

March 11, 1955

MEMORANDUM

SUBJECT: Discussion at the 240th Meeting
of the National Security Council,
Thursday, March 10, 1955

Present at the 240th meeting of the Council were the President of the United States, presiding; the Vice President of the United States; the Secretary of State; the Secretary of Defense; Brig. Gen. R. W. Porter, Jr., for the Director, Foreign Operations Administration; and the Director, Office of Defense Mobilization. Also present were Mr. H. Chapman Rose for the Secretary of the Treasury; the Director, Bureau of the Budget; the Chairman, Atomic Energy Commission (for Item 3); the Director, U. S. Information Agency; the Secretary of the Army, the Secretary of the Navy, and the Acting Secretary of the Air Force (for Items 5 and 6); Assistant Secretary of State Holland (for Item 5); 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, and the Commandant, U. S. Marine Corps (for Items 5 and 6); the Director of Central Intelligence; the Assistant to the President; Robert Cutler, Joseph M. Dodge, and Nelson A. Rockefeller, Special Assistants to the President; the Deputy Assistant to the President; Dillon Anderson, NSC Consultant; Robert R. Bowie, Department of State; the White House Staff Secretary; the Executive Secretary, NSC; and the Deputy Executive Secretary, NSC.

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

1. COORDINATION OF ECONOMIC, PSYCHOLOGICAL AND POLITICAL WARFARE AND FOREIGN INFORMATION ACTIVITIES
(Memos for NSC from Executive Secretary, same subject, dated March 3 and 4, 1955; NSC 5412; NSC 5502/1; NSC 5505/1; NSC Actions Nos. 1314-d and 1315)

The National Security Council:

- a. Noted that the President had this date signed a letter to Special Assistant to the President Rockefeller in implementation of recommendations contained in paragraph 3 of section B of the Memorandum for the President, enclosed with the reference memorandum of March 3.

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Authority

MR 78-93 #14

By

bc

NLE Date

2/11/86

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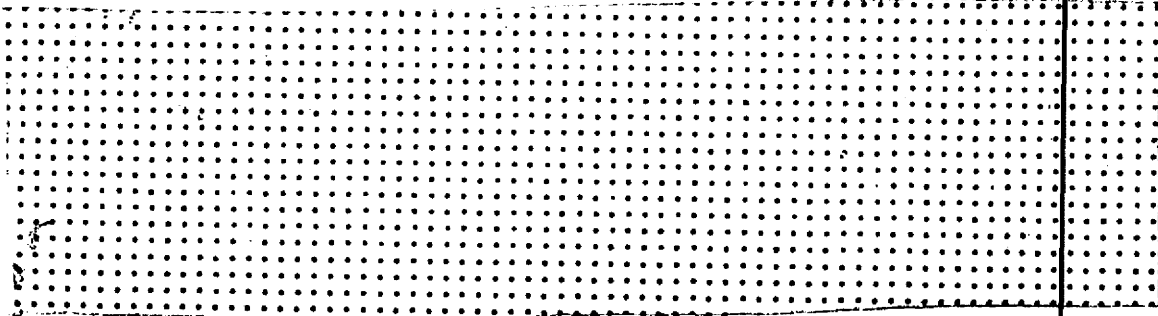
E.O. 12356, SEC. 1.3 (2)(4)(5)

NSC letter 12/2/85

DATE

2/5/86

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The National Security Council:

Noted and discussed an oral briefing on the subject by the Director of Central Intelligence, with specific reference to (1) the Soviet agricultural situation; (2) proposed Japanese-Soviet talks regarding peace treaty;

3. PEACEFUL USES OF ATOMIC ENERGY

(NSC 5431/1; NSC 5507; NSC 5507/1; Memo for NSC from Mr. Cutler, subject: "Development of Nuclear Power", dated December 11, 1953; NSC Actions Nos. 985, 1202 and 1326; Memo for NSC from Executive Secretary, same subject, dated March 7, 1955)

Mr. Cutler briefed the Council at very great length and in very great detail on the contents of NSC 5507/1 (copy of briefing notes filed in the Minutes of the meeting). At the conclusion of his briefing, he called on the Chairman, AEC, to make the first comments.

