

August 9, 1957

MEMORANDUM

EYES ONLY

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SUBJECT: Discussion at the 334th Meeting of the National Security Council, Thursday, August 8, 1957

Present at the 334th 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 Director, Bureau of the Budget; the Special Assistant to the President for Atomic Energy; the Acting Director, U. S. Information Agency; the Director, International Cooperation Administration; the Deputy Secretary of Defense; the Counselor, Department of State (acting for the Secretary in Items 1 through 6); the Vice Chief of Staff, U. S. Army (for Item 7); Admiral H. D. Felt, USN, Department of Defense; the Chairman, Joint Chiefs of Staff; the Acting Director of Central Intelligence; The Assistant to the President; the Deputy Assistant to the President; Special Assistants to the President Cutler, Randall and Dearborn; the Acting White House Staff Secretary; the Naval Aide to the President; the Acting Executive Secretary, NSC; and the Director, NSC Secretariat.

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

- 1. U. S. POLICY TOWARD SOUTH ASIA (NSC 5701; Progress Report, dated July 24, 1957, by OCB on NSC 5701)

Mr. Frederick Dearborn briefed the Council on the highlights of the reference Progress Report. In the course of his briefing (a copy of which is filed in the minutes of the meeting), Mr. Dearborn compared the level of U. S. and of Communist assistance to several countries of South Asia. The President manifested particular interest in this comparison, and asked several questions.

The National Security Council:

Noted and discussed the reference Progress Report on the subject by the Operations Coordinating Board.

DECLASSIFIED E.O. 12356, SEC. 3.4 (b)

MR 78-148719 BY 666 DATE 11/14/86

PORTIONS EXEMPTED E.O. 12356, SEC. 1.3 (a)(5) NSC letter 8/15/86 DATE 11/14/86

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2. U. S. POLICY TOWARD SOUTH ASIA: CEYLON

(NSC 5701; Progress Report, dated July 24, 1957, by OCB on NSC 5701; Memo for NSC from Executive Secretary, same subject, dated July 31, 1957; Memo for NSC from Acting Executive Secretary, same subject, dated August 7, 1957)

Mr. Cutler briefed the Council, and explained the reasons which had prompted the NSC Planning Board to propose a change in paragraph 80 of NSC 5701, as follows:

"Continue to impress upon the Government of Ceylon that the provision of U. S. economic aid will be reconsidered should Ceylon expand its trade in rubber or strategic commodities with the Communist bloc, and continue to urge that Ceylon ~~discontinue its rubber exports to Communist China~~ endeavor to minimize rubber exports to the Communist bloc."

He pointed out that the Planning Board was unanimous in its support of this revision, but that the Joint Chiefs of Staff were opposed to the revision on the ground that no such change should be made until completion of the forthcoming review of U. S. economic defense policy by the National Security Council. (A copy of Mr. Cutler's briefing note is filed in the minutes of the meeting.) He then asked Admiral Radford for further comments.

Admiral Radford replied that it didn't seem to him to make very much difference whether paragraph 80 was revised or not. In point of fact, this Government was already following the course of action set forth in the proposed revision of paragraph 80 prepared by the Planning Board. The Joint Chiefs of Staff simply felt it desirable to point out the forthcoming review of U. S. economic defense policy and its bearing on the revision of paragraph 80.

The President inquired whether Ceylon was now finding itself in greater need of rice than had been the case when Ceylon made its first contract to exchange Ceylonese rubber for rice from Communist China. Mr. Cutler replied that this was probably not the case, but that Ceylon must nevertheless find a market for its rubber.

The President then stated that this seemed to be one more instance of the Communist practice of exporting food which was in short supply at home. Accordingly, it might be a positive advantage to the Free World to encourage Communist China to sell rice, even though this vital commodity was in short supply. This would prove harmful to Chinese Communist government policy in China.

Admiral Radford again repeated that he felt it was of no particular consequence whether paragraph 80 were revised or not. The President indicated that he believed the revision should be

made, and that the proposed new policy would probably represent no loss to the United States in any case. Secretary Wilson expressed agreement with the President's view.

The National Security Council:

- a. Discussed the proposed revision of paragraph 80 of NSC 5701, prepared by the NSC Planning Board, and the Planning Board's justification for such revision (transmitted by the reference memorandum of July 31, 1957); in the light of the views of the Joint Chiefs of Staff (transmitted by the reference memorandum of August 7, 1957).
- b. Adopted the revision of paragraph 80 of NSC 5701 referred to in a above.

