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January 31, 1958

MEMORANDUM

EYES ONLY

SUBJECT: Discussion at the 353rd Meeting of the National Security Council, Thursday, January 30, 1958

Present at the 353rd NSC Meeting were the President of the United States, presiding; the Vice President of the United States; the Acting Secretary of State; the Secretary of Defense; and the Director, Office of Defense Mobilization. Also present were the Acting Secretary of the Treasury; the Director, Bureau of the Budget; the Special Assistant to the President for Atomic Energy; the Federal Civil Defense Administrator; Mr. Walter Williams for the Secretary of Commerce (for Items 3 and 4); Lt. Gen. Charles P. Cabell, Acting Director of Central Intelligence; the Deputy Secretary of Defense; the Secretaries of the Army, the Navy, and the Air Force (for Items 1 and 2); the Chairman, Joint Chiefs of Staff; the Acting 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 1 and 2); The Assistant to the President; the Deputy Assistant to the President; the Director, U. S. Information Agency; the Director, International Cooperation Administration; the Special Assistants to the President for Disarmament, for Information Projects, for National Security Affairs, for Science and Technology, and for Security Operations Coordination; the White House Staff Secretary; the Executive Secretary, NSC; and the Director, NSC Secretariat. Also present, from the Department of Defense, for Item 1, were the Director of Guided Missiles; the Assistant to the Director of Guided Missiles; Maj. Gen. F. P. Daley, Department of the Army; Rear Admiral W. F. Raborn, Department of the Navy; Brig. Gen. O. J. Ritland, Department of the Air Force; Mr. J. D. Miller and Mr. Donald Swartz and Sgt. M. Brading, Office of the Secretary of Defense. Assistant Secretary of State Smith and Assistant Secretary of Defense Sprague attended this meeting.

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

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E.O. 12356, SEC. 3.4(b)
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FOLDER 353RD Meeting of NSC
January 30, 1958

1. BALLISTIC MISSILES PROGRAMS
(NSC Actions Nos. 1433-a-(4), 1484, 1615, 1653, 1690, 1743, 1765, 1800 and 1846)

Mr. Cutler briefed the Council on the subject, and called upon the Secretary of Defense. (A copy of Mr. Cutler's briefing note is filed in the minutes of the meeting, and another is attached to this memorandum.)

Secretary McElroy said the Defense presentation would be given by Mr. Holaday, Director of Guided Missiles, Office of the Secretary of Defense.

Mr. Holaday then made a presentation with charts. (A copy of Mr. Holaday's presentation is filed in the minutes of the meeting.)

At the conclusion of the presentation, Mr. Cutler noted that Mr. Holaday had displayed charts showing the following figures: 393 IRBMs, 173 Polaris missiles, and 272 ICBMs. Mr. Cutler asked whether these figures were larger than the figures previously reported because of the inclusion in the larger figure of training and test missiles. Mr. Holaday answered in the affirmative.

Mr. Cutler said the purpose of his question was to point out that the operational capability figures approved by the President last week were smaller than the figures displayed by Mr. Holaday because the operational capability figures did not include training and test vehicles.

Secretary McElroy noted that production of missiles had begun in advance of acquiring the research and development knowledge which, ideally, should be available in advance of production. He believed the decision to start production was correct, but wished to point out that this decision would probably entail increased expense because of design changes in the course of production. He was being pressed to move even faster, especially on Polaris, which was an attractive deterrent weapons system. The first firing of a complete Polaris would not take place until October 1959, but three Polaris submarines with missiles had already been ordered. One Senator had suggested that 100 submarines should be ordered. As we go farther down the research and development road we may have to take further gambles, but the present gamble is as big as the Department of Defense can recommend now. If test firings were successful, Secretary McElroy hoped to recommend expansions of the missiles program.

Dr. Killian inquired about the prospects for liquid Titan propellants other than refrigerated liquids. Mr. Holaday said present progress was slow because the technicians were leaning toward solid propellants. Some liquids looked promising, but research on these liquids would have to be pushed if progress was to be made.