Admiral Strauss described NSC 5507/1 as an excellent report. It was, however, so vital to the Atomic Energy Commission that he did wish to make a few comments and to suggest a few revisions. Thereafter, Admiral Strauss proposed a series of revisions in the language of the present draft, most of which did not occasion any significant Council discussion.

However, with respect to paragraph 25 on page 14, reading: "Encourage the private financing of the development of atomic power to the maximum possible extent without jeopardizing the early development of such power.", there was an exchange of views. Admiral Strauss said that he trusted that there was no implication in this paragraph that private enterprise had not played its full part or that reliance upon private enterprise would jeopardize the early development of atomic power. If there were, he wished to suggest language to revise the paragraph.

The President indicated that he was completely opposed to the language of the paragraph as set forth above, but for reasons

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(Ann Whitman file)

different than those which worried Admiral Strauss. In short, he was strongly in favor of going ahead with the development of atomic power without too great regard for such considerations as the role of private financing, strongly as he believed in the principle of private enterprise. Admiral Strauss accordingly suggested that the Council agree to substitute for the language quoted above the language which came from the statement in the earlier policy adopted by the Council respecting the development of atomic power. This would call for language to indicate that without jeopardizing the early development of atomic power, the program to do so should be carried forward to the maximum extent possible through private, not Government, financing.

There being very little difference between these versions, the President said that he believed the real emphasis in any such course of action should be on the national interests of the United States. Accordingly, the paragraph should state in effect that the program for the development of atomic power should be carried forward as rapidly as was consistent with the interests of the United States, using private capital to the maximum possible extent. The emphasis, said the President, should be on getting the job done rather than on the role of private financing. The same emphasis, he continued, should be applied to the other portions of NSC 5507/1 where this subject was treated. The Council accordingly agreed to make the other necessary revisions to meet the President's point of view.

Admiral Strauss then directed the Council's attention to a bracketed sentence in paragraph 27-c, which dealt with the sale, lease or other transfer by the United States to friendly foreign countries of atomic materials or equipment. The bracketed sentence had been proposed by the Treasury and Budget members of the NSC Planning Board, but had not been acceptable to the others. It read as follows: "Other than in exceptionally compelling circumstances, any transfer by the U. S. to foreign governments of such materials or equipment should be by sale or lease." Admiral Strauss said he wholeheartedly subscribed to the position taken by the Treasury and the Budget, and wished the bracketed sentence to be included in the report. He saw no reason why the United States should not get some return from these atomic materials and equipment.

After some discussion and explanation of this paragraph, the President observed that once again all this indicated that the Government was trying to push its way into a very difficult and unexplored field of activity, and was setting up all kinds of generalizations in advance of undertaking to enter the field. It seemed much better to him, on the contrary, to make the decision to go ahead, and thereafter carry on on a "case-by-case basis". He said he particularly disliked the notion that grants or gifts of such materials and equipment would be made by the United States only in "exceptionally compelling circumstances".

Director Hughes observed that the Budget had wished to include reference to this problem because it felt that if nothing were said about a preference for sale or lease, we would have all sorts of foreign countries lining up outside our doors looking for a hand-out, rather than to agree to rent or purchase atomic materials and equipment from the United States. It was at least useful to have the paper take note of such a possibility, although Mr. Hughes said that he was by no means prepared to die for the inclusion of the bracketed sentence.

The President turned to Mr. Hughes, and inquired with some asperity on what level Mr. Hughes imagined that the United States would conduct negotiations, say, with a country like Colombia, on ways and means of building a power reactor there. Did Mr. Hughes imagine that such discussions would be carried on by people of the rank of corporals, or did he not think that such discussions would be at a very high level, sufficiently high to safeguard the legitimate interests of the United States? The President added that he was willing for the paragraph to say that sale or lease of such materials and equipment were preferable, but the transfer by outright grant should be undertaken if such a course of action was estimated to be in the best interests of the United States.

Secretary Dulles strongly supported the President's point of view, and indicated with impatience that some people seemed to believe that our diplomats enjoyed squandering the assets of the United States. The President added with a smile that the Secretary of State had correctly described the views of the Treasury and the Budget. They seemed to believe that American officials always yearned to give away the property of the United States.