NOTE: The action in b above, as approved by the President, subsequently circulated to all holders of NSC 5701.

3. SIGNIFICANT WORLD DEVELOPMENTS AFFECTING U. S. SECURITY

The National Security Council:

Noted and discussed an oral briefing by the Acting Director of Central Intelligence on the subject, with specific reference to recent Soviet moves in the Communist world; the Omani rebellion; and political stability in Iran.

4. U. S. POLICY ON HONG KONG

(NSC Action No. 256-b; Memo for NSC from Executive Secretary, subject: "Review of Current National Security Policies Adopted Prior to 1953", dated April 30, 1954; NSC 5429/5; NSC 5717; Memo for NSC from Acting Executive Secretary, subject: "U. S. Policy on Hong Kong", dated August 5, 1957)

Mr. Cutler briefed the Council on the important features of the proposed new policy with respect to Hong Kong (NSC 5717), in the course of which he noted that the Joint Chiefs of Staff had approved the proposed policy statement recommended by the NSC Planning Board. (A copy of Mr. Cutler's briefing note is filed in the minutes of the meeting.)

The President inquired what so many Americans were doing in Hong Kong. Were they mostly Government personnel? Mr. Cutler replied that besides Government personnel there were a considerable

number of American businessmen in Hong Kong. The President said that it seemed to him that Hong Kong was one of those areas in which we should try to restrict U. S. visas to Americans who really had an obligation to be in Hong Kong.

Admiral Radford expressed doubt as to whether there was a particular need to place restrictions on the entry of Americans into Hong Kong. He thought that the dangers of a sudden Communist move against Hong Kong had been somewhat overdrawn, and that if the Communists did attack Hong Kong sufficient warning would have been provided to permit us to evacuate all Americans and Europeans. The real problem in Hong Kong was one of internal subversion rather than attack from outside the colony.

The President commented that he was always struck by the fact that the United States always seemed in the first instance obliged to devote itself to humanitarian moves, such as rescuing people who have no business to be in a danger spot, instead of being able to deal in the first instance with matters of direct interest to the United States in foreign areas such as Hong Kong.

Admiral Radford again pointed out that Hong Kong harbor was generally so full of ships that evacuation of Americans and Europeans could be completed in a few hours. Secretary Wilson commented that most of the evidence to date indicated that the Chinese Communists regarded Hong Kong in British hands as an asset rather than otherwise. General Cabell commented that while the Chinese Communists consistently maintained a record of their right to take Hong Kong, they showed no signs of intending to do so, and the record to date consisted merely of protests.

The National Security Council:

- a. Discussed the draft statement of policy on the subject contained in NSC 5717, in the light of the views of the Joint Chiefs of Staff thereon transmitted by the reference memorandum of August 5, 1957.
- b. Adopted the statement of policy contained in NSC 5717.

NOTE: NSC 5717, as adopted, subsequently approved by the President and circulated for implementation by all appropriate Executive departments and agencies of the U. S. Government, and referred to the Operations Coordinating Board as the coordinating agency designated by the President.

5. U. S. POLICY TOWARD IRAN

[NSC 5504; NSC 5610; NSC Actions Nos. 1624-c, 1667 and 1753; Memo for NSC from Executive Secretary, subject: "Report by the Interdepartmental Committee on Certain U. S. Aid Programs", dated December 5, 1956; NIE 34-57; NSC 5703; Memo for NSC from Executive Secretary, subject: "U. S. Policy Toward Iran", dated February 6, 1957; NSC 5703/1; Memo for NSC from Acting Executive Secretary, subject: "Military Implications of Joint Resolution 117 on the Middle East", dated June 27, 1957; Memo for NSC from Executive Secretary, subject: "Military Implications of Joint Resolution 117 on the Middle East", dated July 16, 1957; Memos for NSC from Acting Executive Secretary, subject: "U. S. Policy Toward Iran", dated August 5 and 7, 1957)

Mr. Cutler briefed the Council, going into particular detail on the new Financial Appendix to NSC 5703/1 and on the construction costs to the United States for new military facilities in Iran. He then read the Planning Board's recommendations for Council action on the Iranian policy, and noted the approval of the Joint Chiefs of Staff of the actions proposed by the Planning Board. (Copy of Mr. Cutler's briefing note filed in the minutes of the meeting.)

