

December 6, 1957

MEMORANDUM

EYES ONLY

SUBJECT: Discussion at the 347th Meeting of the National Security Council, Thursday, December 5, 1957

Present at the 347th 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 Attorney General (participating in Item 1); Mr. Louis Rothschild for the Secretary of Commerce (participating in Item 1); the Director, Bureau of the Budget; the Chairman, Atomic Energy Commission (participating in Items 2, 3 and 5); the Federal Civil Defense Administrator; the Director, International Cooperation Administration; the Director, U. S. Information Agency; the Chairman, Civil Aeronautics Board (for Item 1 only); the Chairmen, Interdepartmental Intelligence Conference and Interdepartmental Committee on Internal Security (for Item 1 only); Under Secretary of State Dillon; the Deputy Secretary of Defense; Assistant Secretary of State Smith; Assistant Secretary of Defense Sprague; the Acting Chairman, Joint Chiefs of Staff; the Director of Central Intelligence; The Assistant to the President; the Deputy Assistant to the President; Special Assistants to the President Cutler, Stassen, Dearborn, Killian and Larson; 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. U. S. CIVIL AVIATION POLICY TOWARD THE SINO-SOVIET BLOC (NSC 15/3; NSC Action No. 1578; NSC 5726; Memo for NSC from Executive Secretary, same subject, dated December 4, 1957)

Mr. Cutler briefed the Council in very great detail on the contents of NSC 5726. He noted that there had been developed a difference between the Central Intelligence Agency and the Joint Chiefs of Staff with respect to the estimated number of aircraft which would be available to the USSR through 1961. While the Joint Chiefs proposed figures different from those set forth in paragraphs 5 and 6, the Chiefs nevertheless agreed on the substantial number of modern civilian aircraft which would be available to the Soviet Union over the next few years, as well as the high performance which could be

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PORTIONS EXEMPTED E.O. 12356, SEC. 1.3 (1)(4)(5) NSC letter 8/18/86

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expected of such aircraft. Accordingly, Mr. Cutler said he would ask the Joint Chiefs of Staff and the Central Intelligence Agency to get together and reach agreement on the estimated availability of civilian aircraft and, accordingly, on a revision of paragraphs 5 and 6.

Mr. Cutler also noted the proposal of the Joint Chiefs for an addition to subparagraph 22-b and for a new paragraph to follow the present paragraph 30. These new paragraphs would stress the need for the United States and its allies to develop competitive aviation equipment on programs designed to strengthen the Free World aviation position and to enhance its influence in the underdeveloped areas of the Near East, Africa, Asia and Latin America.

There followed a discussion of the meaning of the Joint Chiefs' proposed additional paragraph and whether their proposal that the United States develop competitive aviation equipment for use in the underdeveloped areas was intended to imply that the airlines should receive a subsidy from the U. S. Government in order to develop this aviation equipment, including aircraft. General Taylor, as Acting Chairman of the Joint Chiefs of Staff, replied that the Joint Chiefs' suggestion was not intended to imply that the Government should supply American airlines or the manufacturers of American aircraft with subsidies.

Secretary Dulles was not wholly satisfied by General Taylor's reply, and asked more specifically whether the Joint Chiefs' proposal was a mere pious expression, or were the Joint Chiefs proposing that some concrete course of action be followed in order to develop aircraft and aviation equipment suitable for use in underdeveloped countries but from which the U. S. airlines could not expect to derive financial profit.

Secretary Rothschild said he believed that the course of action proposed by the Joint Chiefs should be directed at the U. S. manufacturers of aircraft and aviation equipment rather than at U. S. airlines. Mr. Durfee pointed out that there was no legislation or policy in existence under which we could encourage U. S. airlines to carry on operations in the underdeveloped areas of the world. We could not, accordingly, expect the U. S. airlines to engage in such operations if they cannot expect an adequate return on their investment. In other words, they would require assurance, if they go into these underdeveloped areas, that they would have an adequate return on their investment. We are not in a position to give them any assurance of a subsidy.

