aspects of the policy statement. He noted that it involved no changes in the objectives set forth in the policy which it superseded, viz., NSC 56/2. As regarded military courses of action, the new paper omitted reference to accomplishments already recorded, but added three new items.

Asked for his views, Governor Stassen said that while on the whole he was pleased with the report, it failed to take account with sufficient force of one point that he felt to be of very great importance. It did not reflect the need for Latin American capitalists and business men to provide better treatment for their workers and to take a more progressive and responsible role in the development of the economies of their countries. He therefore suggested the insertion of a new paragraph which would cover this point.

Secondly, Governor Stassen said he felt that greater emphasis might likewise be placed on the problem of Latin American treatment of United States capital and investors. While perhaps less important than his first suggestion, a slight revision would cover this second point.

Secretary Wilson noted his concern to keep the Colombian battalion in service in Korea, and believed that the paper should cover the problem of compensation by the Colombian Government to the United States for services rendered in support of this battalion.

Mr. Cutler assured Secretary Wilson that the staff was aware of this problem and that it would be taken up in the forthcoming policy statement on Korea as applying not only to Colombia but to other countries which had not paid the United States what was due it for logistic support of their forces.

It then became Secretary Humphrey's turn to comment on the paper. He said that the Council would note the inclusion of the clause setting forth the standard Treasury position that policy statements such as this should not be given final approval until the costs of carrying out the proposed program in Latin America had been scrutinized

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in relationship to priorities in other areas. All the other major areas must be gone into, said the Secretary, before we finally go ahead on this or any other policy. Secretary Humphrey informed the Council that it had already proved necessary for the Export-Import Bank to advance \$300 million to Brazil in order to enable it to pay for materials which it had purchased from private interests in the United States. This was a case, and a not very edifying one, of straight overbuying by the Brazilians. Unless something could be done to stop it, Secretary Humphrey warned, it would set the pattern for further expenditures and further requests for loans in the future.

In confirmation of these remarks, Secretary Smith added that the State Department expected the Brazilians to come back very shortly with another request on the Export-Import Bank, this time for \$400 million.

Secretary Humphrey said that this sort of transaction obviously needed to be much more carefully policed by this Government in the future. It was already too late when he got a chance to acquaint himself with this most recent transaction involving the \$300 million. These matters had very serious implications for the future, and it would be necessary for us to cut off in the near future.

Secretary Smith expressed general agreement with these views.

Secretary Humphrey said that he had one final suggestion to make with regard to United States relations with the Latin American states, particularly in the economic sphere. He felt sure that if we could find a few first-rate business men and send them as our ambassadors to the key Latin American nations, it would do far more good than any amount of money we could dole out.

The President expressed general sympathy with this idea, and Secretary Weeks added that from his own experience as a private business man in Latin America, the efforts of private enterprise needed to be backed up much more strongly than in the past by the Department of State.

This subject, said Secretary Humphrey, brought in the question of tax incentives which formed part of the present report. He felt that tax incentives came logically after and not before you had achieved real stability of American investment. Tax incentives would never induce American investors to invest in Latin America until there was far greater assurance that the investment was reasonably safe.

With this the President expressed hearty agreement, and noted that he had "jumped" the Mexican Ambassador recently on this very point. The Ambassador had replied that the Mexican Constitution itself guaranteed compensation for the expropriation of foreign investments, and that his country was guiltless.

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Secretary Smith said that he felt that our people interested in Latin America should go after management contracts instead of following the traditional approach to investment in Latin America. He felt sure that this was a more effective way of doing business profitably in Latin America without giving rise to the problems which so often resulted in nationalization.

Secretary Humphrey expressed some skepticism of this approach, and reverted to his point that the way to get the job done was to send business men as ambassadors to the other American republics.

The National Security Council:

- a. Adopted the statement of policy contained in NSC 144 subject to the following changes:

Paragraph 5-d: Change the second sentence to read:

"This does not preclude multilateral action through the inter-American system. In the event the inter-American system should fail to protect vital United States national interests in this hemisphere, it is recognized that unilateral action by the United States may be necessary."

Paragraph 7: Add a new sub-paragraph f, reading:

"f. Undertaking a thorough study of the means by which we can assist Latin American capital to play a more vigorous and responsible role in economic development of the area."

Paragraph 12: Change the first sentence to read:

"In support of the course of action in paragraph 11, the United States should provide military assistance to Latin America consistent with the agreed plans of the Inter-American Defense Board and other bilateral or multilateral military agreements to which the United States is a party."

- b. Noted the President's approval of NSC 144 as amended, and his statement that this approval did not constitute an endorsement of any specific program of military and economic assistance for Latin America, which will be subject to review in the light of (1) the priority of financing of present and proposed programs for Latin America in relation to programs for other foreign areas and to programs for domestic security, and (2) the overall objective of achieving a balanced Federal budget.

NOTE: NSC 144 as amended subsequently circulated as NSC 144/1.