The President then said that the proposed new policy seemed perfectly proper to him.

Mr. Brundage said that he was concerned by the figures in the Financial Appendix, which showed an increase year after year. Would it not be better to try to hold down the rate of expenditures in Iran to the level of FY 1958 and FY 1959, at least until such time as the world-wide review of our military assistance programs had been completed by the Defense Department? Mr. Brundage warned that once such expenditures as these begin to grow, it is very difficult to reverse the direction.

Secretary Wilson disagreed with Mr. Brundage, and expressed the view that it would be sound to go ahead and adopt the proposed new policy with respect to Iran, trying to find the additional money somewhere else. After all, Iran was pretty important to the United States.

Mr. Cutler turned to Mr. Brundage and pointed out that the presently-estimated expenditures over a four-year period were less than we had estimated when this policy paper was first considered by the National Security Council in February. The President added his view that we really couldn't kick about these expenditure figures. We had been too worried about this country ever since the Administration came into office. Apropos of Mr. Brundage's remark, the President inquired as to when we could expect to see the great study of U. S. military assistance programs world-wide. Mr. Cutler replied that he wished to talk about this matter with the President at another time.

The National Security Council:

- a. Cancelled NSC Action No. 1667-b and -c, in view of Council discussion of the report by the Department of Defense on "Military Implications of Joint Resolution 117 on the Middle East", transmitted by the reference memorandum of June 27, 1957.
- b. Noted the revised Financial Appendix to NSC 5703/1, transmitted by the reference memorandum of August 5, 1957, and authorized its insertion in all copies of NSC 5703/1.
- c. In accordance with the recommendation of the Joint Chiefs of Staff (enclosure to reference memorandum of August 7, 1957), authorized the deletion of subparagraph 18-a of NSC 5703/1 and the relettering of the remaining subparagraphs of paragraph 18 accordingly.
- d. Agreed that U. S. policy toward Iran would continue to be governed by the statement of policy contained in NSC 5703/1 (February 8, 1957), pending a review of world-wide military assistance programs, which will include a review of military assistance to Iran.

NOTE: The action in a above, as approved by the President, subsequently circulated to all holders of NSC Action No. 1667-b and -c.

The actions in b and c above, as approved by the President, subsequently circulated to all holders of NSC 5703/1.

The action in d above, as approved by the President, subsequently circulated to all interested departments and agencies.

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6. U. S. MILITARY CAPABILITIES TO MEET SITUATIONS ARISING IN THE MIDDLE EAST

(Memo for NSC from Acting Executive Secretary, subject: "Military Implications of Joint Resolution 117 on the Middle East", dated June 27, 1957; Memo for NSC from Executive Secretary, subject: "Military Implications of Joint Resolution 117 on the Middle East", dated July 16, 1957; NSC Action No. 1753; Memo for NSC from Acting Executive Secretary, subject: "U. S. Military Capabilities to Meet Situations Arising in the Middle East", dated August 5, 1957)

The National Security Council:

- a. Noted the study on the subject by the Chairman, Joint Chiefs of Staff, prepared pursuant to NSC Action No. 1753-b and transmitted by the reference memorandum of August 5, 1957.
- b. Noted that, the action directed in NSC Action No. 1753-b-(1) and -(2) having been completed, the NSC Planning Board would prepare for Council consideration a study of long-range U. S. policy toward the Middle East area, with a view to presenting recommendations thereon to the Council in November, 1957.

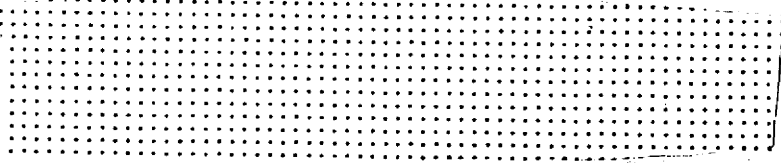
7. U. S. POLICY TOWARD KOREA

(NSC 5702; NSC 5702/1; NSC Action No. 1731; Memo for NSC from Executive Secretary, subject: "Interim Report on Korea", dated July 30, 1957; Memos for NSC from Acting Executive Secretary, subject: "U. S. Policy Toward Korea", dated August 5 and 7, 1957)

Mr. Cutler briefed the Council at considerable length as Secretary Dulles came into the Cabinet Room and replaced Mr. Reinhardt at the table. Mr. Cutler read in detail paragraphs 9-a, -b and -c in the revised form proposed by the NSC Planning Board, as follows:

"9. a. Continue through the period FY 1958 to deploy in Korea two U. S. infantry divisions and one fighter-bomber wing with necessary support forces.