Mr. Cutler wondered whether there were not other Free World airlines--such as the KIM, for example--which were actually anxious to operate in such underdeveloped areas as the Middle East. Mr. Durfee replied that perhaps, if assured of the support of their governments, the airlines of some of our allies would be willing to operate

in the underdeveloped areas of the Free World; but he still insisted on making clear that under existing law and policy we could give no assurance of governmental financial support to our U. S. airlines.

The President called on the members of the Council to be realistic in dealing with this problem. We are witnessing, said the President, a great expansion of the Soviet and satellite airlines through the underdeveloped areas--indeed, even to such remote areas as Yemen. Our problem was to determine how the Free World nations could compete with the capability of a dictatorial government like that of the Soviet Union when it made up its mind to allocate resources to achieve a specific objective such as this. We have got to find other ways by which the nations of the Free World can work out a program for expanding air operations into the underdeveloped areas to compete with the Communists. Perhaps we should develop a program analogous to our technical assistance program. In any event, we should do whatever we are obliged to do in order to meet Soviet competition, which we regard as significant.

Secretary Rothschild warned that the area of civil aviation had always been one in which the United States was pre-eminent. Our aircraft companies carry approximately 80% of the world's air passengers, and we wish to maintain this pre-eminence.

Secretary Anderson referred to the studies called for in paragraph 32 by the Interdepartmental Committee on Internal Security (ICIS) and the Interdepartmental Intelligence Conference (IIC) for developing the necessary internal security safeguards before the United States entered into any agreement for the entry of Communist bloc airlines into the United States. Secretary Anderson wanted to be sure that such study was broadly based and included all ports of entry.

Asked if he wished to comment on the internal security aspects of the policy proposed in NSC 5726, Mr. J. Edgar Hoover expressed the view that it was imperative that the security safeguards developed by the ICIS and the IIC be specifically implemented. The Soviets were certain to use aircraft coming into the United States in order to transport Soviet intelligence agents.

Mr. George Allen, Director of USIA, pointed out the advantages of a U. S. airline route through the Soviet Union in reducing the length of the flying time between the United States and Tokyo. He also told the Council that he had recently heard that a well-known U. S. aircraft designer had recently got together a group of individuals who were designing a replacement for the old DC-3 aircraft which were now wearing out. This design had been taken to Germany, where German industrialists figured they could build 6000 of these modernized DC-3 aircraft. Messerschmidt was thought to be putting up a factory to make these modern equivalents of the old DC-3.

The National Security Council:

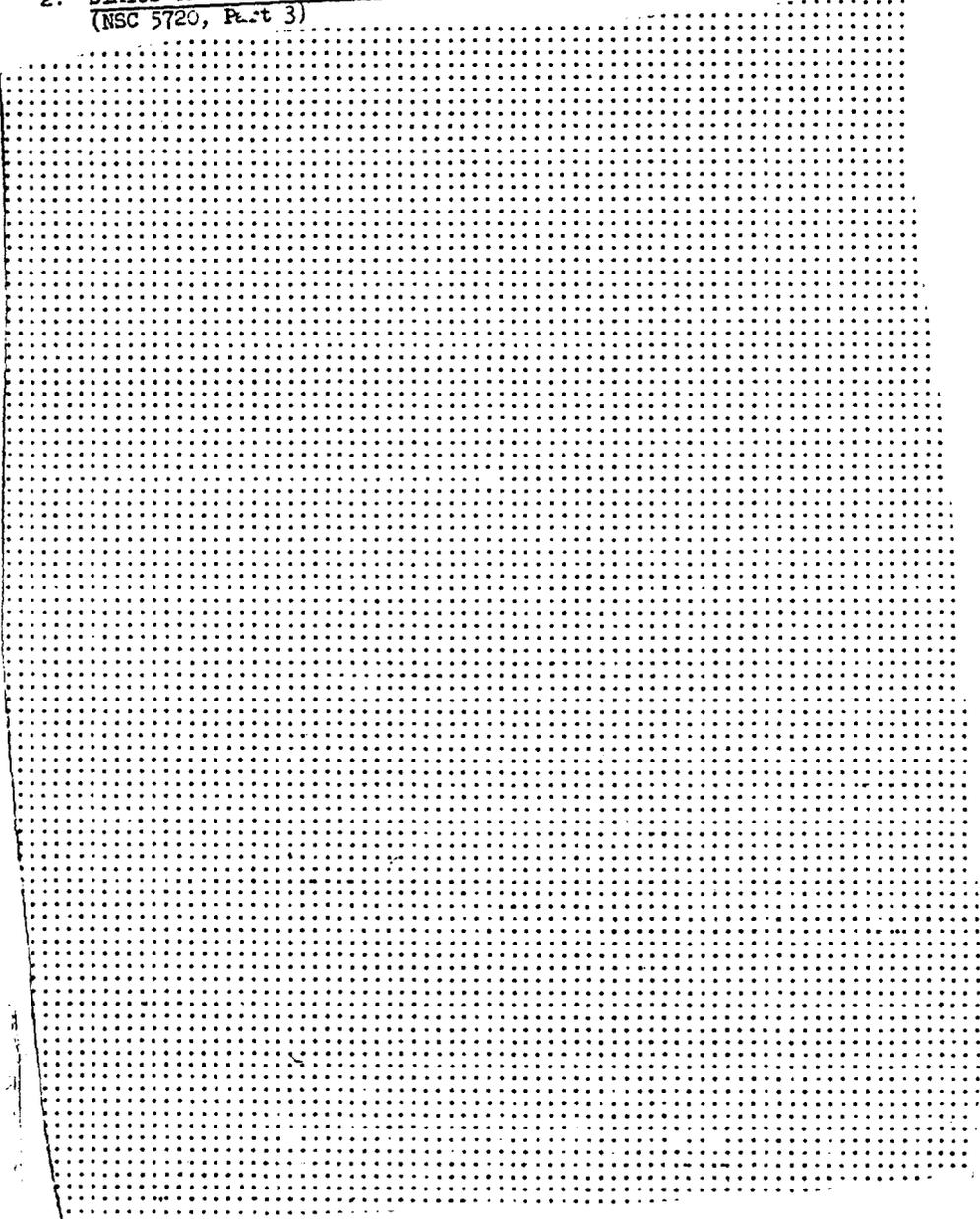
- a. Discussed the draft statement of policy on the subject contained in NSC 5726, prepared by the NSC Planning Board pursuant to NSC Action No. 1578; in the light of the views of the Joint Chiefs of Staff transmitted by the reference memorandum of December 4, 1957.
- b. Adopted the statement of policy in NSC 5726, subject to the following:
 - (1) Revision, by agreement between the Central Intelligence Agency and the Joint Chiefs of Staff, of paragraphs 5 and 6 and Annex B, regarding estimates as to Soviet civil aircraft.
 - (2) Deletion of the word "additional" from the 8th line of paragraph 32.
 - (3) Referral to the NSC Planning Board, for study and recommendation, of the proposals by the Joint Chiefs of Staff for an addition to subparagraph 22-b and a new paragraph to be inserted following paragraph 30.