After further revisions had been agreed by the Council at the suggestion of Admiral Strauss, the latter said that he no longer cared to continue his opposition to the course of action set forth in paragraph 27-e, which called on the United States as soon as possible to design and construct in the U. S. a small-output civilian reactor as a step toward constructing small-output power reactors which gave most promise of being useful abroad.

When Admiral Strauss had concluded his comments and suggestions for revision of NSC 5507/1, the President said that he had several general questions to ask. In the first place, he wished to know more about the so-called "Army package reactor" to which reference had been made earlier in the paper. Admiral Strauss undertook to explain to the President the uses to which the military put such a reactor, notably in the provision of heat and fuel in difficult base areas such as Thule, in Greenland. The President said he could not understand why so expensive a device was necessary to provide this service. Was it not possible to ship in other fuels? This seemed rather a luxury to the President, although Admiral Radford defended

the package reactor as currently used by the U. S. military. Admiral Strauss pointed out that in addition to the military uses of this reactor, it had "interesting" implications for civilian atomic power, and besides, it had cost only \$2 million. In that case, said the President, he was satisfied.

Prompted by a note from Admiral Radford, the President said that he had another question to pose for Council discussion. Inasmuch as many of the things which we propose to do in this paper were being done for psychological and political advantages to the United States, why could we not put a nuclear propulsion unit, such as was used in the NAUTILUS, into a U. S. merchant vessel, which could thereafter sail around the world as an advertisement of the promise and progress of the U. S. program for the peaceful uses of atomic energy? Admiral Strauss quickly replied that conversations with regard to such a project were already on foot between the AEC and the Newport News Shipbuilding Corporation. The President appeared gratified, and smilingly said that Admiral Strauss always seemed to anticipate his own ideas. If this, however, were the case, why did we not give some indication of it to the press? We could at least inform the newspapers that this project was under study by the Government. Such a merchant vessel would, in the President's words, constitute "a travelling showcase".

Admiral Radford inquired whether the submarine type of propulsion unit, already developed, could not be transferred for use in a merchant vessel, and if so, how long would the operation require? Admiral Strauss replied that if one undertook to do this "as a stunt" it could probably be done in a matter of some ninety days. On the other hand, he personally much preferred to construct a new nuclear propulsion unit for the specific purpose of providing power for a merchant vessel. This would require perhaps a period of two years to build.

The President said that he rather hoped that something like this could be done prior to the opening of the Afro-Asian Conference in Indonesia next month.

Admiral Strauss then asked permission from the Council to describe briefly the plans of the AEC for the forthcoming meeting of atomic scientists sponsored by the Swiss Academy in Geneva. It was proposed to build a reactor in Geneva at a cost of between \$300,000 and \$400,000 for this occasion. Moreover, if the State Department agrees, and can successfully negotiate the project with the Swiss Government, the AEC proposed to leave the reactor in situ at the conclusion of the meeting.

The National Security Council:

- a. Discussed the draft statement of policy on the subject contained in the reference report (NSC 5507/1) in the

light of the views of the Joint Chiefs of Staff transmitted by the reference memorandum of March 7, 1955.

b. Adopted the statement of policy in NSC 5507/1, subject to the following changes:

- (1) Paragraph 1: Revise the last sentence to read:
"Such development should be carried forward as rapidly as the interests of the United States dictate, seeking private financing wherever possible."
- (2) Paragraph 3, line 5: Delete the word "immediate".
- (3) Paragraph 7-c, 4th sentence: Add at the end:
"at any early date."
- (4) Paragraph 7-c, next to the last line on page 4:
Substitute "primarily" for "only".
- (5) Paragraph 10, 3rd line: Substitute "\$4-\$10 million" for "\$10 million plus".
- (6) Paragraph 13-a: Revise to read as follows:

"a. A private utility company, with the assistance of the U. S. Government, is now building at Shippingport, Pa., a large-output power reactor for experimental purposes, rather than to produce economic atomic power. The power output will initially be supported in part by the U. S. Government. The reasons for building this prototype in the U. S. include private capital participation, convenience, safety, security, and the avoidance of unfortunate repercussions from difficulties with an insufficiently tested power reactor abroad."
- (7) Paragraph 13-b, 1st sentence: Insert at the beginning: "Besides the successful submarine power reactors, one type of which now powers the USS NAUTILUS and another type of which is operating at the West Milton plant and will also power the USS SEAWOLF,".
- (8) Paragraph 13-c, 1st sentence: Add at the end: "or one of the submarine reactors."
- (9) Paragraph 13-c, last sentence: Substitute "should be encouraged." for "must be undertaken."