"b. Replace existing equipment of U. S. forces in Korea, including planes, with improved models of such equipment as and when required for military reasons.

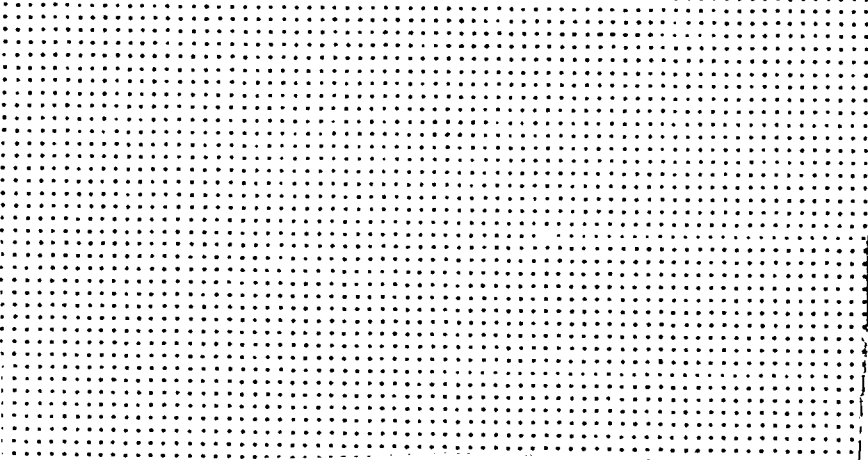


Mr. Cutler called on Secretary Dulles, but Secretary Wilson interrupted to state that it might be helpful to Secretary Dulles if he, Secretary Wilson, first talked for a moment about the Defense Department position on this issue. He said that his own personal position differed a little from that of many of his colleagues in the Defense Department. While he was quite aware of the military needs for modernizing U. S. forces in Korea, he was also keenly aware of the political and psychological aspects of the problem. Above all, he wished to avoid "heating up" the difficulties in Korea any more than could be helped, and he was also very concerned about the problem of the costs of modernization. Secretary Wilson added that he had, however, received a report from his people only yesterday, stating that if the package deal proposed in NSC 5702/1 were adopted, we would be able to bring home approximately 8000 American military personnel, and we could cut out four active South Korean divisions, which would save us approximately \$125 million a year.

Secretary Dulles then took the floor, and stated that the general proposal to countermand the provisions of Article 13(D) of the Armistice Agreement had been pretty well received throughout the Free World. The reason for this favorable reaction to our announcement was that our course of action had been carefully planned and carefully worked out with our allies.

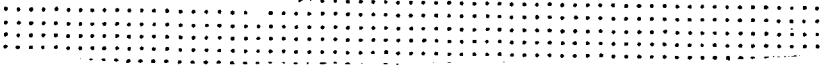


His second point, continued Secretary Dulles, was that this whole modernization plan was a package deal involving a reduction in the force levels of the ROK forces. Secretary Dulles insisted that the United States was not in a position to sustain the costs of supporting the present level of the South Korean forces to the tune of over \$700 million a year. Congress was going to insist on a very sharp cut in our military assistance and defense support programs world-wide. If we continue to try to support the present high levels of the indigenous forces in Korea, we will find ourselves obliged to make drastic reductions in our military aid programs in other parts of the world. Yet, there was so far no evidence whatsoever that we were going to succeed in getting South Korea to agree to a cut in ROK force levels. President Rhee was, as usual, being stubborn and tough in these negotiations.