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10. REVIEW OF BASIC NATIONAL SECURITY POLICIES:
THE MUTUAL SECURITY PROGRAM

(Memo for NSC from Director for Mutual Security, subject: "Review of Basic National Security Policies--Report of the Director for Mutual Security pursuant to NSC Action 730-c", dated March 17, 1953)

Mr. Cutler referred briefly to the Council action in response to which Governor Stassen would brief the Council on the effects of the proposed budget cut on the objectives of the Mutual Security programs.

Governor Stassen first handed out a lengthy report on the subject, and then asked permission to have members of his staff who had prepared the report present during his oral summary. For approximately a half hour, with the assistance of his staff and of a series of charts, Governor Stassen briefed the Council on the problem which had been assigned to him. His conclusion as to the effect of the proposed cut was extremely gloomy. He felt that a cut of these proportions might well, for example, spell the end of the French effort to save Indo-China, and might also result in French refusal to ratify the SDC treaties. Similar grim repercussions could be anticipated in other crucial areas of the free world.

After some discussion, in response to the President's query as to whether the cutback was in the budgetary program or in the expenditure program, Governor Stassen went on to stress that not the least serious impact of the proposed cut was that the United States was already so thinly spread in many areas which it needed to defend from Communist attack. The psychological effects were all the more serious when you considered the timing of the proposed cut. Much of the training, for example, of the foreign forces which were to be equipped with United States materiel had been completed. So likewise was much of the infrastructure. All that was now needed was to send the materiel, and it was really beginning to flow in considerable volume. To stop it now would mean withholding from our friends and allies the last increment of aid which was needed to help them stand on their feet. This would not only be a serious material blow but a very bad psychological move.

After this conclusion by Governor Stassen, the Vice President inquired whether Governor Stassen's views indicated that he and his people had already reached the conclusion that the figure for foreign aid in the Truman budget was about the minimum figure which the Mutual Security Administration was prepared to recommend to the President and the Congress.

Governor Stassen said that he was unable to go that far and that his report had been merely designed to show what would happen if cuts of the magnitude proposed should actually be made. Obviously the

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effects of such cuts would be very grave indeed, but he was not prepared to make any specific recommendations at this point. For one thing, it was vitally important to hear from Secretary Wilson on the Defense program scheduled for next week's Council meeting.

Secretary Wilson interposed to say that he anticipated that the Defense Department would find itself compelled to deal with much the same kind of problem, and, he added, "we will probably have to try to strike some kind of compromise between the figure for the Defense program set forth in the Truman budget and the figure which would result if the proposed cut were to be made."

Secretary Smith then stated that he wanted to take this opportunity to register his strong support of Governor Stassen's delinication of the dangerous results of a cut of this magnitude. He admitted that we were faced with very terrible alternatives. It seemed to him that it was not going to cost less but more if the United States was to achieve the objectives that it sought in Asia. This was an inescapable conclusion.

The Vice President stated that there seemed very good reason to recommend against such a cut as this in view of the effects that Governor Stassen had outlined. But he felt that he must warn of the serious political problem which the Administration would face in Congress if no cuts were made. Most members of Congress were happily convinced that a substantial cut could and should be made. If the National Security Council were to conclude that we cannot cut the budget, or worse, that we must even raise our sights, it would require a very impressive selling program in Congress.

Governor Stassen admitted the wisdom of the Vice President's view, but said that he thought he had recently detected some slight shift in Congressional feeling that a cut in the national security programs must be made. Of course, there still remained an educational job to be done, but when we reach whatever conclusions we do, and the President agrees to these conclusions, every effort should be made to carry them through the Congress, and Governor Stassen believed that the President's leadership would win out.

The President replied that he thought the answer was "yes" if, prior to any decision as to the size of the national security programs, we could take a good hard look at the very real savings that could be made in the areas of administration, overhead, and procurement in these programs. This was something which needed the most careful investigation, and assurance that this investigation has been made and all possible economies effected would go a long way to help sell Congress on the necessity for supporting the figure recommended by the Administration.

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Mr. Cutler stated that Secretary Dulles had requested him to announce that Secretary Dulles supported the conclusions reached in Governor Stassen's written report and oral summary if Governor Stassen's assumptions were borne in mind.

Secretary Wilson said that he felt that he could not at this time give his opinion on Governor Stassen's estimate, and asked to reserve his views until the conclusion of next week's Defense Department presentation. Nevertheless, Secretary Wilson said that he did not feel that all the possibilities for effecting real savings in the budgets for FY 1954 had been thoroughly explored. There were still possibilities such as a stretch-out of the time of readiness, a reappraisal of certain of our objectives, and a balance of inventories. Certainly none of these and others were sacred cows which ought to escape careful scrutiny.

The National Security Council:

- a. Noted and discussed the subject on the basis of the reference memorandum distributed at the meeting and summarized orally by the Director for Mutual Security.
- b. Noted that the Under Secretary of State expressed the support of the Department of State for the presentation made by the Director for Mutual Security.
- c. Deferred further consideration of the subject pending receipt of the Defense Department presentation, pursuant to NSC Action No. 730-2, at the next Council meeting.

11. NSC STATUS OF PROJECTS

The National Security Council:

Noted the status of NSC projects as of March 16, 1953.

A. Everett Gleason

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