

December 24, 1957

MEMORANDUM

EYES ONLY

SUBJECT: Discussion at the 349th Meeting
of the National Security Council,
Monday, December 23, 1957

Present at the 349th NSC Meeting were the President of the United States, presiding; the Vice President of the United States; the Secretary of State; the Acting Secretary of Defense; and the Director, Office of Defense Mobilization. Also present were Mr. Fred C. Scribner, Jr., for the Secretary of the Treasury; the Attorney General (participating in Items 5, 6 and 7); the Director, Bureau of the Budget; the Special Assistant to the President for Atomic Energy; the Acting Federal Civil Defense Administrator; the Acting Secretary of Commerce (participating in Item 2); the U. S. Representative to the United Nations; the Chairman, Joint Chiefs of Staff; the Director of Central Intelligence; Under Secretary of State Herter; Assistant Secretary of State Smith; the Deputy Assistant to the President; the Director, U. S. Information Agency; the Special Assistant to the President for Disarmament; the Special Assistant to the President for Foreign Economic Policy; the Special Assistant to the President for Information Projects; the Special Assistant to the President for National Security Affairs; the Special Assistant to the President for Science and Technology; the Special Assistant to the President for Security Operations Coordination; 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. REPORT BY THE SECRETARY OF STATE ON THE NATO MEETING

The President was unable to be present at the opening of the meeting, and for the first half hour the Vice President presided.

Secretary Dulles explained that so many members of the National Security Council had actually been present at the NATO meeting in Paris that it hardly seemed worthwhile to take the time now to report to the Council on what had transpired there. Instead, Secretary Dulles asked the Council if he might read the speech which he was delivering from The White House on Monday night, reporting to the American people on the events at Paris. He solicited the advice and

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suggestions of any member of the Council on the form and content of this speech. The Vice President assented to this proposal, and Secretary Dulles' speech was read by Mr. Cutler. There were several suggestions for changes in the draft, a number of which were accepted by Secretary Dulles. The President joined the meeting at 10:55 a.m..

The National Security Council:

Noted and discussed the draft report on the recent NATO meeting prepared by the Secretary of State for presentation at his broadcast on Monday evening, December 23, 1957.

2. PROPOSED U. S. MERCHANT MARINE POLICY

(Memos for NSC from Executive Secretary, same subject, dated October 9 and December 10, 1957)

Secretary Dulles was obliged to leave the Council meeting at 11:15, and his place at the table was taken by Under Secretary Herter.

Mr. Cutler introduced the subject and called on Mr. Gray for a fuller analysis. (A copy of Mr. Cutler's introductory remarks is filed in the minutes of the meeting.)

Mr. Gray read to the Council a report describing the developments in the U. S. maritime policy since last summer. He particularly noted that in the deliberations on this subject in the Defense Mobilization Board, the Director of the Bureau of the Budget had dissented from the majority view. Mr. Brundage had expressed the view that, in computing the requirements for the U. S. maritime fleet necessitated by considerations of national defense, the Joint Chiefs of Staff had based their requirements on the assumption of general war and had not computed the requirements for merchant shipping under the assumption of a local war. Mr. Brundage had thought that in their forthcoming review of requirements, these requirements should be computed under both assumptions.

Secretary Quarles, in reply, reiterated the view of the Joint Chiefs of Staff that it was not feasible or desirable to study shipping requirements under these two separate assumptions. The possibilities under the assumption of a local war were so variable as to make the computation almost meaningless.

In summing up his historical presentation, Mr. Gray said he believed there were two matters in connection with U. S. maritime policy which called for Council action. First, the re-affirmation of the general policy statement recommended by the Defense Mobilization Board,

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that: "An adequate merchant marine is essential for defense purposes" and "should be re-affirmed". Secondly, the Council should decide whether, in their forthcoming computations of U. S. merchant shipping requirements for national defense, the Joint Chiefs should be asked to compute these requirements on the differing assumptions of global war and local war.