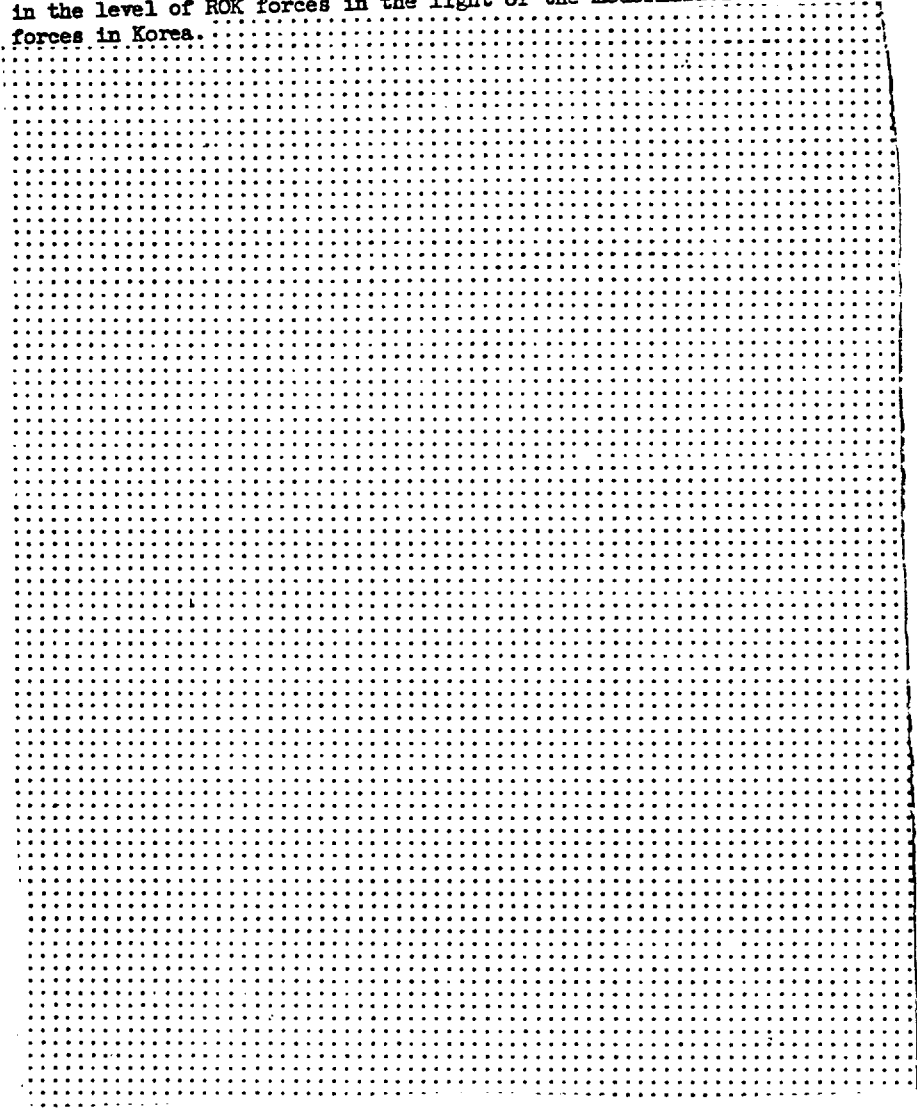
Mr. Cutler indicated his agreement with the Secretary of State's position, and said that that was why the Planning Board had drafted subparagraph 9-c in its present form. He then suggested that General Lemnitzer speak to the Council regarding his recent negotiations with President Rhee.

General Lemnitzer indicated that President Rhee had been very pleased indeed with our decision to suspend Article 13(D) of the Armistice Agreement and to proceed to modernize U. S. forces in Korea. However, President Rhee indicated that he wanted more information on the precise character of the modernization of forces which we contemplated and, particularly, what we had in mind with respect to the modernization of the ROK Army. General Lemnitzer and Ambassador Dowling, following their instructions from Washington, had explained as best they could what we had in mind by way of modernization.



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General Lemnitzer said that President Rhee seemed honestly anxious to be sure that the ROK retained sufficient military power to resist any renewed Communist aggression from the north. Accordingly, General Lemnitzer had come up with the suggestion for a joint study by U. S. and ROK military personnel as to possible reduction in the level of ROK forces in the light of the modernization of U. S. forces in Korea.



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Mr. Cutler commented that this proposal of the President's was likewise in accordance with the proposed subparagraph 9-c.

At this point, Secretary Dulles read portions of President Rhee's recent letter to President Eisenhower--portions which indicated Rhee's concern that the ROK forces should be modernized as well as the U. S. forces. Secretary Dulles warned that it was going to cost an awful lot of money if the United States found itself obliged to modernize both the South Korean and the U. S. divisions in Korea. Admiral Radford pointed out that at least we could pass on some of our older equipment to the ROK divisions as the U. S. forces are progressively modernized with new weapons. Admiral Radford also pointed out that the process of modernizing U. S. forces would carry over a considerable period of time.