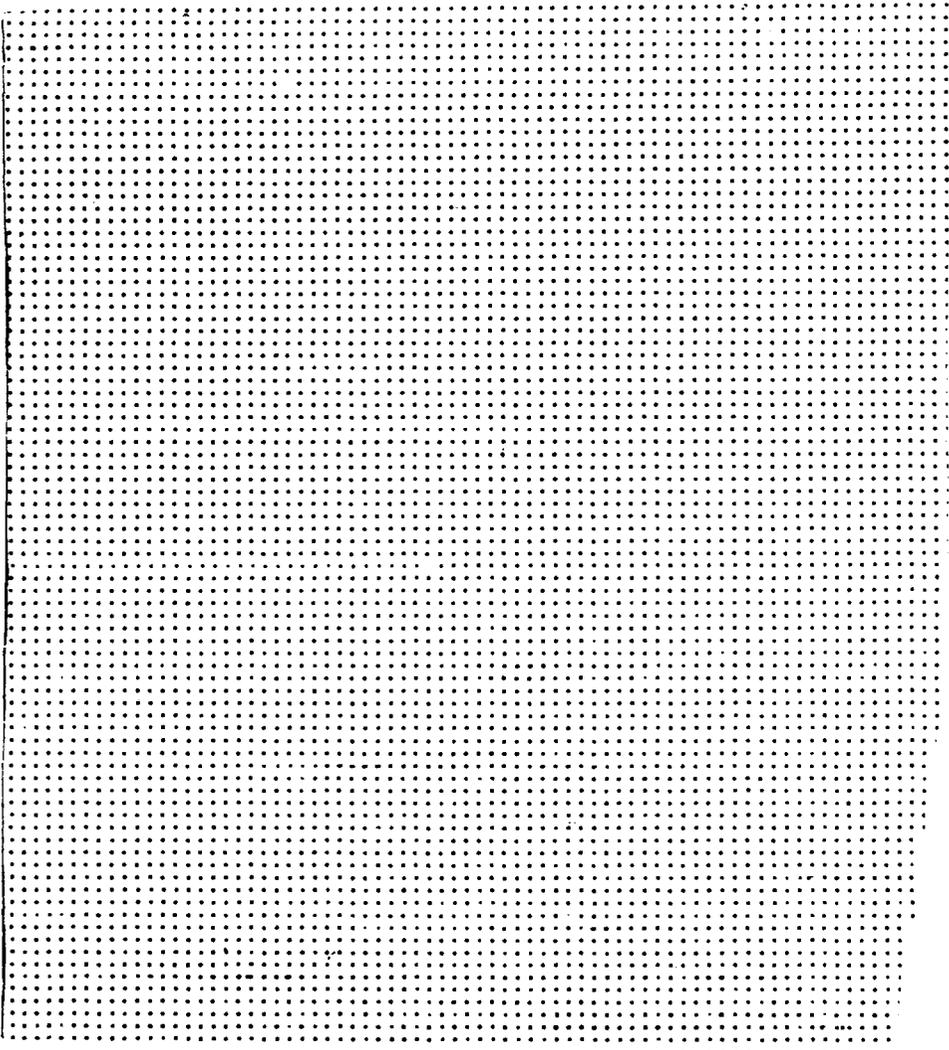
NOTE: The action in b-(1) above referred to the Director of Central Intelligence and the Chairman, JCS, for implementation.

NSC 5726, as revised pursuant to b-(1) and -(2) above, subsequently approved by the President and circulated as NSC 5726/1 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.

The action in b-(3) above referred to the NSC Planning Board for subsequent report to the Council.

2. STATUS OF NATIONAL SECURITY PROGRAMS ON JUNE 30, 1957
(NSC 5720, Part 3)





The National Security Council:

Noted and discussed an oral presentation by the Chairman, Atomic Energy Commission, on the status of the Atomic Energy Program on June 30, 1957, based on Part 3 of NSC 5720.

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3. PUBLIC ANNOUNCEMENTS OF LAUNCHINGS OF U. S. SCIENTIFIC SATELLITES

Growing out of the discussion of the previous item, Secretary Dulles said that he was about to be obliged to leave the meeting, and before doing so he had a word to say about the postponement yesterday of our attempt to launch our first scientific satellite. He earnestly hoped that in the future we would not announce the date, the hour, and indeed the minute, that we were proposing to launch our earth satellite, until the satellite was successfully in orbit. Speaking very earnestly, Secretary Dulles said the effect of the publicity of the last few days, culminating in the final decision to postpone the attempt to launch our first earth satellite, had had a terrible effect on the foreign relations of the United States.

The President commented that he was all for stopping such unfortunate publicity, but he had no idea how we could stop it.

Secretary Quarles then undertook to explain what had happened yesterday. He stated that we were, in a sense, hoist by our own petard. We had in our earth satellite program dedicated ourselves from the beginning to work upon this program as a scientific experiment. We had accordingly promised the IGY scientists throughout the world that we would inform them when we proposed to try to launch our earth satellite and to give them all the desired information about it. It is too bad that yesterday's test had to be postponed, but we had promised the scientists of the world to inform them when we made our attempt to launch the satellite, so that they could all be ready at their various stations to receive the scientific data coming from the earth satellite. Secretary Quarles said that these remarks constituted not an excuse, but an explanation.