Secretary Quarles again repeated the views of the Joint Chiefs of Staff that shipping requirements for general war would be larger than shipping requirements for a local war, and, accordingly, the larger figure would be governing. He felt that this justified the Joint Chiefs' estimate that 1200 ships in the merchant fleet were essential from the point of view of national defense. Indeed, continued Secretary Quarles, this figure was estimated to be the minimum requirement from the military point of view. General Twining added the point that the Joint Chiefs, in their planning for the use of merchant ships, do take into consideration the possibilities of local war.

Mr. Brundage said it was his understanding that the general planning of shipping requirements by the Joint Chiefs of Staff was based on the assumption that it would be necessary to transport 20 U. S. divisions abroad in the six-months period following the outbreak of war. In view of recent Council discussions of the nature of nuclear general war, Mr. Brundage wondered whether the point of view of the Joint Chiefs was really valid.

Secretary Quarles pointed out that the transportation of the nine second-echelon divisions in this six-months interval was not a significant factor in the Joint Chiefs' computations of shipping requirements. Actually, in their view, the peak requirements came earlier and, moreover, even if these divisions were not transported overseas they estimated that we would still require the 1200 ships. Mr. Brundage then suggested that the Council await the current JCS report on shipping requirements, due in January, to see what it says before the Council acted. Mr. Cutler said it was his understanding that the forthcoming JCS report would still set the requirement at 1200 ships. Secretary Quarles, however, stated that if the situation permitted a delay until the receipt of the JCS report, he did not object to Mr. Brundage's proposal. Mr. Gray pointed out that it would be impossible to examine the future merchant marine program until we received the new JCS report. He felt that the Budget's question had elements of validity and should be answered.

The President inquired what had been the shipping requirements in the Korean war. General Twining answered that we had required 2600 vessels. The President went on to say that, with respect to a general nuclear war, the factor of shipping seemed to him academic. On the other hand, the situations of limited war--such as that which had occurred in Korea or which might one day occur in Indonesia

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or the Middle East--merchant shipping could be a very important factor. What would we do, for instance, if the Suez Canal were blocked in the course of a limited war in the Middle East?

Mr. Brundage pointed out that the current cost of replacing an obsolescent vessel was now four times as great as it had been when the program began. Mr. Gray commented that to meet the requirements of the Joint Chiefs, there would have to be a program of building 60 new merchant vessels each year. We would have to anticipate expenditures of \$300 million a year for the next 20 years if the program were approved on the basis of the JCS requirement of 1200 vessels. These were the budgetary implications of the current requirements estimated by the Joint Chiefs.

Mr. Brundage continued by pointing out that American seamen were paid much more than the seamen of other countries. This adds to the level of the subsidy required by the U. S. Merchant Marine Act. Mr. Brundage believed that the Government could save a considerable amount of money if we were permitted to build our merchant vessels in foreign shipyards and were permitted to operate these vessels under the Panamanian flag.

Secretary Quarles stated that while it would create domestic political difficulties if we were to build our merchant vessels in foreign yards, there would be, nevertheless, considerable advantages in other respects if this could be done. Mr. Brundage said that he had this matter very much on his mind. Essentially, however, what was bothering him at the moment was the definition of what constituted an adequate U. S. merchant marine fleet.

The President inquired how much money we had spent on our merchant marine program in FY 1957. Mr. Brundage replied that we had put nothing in it in that fiscal year. The crux of the problem was that we were now undertaking to start a new program, for which Mr. Brundage gave the estimated funding requirements for FY 1960 and FY 1961.

The President said he thought it necessary to ask a couple of pertinent questions. What we needed to calculate was how much shipping would be needed by the Free World states in the event of war, and thereafter how much of this over-all need would have to be met by the United States. From the military viewpoint, we need to take into consideration all available Free World shipping resources, and not only the resources available to the United States. Such an approach to the problem of shipping requirements would not only assist the economies of other Free World nations; it would also cut our own U. S. costs and make possible a more moderate U. S. shipbuilding program.