The National Security Council:

a. Noted and discussed the third annual briefing by the Department of Defense on the Intercontinental Ballistic Missile (ICBM) and the Intermediate Range Ballistic Missile (IRBM) programs, as presented at the meeting by the Director of Guided Missiles.

b. Noted that the number of missiles reported in the briefing as scheduled for production, additional to those assigned to operational units to achieve operational capabilities currently approved by the President, were required for testing and training purposes.

NOTE: The action in b above, as approved by the President, subsequently transmitted to the Secretary of Defense.

2. SIGNIFICANT WORLD DEVELOPMENTS AFFECTING U. S. SECURITY

The Acting Director of Central Intelligence said that he had just received a report of increased activity, including VIP arrivals, at an important Soviet missile launching site. This increased activity might indicate that a major Soviet missile launching was about to take place.

Turning to Indonesia, General Cabell said that [redacted]

General Cabell said the President of Syria would arrive in Cairo in the next few days to take part in the proclamation of the union of Syria and Egypt. Under arrangements for the union, the Syrian army would be removed from politics, Syrian political parties would be dissolved, Communism would be suppressed, and all key appointments would be centrally controlled. Nasser had been reluctant

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to become involved in the Syrian picture and had been worried by Soviet opposition to the union, but had favored the union as a means of warding off Communism in Syria. The Syrians had been motivated by Pan-Arab nationalism, and by the Syrian Army's fear of eventual Communist control of Syria. The new union would be faced by serious economic problems and by the problem of finding jobs for army officers, and would be split geographically by Israel.

General Cabell said that reactions to the Syrian-Egyptian union had been varied. The Arab peoples viewed the union as the first step toward the long-sought goal of Arab unity. However, official Arab reactions were cautious. [redacted]

Israel looked upon the union with disfavor, but its public utterances were cautious. The Syrian Communists were unhappy with the union, but had to support it. The USSR, so far non-committal, would probably support the union formally, but would oppose it behind the scenes.

General Cabell then noted that Khrushchev was proposing a gradual transformation of the Soviet Machine Tractor Stations. These 8000 state-owned central pools of agricultural machinery, worth $7 billion, had since the '30s been the principal instrument of the Central Government's control over the rural areas. Khrushchev proposes to sell the machinery to the collective farms, in defiance of Stalin's warning against such a course. This move, which had been recommended to the USSR by a U. S. agricultural delegation in 1955, should reduce cost and increase agricultural production. The Machine Tractor Stations were no longer needed for political control, since thousands of Communists had been installed as the heads of the collective farms. The transformation of the Machine Tractor Stations might force into the open the last Stalinist forces, a development which Khrushchev has favored.

General Cabell said that in Venezuela the government junta had restored comparative calm. The predominantly civilian cabinet enjoyed public and military support. Free elections and constitutional government within three months had been promised; the Liberal parties were objecting to this much delay. The Communists had been prominent in the ouster of dictator Jimenez and had gained considerable political influence. The government was regarding the 1956 oil concessions as illegal and insisting upon their renegotiation.

General Cabell noted that the danger of post-election violence in Guatemala had been reduced by an agreement between Ydigoras and Cruse, an agreement motivated by the realization that only in this way could violence be avoided, since Ydigoras would use force

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to counter any decision in favor of Cruse in the Guatemalan Congress. In the elections, Ydigoras received about 40% of the vote, and Cruse about 30%. The leftist revolutionary party, which had been infiltrated by Communism, had polled about 29% of the vote and emerged as a political force.

General Cabell said Cyprus had been the scene of repeated violence during January as the Turkish Cypriots had attacked the British for the first time in an effort to force a partition of Cyprus. However, the U. K. had 23,000 troops on the island and could probably maintain control. The position of the Turkish Government with respect to Cyprus had recently hardened. The Greeks wanted an undivided Cyprus and the Greek terrorist organizations were probably capable of extensive violence. In the next few weeks London was expected to announce a new plan for Cyprus, but both the Turks and the Greeks would probably find the plan unacceptable and a new wave of violence might be touched off. Eventual self-determination for Cyprus could not be ruled out of consideration.

