February 7, 1958

MEMORANDUM

SUBJECT: Discussion at the 354th Meeting of the National Security Council, Thursday, February 6, 1958

EYES ONLY

The following were present at the 354th Council meeting: 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; the Director, Bureau of the Budget; the Special Assistant to the President for Atomic Energy; the Deputy Secretary of Defense; General Thomas D. White for the Chairman, Joint Chiefs of Staff; the Director of Central Intelligence; the Deputy Assistant to the President; the Director, U. S. Information Agency; the Director, International Cooperation Administration; the Special Assistants to the President for Foreign Economic Policy, for Information Projects, for National Security Affairs, for Science and Technology, and for Security Operations Coordination; the White House Staff Secretary; Assistant Secretary of State Smith; Bryce N. Harlow, Administrative Assistant to the President; 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 HIS RECENT TRIP TO THE NEAR EAST

Secretary Dulles stated that the Baghdad Pact meeting had been satisfactory. While it had been shaky at the start, we had ended stronger than we began. If the United States had not undertaken a very active part in the proceedings and accepted a very positive role, the whole thing would have fallen apart. Secretary Dulles said he had cut out all references to the role of the United States as an observer at the meeting and, indeed, had taken a stronger part than had ever before been played by the United States. He had pointed out to the Pact members that the commitments of the United States were at least as strong as the commitments of the Pact members themselves. He had emphasized the Eisenhower Doctrine as the chief raison d'etre of our presence there. These points of view had been well received by the other delegates.

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Secretary Dulles pointed out that the shakiness in the Baghdad Pact meeting, to which he had initially alluded, came primarily from two sources: Iran and Iraq. In Iran, factors of personality, particularly the personality of the Shah, gave rise to serious complications. The Shah considers himself a military genius, and is insistently demanding a further military build-up in Iran. In arguing for assistance to this end from the United States, the Shah compares the situation of Iran very unfavorably with that of its stronger military neighbors, Pakistan and Turkey. He sums up a picture of the Russians pouring into the gap (Iran) between the two strong powers of Pakistan and Turkey.

Moreover, continued Secretary Dulles, the Shah has not been willing to play the role of constitutional monarch. This refusal makes for severe internal complications in Iran because the rest of the government does not agree with the Shah's estimate of his proper role. Many of the leaders in the Iranian Government are seeking for more economic development and less military build-up, and they want something approaching a balanced budget. However, we have refused U. S. assistance to help Iran's budgetary difficulties, because we feel that the country has enough natural resources and wealth to handle their own budget. Thus there is a confused internal situation. The Shah was actually talking about getting out of the Baghdad Pact if the United States did not join it when Secretary Dulles arrived in the Near East, but he had taken a different view by the time the Secretary left. Secretary Dulles indicated that he had invited the Shah to come to Washington to talk over Iran's military problems with the President, who was so obviously qualified to discuss such things. Accordingly, it is quite possible that the Shah will come to this country about next June.

Turning to Iraq, Secretary Dulles pointed out that this country was in an awkward position because it is the only Arab nation in the Baghdad Pact. There have been heavy pressures on Iraq from the other Arab states, who play up the theme of Arab unity as opposed to the Baghdad Pact, which they regard as a barrier to Arab unity.

Secretary Dulles felt that the Baghdad Pact meetings had been particularly useful in one respect--namely, that there had been so many opportunities for restricted private conversations. In one of these, the Iraqi delegates requested the rest of the conferees to give a great lead in a campaign to bring all the Arab nations back into a position of sympathy toward the West. In pursuit of this theme, several delegations pointed out that the only areas in the Near East which seemed capable of initiating anything were Egypt and Israel. In reply to these arguments, Secretary Dulles had pointed out to the other delegations how difficult it was for the United States to take such an initiative as had been suggested.

It was up to some other Arab state, like Iraq, to take the initiative, which the United States would then back up to the hilt. Experience had taught us, continued Secretary Dulles, that if the United States takes some such initiative as was being requested, it would find that the Arab states would repudiate our initiative in the name of Arab unity or some other Arab interest. We could not afford to be put into such a situation again as had happened in the past.