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Secretary Quarles reported that the Joint Chiefs of Staff had tried to take into account the point which the President had just made, but that they had concluded that after a devastating nuclear attack all the Free World nations would need every merchant vessel left to them or that they were in a position to build.

The President then suggested his second question. Should we not commence with an estimate of the requirements for merchant shipping set by commercial and trade considerations, rather than beginning with an estimate of the requirements for shipping posed by considerations of national defense? Turning to the Acting Secretary of Commerce, the President asked him whether he could describe a reasonable program of replacements of merchant vessels, looking at the problem from the point of view of trade and commerce. Secretary Williams replied that he couldn't answer the President's question precisely, and that it would be very difficult to distinguish between the level of ships required by commercial considerations and that required for national defense.

The President went on to say that he was by no means sure that the necessary accurate assumptions on requirements were being made by the Joint Chiefs of Staff. He therefore suggested that a new approach be made, beginning with an estimate of the commercial requirements for the U. S. merchant marine. After arriving at this estimate, the Defense Department should consider how much of its military requirements could be obtained from this commercial fleet together with the fleets of allied nations. The figure of 1200 ships didn't mean very much in itself to the President.

The National Security Council:

- a. Noted and discussed the subject in the light of the enclosures to the reference memoranda of October 9 and December 10, 1957, with particular reference to the Record of Action of Defense Mobilization Board Meeting No. 139, contained in Exhibit B enclosed with the reference memorandum of October 9.
- b. Concurred, in accordance with the recommendation of the Defense Mobilization Board, that: "The policy that an adequate merchant marine is essential for defense purposes should be reaffirmed. Under latest planning concepts, there is a continuing need for a modern, adequate, and well-balanced U. S. merchant marine fleet."
- c. Noted that the Defense Mobilization Board at its 139th meeting had recommended, and the Director, Office of Defense Mobilization, had approved, the recognition of a stated interim mobilization base goal for the active

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- U. S. flag merchant marine fleet and the adoption of the program outlined by the Committee on Maritime Policy as an appropriate approach to the attainment of that goal, subject to caveat that budgetary and other limitations might preclude the attainment of that goal; that the program must stand on its own merits; and that it be subject to generally applicable budgetary and other limitations.
- d. Noted the Cabinet Action of November 1, 1957, with reference to various matters affecting merchant marine policy.
- e. Agreed that, upon receipt of the current review by the Joint Chiefs of Staff of shipping requirements, the Secretaries of Defense and Commerce and the Director, Office of Defense Mobilization, should re-examine the mobilization base program for the merchant marine in the light of the following additional factors:
- (1) The relation between requirements for the merchant marine fleet based upon commercial considerations and such requirements based upon considerations of national defense.
 - (2) The extent to which the estimated over-all availability of the merchant shipping of allied nations can be considered a supplement to U. S. merchant shipping in meeting the requirements for defense of the United States in time of war.

NOTE: The action in e above, as approved by the President, subsequently transmitted to the Secretaries of Defense and Commerce and the Director, ODM, for appropriate implementation. In approving e above, the President stated that he assumed that estimated shipping requirements would take full account of available air transport capacity.

3. DISSEMINATION OF INTELLIGENCE MATERIAL

The Director of Central Intelligence explained that he was seeking the guidance of the Council on ways and means of making the daily output of significant intelligence material more effective. He was proposing to change the format of the Current Intelligence Bulletin, with a view to placing the material in more convenient and readable form for very busy Government officials. To this end he asked permission to hand around "a dry-run copy" of the proposed new format for this daily Bulletin. In this new format the most significant items

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of intelligence which had become available in the last 24 hours were set forth in the shortest possible form. For those who had time to read them, these short items were followed by more detailed exposition. It was also proposed in the future to give greater emphasis to scientific developments in the Sino-Soviet bloc countries.