Secretary Dulles expressed some frank and unflattering views of President Rhee. President Rhee appeared to him as essentially an Oriental bargainer. In the best of circumstances it was going to be very hard to get him to agree to a reduction of the ROK forces. Indeed, to achieve this we may have to give him a heavy jolt, because he is a master of evasion.

Secretary Wilson suggested that the best way to provide a jolt for President Rhee would be to hold back U. S. funds.

Secretary Dulles then inquired whether it would not be wise to send some kind of communication to our people in Korea after the conclusion of this meeting. The President said that it would be very hard to get all the nuances expressed in a single statement, but suggested that the Secretaries of State and Defense try to formulate a statement and perhaps send qualified personnel to take the statement to Korea.

Admiral Radford once again stressed the fact that one of the major purposes of modernizing U. S. forces in Korea ..... was to safeguard the security of our forces there.

Mr. Cutler then went on to say that the remaining revised paragraphs proposed by the NSC Planning Board--namely, paragraphs 10 and 19--were not very controversial. He read subparagraph 10-a, as follows:

"10. With respect to ROK forces through FY 1958:

"a. Negotiate with the Republic of Korea for a substantial reduction in active ROK forces (by at least four active divisions at this time, with no increases in reserve divisions); in return for converting the three remaining conventional ROK fighter-bomber squadrons into jet squadrons and providing to ground forces currently programmed improved transport and communications equipment, and taking into account the modernization of U. S. forces in Korea."

The President said he approved of this version of subparagraph 10-a, and stated that we must now be in a position to inform President Rhee of precisely what we propose to do by way of modernizing U. S. forces in Korea.

Secretary Wilson said that with respect to subparagraph 10-a, the Defense Department did not wish to agree that there could be no increase in reserve ROK divisions to compensate for the reduction of four active ROK divisions. After all, said Secretary Wilson, it was much less expensive to support reserve divisions than active divisions. Admiral Radford pointed out that Secretary Wilson's view did not conform entirely to the views of the Joint Chiefs of Staff. When the Joint Chiefs had looked into the matter, they had found that the cost of maintaining reserve divisions was still very high.

The President suggested that the language should not be made too restrictive, and that leeway should be given to our people who were negotiating with Rhee. Mr. Cutler then suggested that the word "minimum" should be substituted for the word "no" in the third line of subparagraph 10-a.

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In a philosophical vein, the President observed that when you look at this little finger of South Korea sticking out of mainland Asia, you recall that the statement made by the Joint Chiefs of Staff ten years ago is as true today as it was then--namely, the statement that while Korea is of no military importance to us in general war, it is psychologically and politically of such importance that to lose it would run the risk of the loss of our entire position in the Far East. Accordingly, we have got to carry on in South Korea.

Mr. Cutler then pointed out that there remained one more split in NSC 5702/1 which should be resolved.

Secretary Dulles stated that this difference of opinion brought to mind a saying frequently used by the President, to the effect that "Planning is essential, though the plans themselves may not be important." If war were to start again in Korea, said Secretary Dulles, it was going to be very hard indeed to determine which side had begun the war. Accordingly, while it was desirable to have all these plans of action in mind, it was not going to be easy to determine now, in advance of the event, precisely what courses of action would be mandatory on the United States.

The President commented that the best thing to insert here was what the French had said to the Russians at the outbreak of war in 1914, that is: "France will do whatever is in its own best interests."

The National Security Council:

- a. Discussed the proposed revisions of paragraphs 9, 10 and 19 of NSC 5702/1, prepared by the NSC Planning Board and transmitted by the reference memorandum of August 5, 1957; in the light of the Interim Report on Korea (transmitted by the reference memorandum of July 30, 1957), the views of the Joint Chiefs of Staff (transmitted by the reference memorandum of August 7, 1957), and the comments of General Lemmitzer at the meeting.

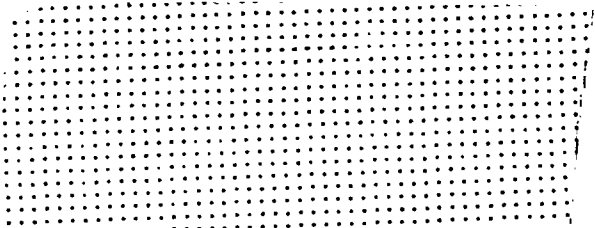
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b. Adopted the statement of policy in NSC 5702/1, subject to the following amendments:

(1) Paragraph 9, page 4: Revise to read as follows:

"9. a. Continue through the period FY 1958 to deploy in Korea a minimum of two U. S. infantry divisions and one fighter-bomber wing with necessary support forces.