The dominant theme in the private conversations at Ankara was the union between Syria and Egypt. There had been practically no solid intelligence at Ankara as to how this union had actually come about. Intelligence material available in the Near East does not compare in quantity or quality with what is available to us here in Washington, and the U. S. Delegation accordingly felt very isolated and very much in the dark. Nevertheless, there had been a strong feeling in all the different delegations that the Egyptian-Syrian union was a bad development and that it would strengthen Nasser's hand. There was strong pressure on the United States to speak out against the union. Again, said Secretary Dulles, he had taken the position that we wanted first to know where friendly Arab states stood vis-a-vis the Egyptian-Syrian union. Once they determined their position, the United States would back them up; but we would not take the initiative.

Secretary Dulles added that there was a general impression at Ankara that he wanted the National Security Council to be aware of. He thought that we had not developed an adequate military doctrine for the Near East, and particularly for Iran. We must in the future pay more attention to this problem, and we must have available larger forces for the defense of Iran than we now have. We must get rid of the pervasive fear in Iran of a Soviet invasion. This fear amounts almost to an obsession. General Taylor had had some good ideas on this subject.

General Cutler pointed out that in our latest revision of our policy toward Iran, the defense line had been moved further north in Iran than had been the case in previous policies, although we had cut down the force levels in Iran. Secretary Dulles commented that the Military Committee of the Baghdad Pact seemed to think that we needed some 16 divisions in Iran, and there were actually only six. The great question was where the rest were to come from.

The National Security Council:

Noted and discussed an oral report by the Secretary of State on his recent trip to the Near East, including attendance at the Baghdad Pact meeting.

2. SIGNIFICANT WORLD DEVELOPMENTS AFFECTING U. S. SECURITY

The Director of Central Intelligence alluded to the fact that at the previous meeting of the National Security Council he had mentioned the possibility that the Russians had just tested either an ICBM or an earth satellite. The evidence was somewhat clearer now than a week ago. While we were still unable to produce hard information, it now seemed likely that this had been a test of an ICBM, with a range of perhaps 3500 miles. This would constitute the third Soviet ICBM test shot.

Turning to the situation in Indonesia, Mr. Dulles said that if there was to be a climax in Indonesia, we were on the point of reaching it; but one has to be very skeptical about the Indonesians and about any climax. As a people, the Indonesians often do a lot of talking, accompanied by very little action; but it seems that the dissidents will join in submitting an ultimatum to the Djakarta government on the 7th of February. In brief, the ultimatum sill say "clean up or clear out". Meanwhile, an envoy of the dissidents has been in contact with Sukarno in Tokyo. Reports of this meeting seemed to be in character with what we know about Sukarno. He is alleged to have wept; but after the envoy had departed, Sukarno had sent instructions to Djakarta to make no change in policy. Accordingly, his tears may have been of the crocodile variety. The date of Sukarno's return to Indonesia has now been set for February 15.

Meanwhile, there have been some negotiations between the Central Government and the dissidents on Sumatra. The latter have now in readiness a complete new Cabinet for Indonesia. Mr. Dulles thought it likely that the ultimatum would be presented by the dissidents, and that the government would then suggest further negotiations. Sukarno would then return, after which anything could happen--possibly a blow-up. The great problem is where the Army stands, particularly the forces in Java. These forces seem divided in their loyalty between the dissidents and the Central Government. The military capabilities of the dissidents have recently improved, although they profess to fear greatly an air attack from Java.

The Sultan of Djogjakarta has arrived in Washington, allegedly to take part in a conference on tourism. This was very queer conduct for the Sultan, but a great many Indonesian fence-sitters are busy getting out of the way until the situation clarifies. Mr. Dulles concluded by predicting the possibility that, whatever happened, the outer islands would split off from Java.

Mr. Dulles said that the details with respect to the union of Egypt and Syria were far from clear, although it was sure that Nasser was to be the boss of the new Arab state. Public

reaction in Syria to the union had been slow and not very enthusiastic. Syrian businessmen were pessimistic at the prospects, and Syrian labor was unenthusiastic because it feared large-scale immigration of unemployed Egyptians into Syria. Even in Egypt, enthusiasm was lacking in a good many circles, and the government had had some difficulty in organizing mass demonstrations in favor of the union. The plebiscite which is to occur on February 21 would be a mere formality. Prince Badr of Yemen has finally arrived in Cairo, where he will discuss not the union of Yemen with Syria and Egypt, but some looser form of federation.

While, said Mr. Dulles, the union has caused considsiderable apprehension in the Baghdad Pact states, the intelligence community does not believe that the USSR was behind the move toward union, as the Turks all seem to believe. Indeed, the evidence that we have indicates opposition to the union by the Syrian Communists. Moscow has been puzzled as to what attitude to take. Accordingly, the union of Egypt and Syria may actually produce opportunities for weakening these two countries. On the other hand, it would put Iraq in a tough position for a time, at least, and Iraq must be strengthened by nations friendly to it.