The President expressed himself as favorably inclined to the new format, and also suggested increased use of maps, which the President said he found helpful. The President added that if men as busy as the heads of the Executive departments and agencies got too much in the way of intelligence briefs, they would have to spend most of their day reading and digesting them. He therefore believed that Mr. Dulles' proposal of a page or two of significant items, with a follow-up for those who had time to read it, was a good idea. The President added that he wished to receive no intelligence reports of this nature except through the Director of Central Intelligence or under his coordination. Normally, said the President, this met his requirements.

Mr. Dulles solicited suggestions and advice on his proposal from the members of the Council.

Mr. Dulles then suggested that he had another proposal to lay before the Council. He pointed out that in the course of the Lyndon Johnson Committee hearings, he had been constantly pressed to make estimates of the comparative position and capabilities of the United States and of the USSR in various areas and fields as, for example, in that of ballistic missiles. Mr. Dulles said that he had invariably refused to be drawn into such comparisons because, by law, he was the spokesman only for the situation in foreign areas. He could not let himself be placed in the position of being the spokesman for U. S. military capabilities and, indeed, he was not competent to state these capabilities. Nevertheless, continued Mr. Dulles, failure to make such comparisons did underline a serious lack. Perhaps if we had had in the past net estimates or comparative estimates of the U. S. and USSR positions, these might have been helpful to the Council in its consideration, for example, of the ballistic missiles program. He was therefore suggesting the creation of some sort of new organization, with a very small staff, which could from time to time formulate these comparative or net estimates.

Dr. Killian pointed out to the President that his Board of Consultants on Foreign Intelligence Activities had supported the general idea which Mr. Dulles was now advancing, although the Board had not suggested a procedure to accomplish this objective.

The President observed that such comparative information was of such a sensitive and secret character that he almost felt himself in the position of insisting that no one individual could ever possess

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the full information on both sides of a given situation--that of the United States and that of the USSR. If it was known that such an individual possessed this kind of information, demands were certain to be made on him to testify on these subjects before Congressional committees or other bodies. However, if such an organization were to be created, and the President said he realized the usefulness of these comparative intelligence estimates, the organization had better be a very limited group.

The National Security Council:

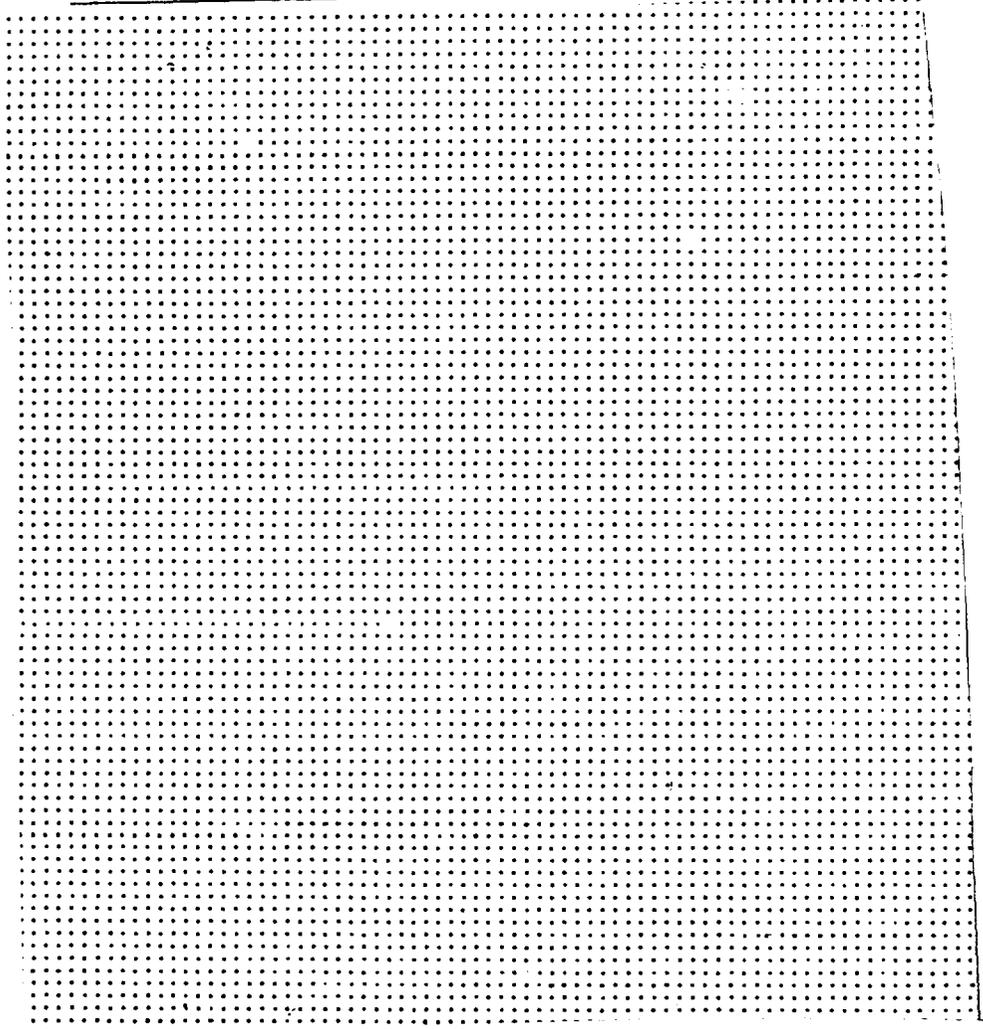
- a. Noted and discussed proposals by the Director of Central Intelligence (1) for improving the effectiveness of the daily presentation of the most significant items of current intelligence, including increased use of maps, and (2) for providing from time to time comparative estimates of U. S. and Soviet capabilities in certain critical areas and fields.
- b. Noted the President's approval of the proposal in a-(1) above; and his request for a recommendation for carrying out the proposal in a-(2) above, having in mind that access to any such estimates should be kept to the absolute minimum deemed necessary.

NOTE: The above actions, as approved by the President, subsequently transmitted to the Director of Central Intelligence, consulting with the Chairman, Joint Chiefs of Staff, and the Chairman, President's Board of Consultants on Foreign Intelligence Activities.*

* NOTE BY THE EXECUTIVE SECRETARY: It is my understanding, after conversation with Mr. Amory, that the consultation mentioned in the NOTE above applies only to paragraph a-(2) of the action.

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4. SIGNIFICANT WORLD DEVELOPMENTS AFFECTING U. S. SECURITY



The National Security Council:

Noted and discussed an oral briefing by the Director of Central Intelligence on the subject, with specific reference to the situations in Indonesia and Guatemala.

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5. U. S. POLICY TOWARD YUGOSLAVIA
(NSC 5601; Progress Report, dated November 13, 1957, by OCB on NSC 5601)

The National Security Council:

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

6. U. S. POLICY TOWARD THE SOVIET SATELLITES IN EASTERN EUROPE
and
INTERIM U. S. POLICY ON DEVELOPMENTS IN POLAND AND HUNGARY
(NSC 5608/1; NSC 5616/2; Progress Report, dated November 20, 1957, by OCB on NSC 5608/1 and NSC 5616/2)

The National Security Council:

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

7. U. S. POLICY ON DEFECTORS, ESCAPEES AND REFUGEES FROM COMMUNIST AREAS
(NSC 5706/2; Progress Report by OCB on "ESCAPEES-REFUGEES" section of NSC 5706/2 (including an Annex on Yugoslav Refugees), dated December 11, 1957)

After Mr. Dearborn had completed his report, and had emphasized the problem of assisting Yugoslav national refugees, the President commented that he believed that there was one thing we must remember in this connection. Our enemy was really International Communism. The Yugoslavs, as national communists, are a somewhat less difficult problem. While the President said he did not wish to dry up feelings of compassion from Tito, it remained true that national communism of the Yugoslav variety was not the real danger to U. S. security. International Communism was.

The National Security Council:

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

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