"b. Replace existing equipment of U. S. forces in Korea, including planes, with improved models of such equipment as and when required for military reasons.



(2) Paragraph 10, page 5: Revise to read as follows:

"10. With respect to ROK forces through FY 1958:

"a. Negotiate with the Republic of Korea for a substantial reduction in active ROK forces (by at least four active divisions at this time, with minimum increase in reserve divisions); in return for converting the three remaining conventional ROK fighter-bomber squadrons into jet squadrons and providing to ground forces currently-programmed improved transport and communications equipment and appropriate U. S. equipment in Korea declared excess to the needs of U. S. forces there, and taking into account the modernization of U. S. forces in Korea.

"b. Continue the ROK Navy at its present level of approximately 61 combatant ships and one Marine Division.

"c. Plan for gradual further reductions in ROK forces in the longer range. Such planning would take account of the enemy situation, the effect of the initial reductions, and the

over-all level of U. S. military assistance programs world-wide.

"d. Continue military assistance to the Republic of Korea to carry out these military programs and objectives."

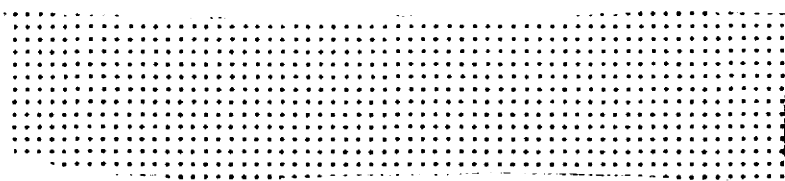
- (3) Paragraph 19-a, page 8: Revise to read as follows:

"19. In accordance with the U. S. statement issued June 21, 1957 (Annex G), continue to observe and support the Korean Armistice Agreement, and to this end:

"a. Establish through adequate evidence, the nature and scope of any violations of the Armistice Agreement by the Communist side, especially with respect to Article 13(D). Continue to publicize to the maximum extent feasible the fact that the Communists, with the connivance of the Communist members of the Neutral Nations Supervisory Commission, have violated provisions of the Armistice Agreement since its inception."

- (4) Paragraph 19-b, page 9: Delete, and reletter subparagraphs c and d as b and c.
- (5) Paragraph 23, page 12: Include the bracketed word, and delete the asterisk and the footnote relating thereto.

- c. Authorized adding, as Annex G to NSC 5702/1, the United Nations Command Statement of June 21, 1957, to the Military Armistice Commission at Panmunjom, Korea.



- e. Noted the President's directive that the Departments of State and Defense prepare a summary statement, for guidance to Ambassador Dowling and General Decker in carrying on negotiations with President Rhee, of actions now authorized to be taken with respect to Korea; and consider the advisability of sending qualified personnel to Korea with such summary statement.

NOTE: NSC 5702/1, as amended, subsequently approved by the President and circulated as NSC 5702/2 for implemen-

tation by all appropriate Executive departments and agencies of the U. S. Government, and referred to the Operations Coordinating Board as the coordinating agency designated by the President.

The actions in d and e above, as approved by the President, subsequently transmitted to the Secretaries of State and Defense for appropriate implementation.

8. RETIREMENT OF ADMIRAL RADFORD AS CHAIRMAN, JOINT CHIEFS OF STAFF

The National Security Council:

Noted the President's approval of the following statement with respect to the forthcoming retirement of Admiral Radford as Chairman, Joint Chiefs of Staff:

"As Chairman of the Joint Chiefs of Staff since August 1953, Admiral Arthur W. Radford has attended 141 Meetings of the National Security Council. The breadth of his intellectual grasp, his comprehensive military knowledge, and his constant appreciation of all the factors which must be integrated in formulating national security policy, gave to his military advice to the Council a rare and valued quality. Each of us who has worked with Arthur Radford in these active times will realize in his retirement a personal loss, but each of us joins today in wishing for him in the many years that lie ahead all the rich rewards to which he is so certainly entitled."

*S. Everett Gleason*

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