Still speaking feelingly, Secretary Dulles asked whether we could not possibly avoid further announcements of launchings until we were assured that they were successful. Secretary Quarles replied that we could only do so by changing our policy with respect to the fundamental purposes of our scientific satellite program. Secretary Dulles commented that what had happened yesterday had been a disaster for the United States.

The President inquired whether the scientists of the world would lose very much significant data if they were unaware that the United States had actually successfully launched a scientific satellite until it had orbited the world at least once.

Dr. Killian likewise inquired whether, in our next try to launch a satellite, we could not assure ourselves of its successful orbiting before we notified the world that we were attempting to launch such a satellite.

The President inquired whether what had happened at the Florida grounds yesterday constituted a failure to launch the scientific satellite. Secretary Quarles replied that it had not been a failure, but that a delay had occurred in the course of the count-down. The President then went on to inquire whether there were not other launching sites available for the earth satellite. Couldn't we launch our satellite from some desert region rather than from the thickly-populated Florida coast? Secretary Quarles replied that while it might well be desirable to have additional launching sites for the earth satellite, none had been prepared. The President then inquired whether it was not possible to shield the activities and the installations from which the satellite would be launched. Could not something be done so that not everyone within miles of the Florida base could see the rocket?

Secretary Dulles continued to express his irritation at our practice of giving out such precise announcements of the days, hours, and minutes of our launching attempts. What had happened yesterday had made us the laughing-stock of the whole Free World, and was being most effectively exploited by the Soviets. Secretary Quarles again replied that our announcement policy had been drawn up in terms of a certain philosophy about our scientific satellite program. Perhaps we should change this philosophy.

Dr. Killian then suggested that he and Secretary Quarles, together with Dr. Bronk and Dr. Waterman, should sit down and try to figure out how best to deal with the timing of our announcements of attempts to launch our earth satellites.

Mr. Allen stated that from the point of view of the U. S. Information Agency, he emphatically believed it would be best if the President were to order that no announcement was to be made next time until the scientific satellite was actually in its orbit.

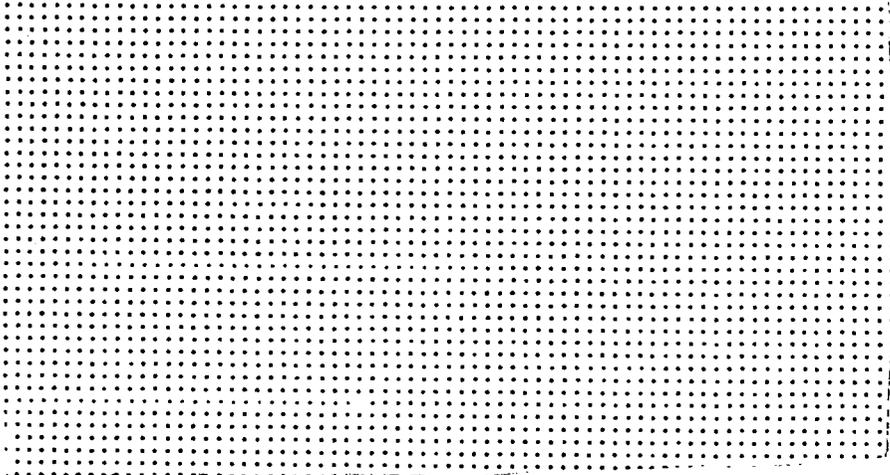
The National Security Council:

Noted the President's request that the Deputy Secretary of Defense and the Special Assistant to the President for Science and Technology, in consultation with the Director, National Science Foundation, and the President, National Academy of Sciences, study whether public announcement of any attempted launching of a U. S. scientific satellite could be postponed until a successful launching had been assured.