- (10) Paragraph 23: Revise to read as follows:

"23. U. S. programs for development of the peaceful uses of atomic energy should be carried forward as rapidly as the interests of the United States dictate, seeking private financing wherever possible."

- (11) Paragraph 25: Revise to read as follows:

"25. Carry forward the development of the peaceful uses of atomic energy as rapidly as the interests of the United States dictate, seeking private financing wherever possible."

- (12) Paragraph 27-c: Revise the first sentence to read as follows, and delete the bracketed sentence and the footnote relating thereto:

"Enter into discussions with other free world countries responding to paragraph b above, looking toward 'Agreements for Cooperation' which will cover exchange of power reactor information, and provide in accordance with paragraph 24-c above for the sale or lease or (where sale or lease does not serve the best over-all interests of the U. S.) other transfer of atomic materials or equipment."

- (13) Paragraph 27-d: Delete the bracketed sentence and the footnote relating thereto.

- (14) Paragraph 27-e: Include this subparagraph, deleting the brackets and the footnote relating thereto.

- (15) Insert a new paragraph following paragraph 27 as follows, renumbering subsequent paragraphs accordingly.

"28. Make an urgent study, including estimates of cost and time of completion, of installing at the earliest possible date a nuclear reactor propulsion unit in a U. S. merchant ship, which ship might travel throughout the free world to dramatize the U. S. program for developing peaceful uses of atomic energy."

NOTE: NSC 5507/1, as amended and adopted, approved by the President; circulated as NSC 5507/2; and referred for

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implementation to the Secretary of State and the Chairman, Atomic Energy Commission, advising with the Operations Coordinating Board in order to ensure that proposed actions in the field result in maximum psychological advantages to the United States.

4. U. S. OBJECTIVES AND COURSES OF ACTION IN KOREA

(NSC 5514; NSC 170/1; NSC Action No. 1340; Memo for NSC from Executive Secretary, same subject, dated March 7, 1955)

Mr. Cutler briefed the Council on the contents of the revised policy paper on Korea (copy of briefing notes filed in the Minutes of the meeting).

The President interrupted Mr. Cutler's briefing with a comment that he would very much like to have General Taylor or General Hull report to the National Security Council on the relative military situation of the UN Command in Korea and the Communists in the north, when General Taylor returned to the United States. The President added that in view of the dangers posed for the UN Command by the constant Communist violations of the armistice agreement, and in view of the difficulties involving the Neutral Nations Supervisory Commission, he regretfully believed that the United States would have to start violating the armistice itself.

After Mr. Cutler had completed his briefing of the Council with a reference to the acute difficulties encountered in the effort to prepare a Financial Appendix, he called on Admiral Radford.

Admiral Radford explained that he was quite certain that unless there were major changes in the military situation in Korea and the Communists withdrew large forces, it would be absolutely impossible to get the Government of the Republic of Korea willingly to agree to reduce the current level of South Korean military forces. Accordingly, Admiral Radford predicted that we would have to continue to support the existing level of South Korean forces for at least another year.

Mr. Cutler then asked the Secretary of State if he would not comment on the problem posed by the NNSC. Secretary Dulles indicated that the State Department had found it very hard to get the Swiss and Swedish Governments to do anything at all to remedy this situation lest in so doing they give offense to the Soviet Union. Accordingly, the most the United States could hope to do for the time being was to reduce the size of the NNSC at once to a skeleton or nominal basis. The Communists, of course, did not want any change in the existing set-up, because it was a one-way street for them. They entirely restricted the operation of the teams in North Korea, while enjoying advantages from the relatively unrestricted operation

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