The National Security Council:

> Noted and discussed an oral briefing by Lt. General Charles P. Cabell, Acting Director of Central Intelligence, on the subject, with specific reference to the situations in Indonesia, Venezuela, Guatemala and Cyprus; the proposed union of Egypt and Syria; Khrushchev's plans for changes in the system of machine tractor stations in the USSR; and the possibility of an early launching of a major missile by the Soviet Union.

3. U. S. POLICY TOWARD SOUTH ASIA
(NSC 5701; Progress Report, dated January 22, 1958, by OCB on NSC 5701)

Mr. Dearborn presented the reference Progress Report to the Council (copy of presentation filed in the minutes of the meeting, and another attached to this memorandum).

The President asked what was behind the Afghan decision not to make more loans. Mr. Dearborn said the Afghans could not afford to contract additional loans. Mr. Cutler said the Russians had made a 2% loan to Afghanistan. Mr. Dearborn said the Afghans were stuck with that loan.

The National Security Council:

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

4. ASIAN REGIONAL ECONOMIC DEVELOPMENT AND COOPERATION
(NSC 5506; NSC Action No. 1506; NSC 5602/1; NSC 5707/8; Memo for NSC from Executive Secretary, same subject, dated January 22, 1958)

Mr. Cutler briefed the Council, stating that he was introducing the subject in the absence of Mr. Randall. (A copy of Mr. Cutler's briefing note is filed in the minutes of the meeting, and another is attached to this memorandum.)

The National Security Council:

a. Noted:

(1) The Report of the Committee on Asian Regional Economic Development and Cooperation, and the CFEP action thereon, transmitted by the reference memorandum of January 22, 1958.

(2) That the Operations Coordinating Board is to serve as the coordinating agency for implementation of the summary findings and recommendations of the Report and for the programs and actions resulting from further consideration of the Report by the appropriate Executive departments and agencies; and will prepare periodic reports on such implementation and on such programs and actions for the information of the National Security Council and the Council on Foreign Economic Policy.

b. Concurred in the recommendation of the Council on Foreign Economic Policy, prepared pursuant to NSC Action No. 1506-b and transmitted by the reference memorandum of January 22, 1958, that NSC 5506 be cancelled; and noted the concurrence of the Joint Chiefs of Staff in this recommendation.

NOTE: The actions in a and b above, as approved by the President, subsequently transmitted to the CFEP and OCB for information. The action in b above also transmitted to all holders of NSC 5506.

5. U. S. ECONOMIC DEFENSE POLICY
(NSC 5704/3; NSC Action No. 1780)

Mr. Cutler said he understood that at the end of February or early in March the United Kingdom would propose extensive reductions in the COCOM controls. There were indications that the U. K. would propose (1) elimination of 43% of the items on List I,

exclusive of AEC and munitions items; (2) establishment of a requirement for additional justification on 34 of the remaining List I items; (3) elimination of Lists II and III entirely. Mr. Cutler said he understood the U. K. believed it was no longer worth while through trade controls to attempt to slow down expansion of the Soviet undustrial base. Mr. Cutler said the State Department had advised the Secretary of State of this development.

Secretary Herter said the U. K. proposals were likely to lead to very serious differences between the United States and the United Kingdom. He did not know to what extent the U. K. had communicated its views to other governments, but in any case there appeared to be in the making a plot to under-cut COCOM and leave the United States holding the bag. This was a serious situation striking at the concept of US-UK interdependence.

Mr. Cutler said he had addressed memoranda on this subject to Mr. Randall and to the Secretary of Commerce. (A copy of Mr. Cutler's letter is filed in the minutes of the meeting, and another is attached to this memorandum.)

Both Mr. Walter Williams (Commerce) and General Twining said they had not previously heard of the British proposals.

Secretary Herter remarked that the lure of Soviet trade was proving attractive and the Soviets were pushing their trade offers hard.

The National Security Council:

> Noted an oral report by the Special Assistant to the President for National Security Affairs that it was expected the United Kingdom would propose at the next COCOM meeting extensive revisions of the COCOM multilateral trade controls.

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