NOTE: The above action, as approved by the President, subsequently transmitted to the Deputy Secretary of Defense, the Special Assistant to the President for Science and Technology, the Director, National Science Foundation, and the President, National Academy of Sciences, for appropriate implementation.

4. SIGNIFICANT WORLD DEVELOPMENTS AFFECTING U. S. SECURITY
(NIE 11-4-57)

The Director of Central Intelligence first read to the National Security Council the conclusions reached in the latest National Intelligence Estimate on "Main Trends in Soviet Capabilities and Policies, 1957-62" (NIE 11-4-57).



Thereafter, Mr. Allen Dulles described the development of the Indonesian campaign against the Dutch on the island of Java. He predicted that a break in diplomatic relations between the Netherlands and Indonesia was more than a possibility. The Communists had been very quick to exploit the tension, and had been taking over large Dutch enterprises without authority from the government. It was by no means certain that the government could hold the Communists in the trade unions within bounds.

The President inquired whether this violent anti-Dutch campaign was being carried out only by the government at Djakarta, or whether the dissidents in the outer islands were also joining in the campaign. Mr. Dulles replied that the answer was not clear, but that in any event manifestations against the Dutch in the outer islands were not likely to be so violent as in Java, because the Communists were fewer in number on the outer islands.

Mr. Dulles went on to state that the situation had been made much worse by the recent attempt to assassinate President Sukarno. We still do not know who was back of the assassination attempt. It could have been engineered either by the Communists or by fanatic Moslem extremists. Secretary Dulles stated that he had been told

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that the report that the assassination had been attempted by the Communists was highly reliable. Mr. Allen Dulles said that he did not believe we could rely as yet on the validity of this version of the assassination attempt.

After dealing briefly with the recent economic and military agreement between the Soviet Union and Egypt, Mr. Dulles stated that Nasser was now engaged in flirting with the United States, with the obvious objective of getting himself into a position, like Tito's, where he could play off the USSR against the United States and derive advantages from both.

Mr. Dulles said that the intelligence community was watching the situation in East Germany and in East Berlin with very great care. He pointed out that Ulbricht's prestige was rising so rapidly that he was now in third place in the Communist hierarchy, after Khrushchev and Mao. Moreover, he was a genuine old-fashioned Stalinist, and he seemed to be determined to arrest the flights of East Germans to West Berlin and West Germany. Nevertheless, Mr. Dulles did not think that the East German Government would undertake anything radical by way of a resumption of the blockade of West Berlin.

The National Security Council:

Noted and discussed an oral briefing by the Director of Central Intelligence on the subject, with specific reference to the highlights of NIE 11-4-57, "Main Trends in Soviet Capabilities and Policies, 1957-62"; and the situations in Indonesia, Egypt, and East Germany and East Berlin.

(Secretary Dulles left the meeting at this time, and was replaced at the table by Under Secretary Douglas Dillon.)

5. PEACEFUL USES OF ATOMIC ENERGY

(NSC 5507/2; NSC Action No. 1726; NSC 5725; Memo for NSC from Executive Secretary, same subject, dated December 4, 1957)

Mr. Cutler briefed the Council, again in great detail, on the contents of NSC 5725. In so doing, he listed a number of changes proposed by Admiral Strauss, most of which were accepted by the Council and which were listed in the Record of Action. With respect to the crucial issue set forth in the split paragraph, 33, on measures to facilitate the construction and use of U. S. power reactors and nuclear technology abroad, Mr. Cutler noted Admiral Strauss' view that a Council decision on this paragraph should be postponed and the matter referred for further study by the Atomic Energy Commission and reconsideration by the NSC Planning Board. Similarly, paragraphs 24 and 34 were suggested for such study and reconsideration.

With respect to subparagraph 41-f, reading as follows:

"f. Explore the feasibility of:

"(1) Placing U. S. non-military atomic energy facilities under the inspection system of the IAEA, on the condition that the USSR and the United Kingdom would do likewise.

"(2) Offering as an alternative proposal, should the USSR be unwilling to join the United States in such a comprehensive approach, to place several U. S. non-military facilities under the Agency inspection system as a confidence-breeding first step and in order to assure more extensive, world-wide experience in developing a safeguard system."/

"* Defense and AEC propose deletion.",

Mr. Cutler noted that the Joint Chiefs of Staff recommended that the bracketed portion of subparagraph 41-f be deleted because it did not appear realistic to the Joint Chiefs of Staff to offer unilaterally U. S. non-military atomic facilities for inspection without definite assurance of some progress in international inspection systems. Mr. Cutler went on to point out, further, that the Atomic Energy Commission wished to delete the entire subparagraph, and he asked Admiral Strauss to explain why the AEC proposed such deletion.

Admiral Strauss explained that the objective of inspection was primarily to prevent the plutonium derived from civilian reactors from being used to make atomic weapons. However, if the United States intended to use such plutonium for weapons purposes, there appeared to Admiral Strauss to be no sense in proposing that we set up an inspection system. Governor Stassen indicated his general agreement with Admiral Strauss' argument. Accordingly, Mr. Cutler suggested that the whole of subparagraph 41-f be deleted.

After dealing briefly with the Financial Appendix to NSC 5725, Mr. Cutler suggested that the Council adopt NSC 5725 except for the three paragraphs--24, 33 and 34--which would be reconsidered by the NSC Planning Board and brought to the Council at its meeting of next week.

In conclusion, Admiral Strauss complimented the Planning Board on the excellent job it had done in developing NSC 5725.

The National Security Council:

- a. Discussed the draft statement of policy on the subject contained in NSC 5725, prepared by the NSC Planning Board on the basis of an initial draft prepared under

the direction of the Secretary of State and the Chairman, Atomic Energy Commission, pursuant to NSC Action No. 1726-b; in the light of the views of the Joint Chiefs of Staff transmitted by the reference memorandum of December 4, 1957, and of the views of the Atomic Energy Commission as reported orally at the meeting by the Chairman, AEC.

- b. Adopted the statement of policy in NSC 5725, subject to the following:
- (1) The addition, at the end of subparagraph 3-a, of the words ", unless accelerated by a breakthrough."
 - (2) Substitution, in subparagraph 8-a, line 3, of "1966" for "1965".
 - (3) Revision of the first sentence of paragraph 9 to read: "Since 1953, and especially since the passage of the Atomic Energy Act of 1954, it has been possible to increase cooperation in the non-weapons field between the United States and the United Kingdom."
 - (4) Substitution, in subparagraph 11-b, lines 2 and 3, of the words "has just been launched" for "is scheduled to be launched late in 1957".
 - (5) Revision of the second sentence of paragraph 21, following the words "conventional plants", to read: "economically competitive nuclear power is not likely to be achieved in the United States at as early a date."
 - (6) Revision of subparagraph 28-d, following the semicolon, to read: "recognizing that the achievement of this objective requires effective implementation of safeguards under bilateral agreements and under the IAEA, but that national nuclear weapons programs can be controlled only through safeguarded disarmament agreements."
 - (7) Deletion of subparagraph 41-f and the footnote relating thereto.
 - (8) Deferral of action on paragraphs 24, 33 and 34 until the next Council meeting, to permit further study of those paragraphs by the Atomic Energy Commission and reconsideration by the NSC Planning Board.

NOTE: The action in b-(8) above, as approved by the President, subsequently transmitted to the Chairman, AEC, for appropriate action by the Atomic Energy Commission.

6. U. S. POLICY TOWARD ICELAND
(NSC 5712/1; Progress Report, dated October 30, 1957, by OCB on NSC 5712/1)

The National Security Council:

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

7. U. S. POLICY IN MAINLAND SOUTHEAST ASIA
(NSC 5612/1; Progress Report, dated November 6, 1957, by OCB on NSC 5612/1)

The National Security Council:

- a. Noted the reference Progress Report on the subject by the Operations Coordinating Board.
- b. Noted that the NSC Planning Board would review the section of NSC 5612/1 pertaining to the Federation of Malaya, and would consider after the December elections in Thailand the need for review of pertinent sections.

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