Secretary Dulles commented that King Saud had not been very receptive to the proposal for a meeting of himself with Kings Hussein and Feisal.

As to the world reaction to the orbiting of the first U. S. earth satellite, Mr. Allen Dulles said that initial official comment from Moscow had been congratulatory, with a hint of condescension. Most of the East European satellites had stressed our lateness on the space scene. The Poles, however, had been enthusiastic in their praise of the U. S. achievement. In Western Europe there had been expressions of great satisfaction and relief, and much the same reaction had come from Latin America.

Turning to North Africa, Mr. Dulles stated that Spain may presently launch an offensive against the Moroccan Liberation Army. The French may lend some quiet support to this offensive because the French have been so concerned about Moroccan incursions into Spanish territory. Spanish military forces are being built up in the Canary Islands.

The situation along the Algerian-Tunisian border, said Mr. Dulles, continues to be very grave.

The National Security Council:

Noted and discussed an oral briefing by the Director of Central Intelligence on the subject, with specific reference to the Soviet ICBM program; the situation in Indonesia; the union of Egypt and Syria; world reaction to

the orbiting of the U. S. satellite "Explorer"; and the situation in North Africa.

3. U. S. ECONOMIC DEFENSE POLICY
(NSC 5704/3; NSC Actions Nos. 1780 and 1854)

Secretary Dulles said that while he had been at the meeting in Ankara, he had had a lengthy conversation with U. K. Foreign Secretary Lloyd, who had indicated that the British Government feels that it is imperative to undertake a complete review of the philosophy underlying our controls of materials going to the USSR. Lloyd had argued that the Soviet Union was now a very powerful industrial state which was quite capable itself of waging economic warfare. Therefore, it was out of date for the Western powers to try to prevent the USSR from becoming an industrial power by the restrictions we placed on trade. Lloyd felt that we should, of course, maintain our controls over items of clear military importance; but that anything like an economic blockade was out-dated. All that we gained was a reservoir of ill will in the allied countries, an ill will which was not counterbalanced by any security gains.

Secretary Dulles said that Lloyd recognized that the review he was proposing should be made at a high level. Secretary Dulles then expressed the view that the United States should review its own position prior to the COCOM meeting in March. He added that he was personally inclined to feel that there was a good deal in Lloyd's point of view.

The President added that his views on the futility of much of our trade controls were too well known to need restatement.

General Cutler suggested that the review of U. S. policy on COCOM controls be undertaken by the Council on Foreign Economic Policy, which would then present its recommendations to the National Security Council. Secretary Dulles pointed out that the U. S. position must be determined at least by the first of March, and that the process was bound to be controversial.

The National Security Council:

a. Noted and discussed an oral report by the Secretary of State on his conversations with the U. K. Foreign Secretary with respect to the United Kingdom's position favoring extensive revisions of the COCOM multilateral trade controls.

b. Agreed that the Council on Foreign Economic Policy should review U. S. policy with respect to COCOM controls, in the light of the U. K. position mentioned in a above; reporting to the National Security Council in time for Council consideration not later than March 1, 1958.

NOTE: The action in b above, as approved by the President, subsequently transmitted to the Chairman, CFEP, for appropriate implementation.

4. U. S. POLICY TOWARD GERMANY
(NSC 160/1; Supplement to NSC 160/1; Annex to NSC 160/1; NSC 5404/1; NSC 5608/1; NSC Actions Nos. 1664 and 1764; NIE 23-57; NSC 5727; Memos for NSC from Executive Secretary, same subject, dated December 20, 1957, and January 2 and 24, 1958)

General Cutler briefed the Council on the contents of the new German policy, in very great detail. (A copy of General Cutler's briefing note is filed in the minutes of the meeting, and another is attached to this memorandum.) At the conclusion of his briefing, General Cutler called attention to the split views on paragraph 44, reading as follows:

"44. [Although it is not now propitious for the United States to advance major alternatives toward achieving German unification, such as neutralization, the United States should give continuing consideration to the development of such alternatives (which may be later required by developments in either West Germany or the USSR or both) with a view to the long-run solution of the unification problem.]*

"* Supported by Treasury, Budget and ODM."

General Cutler discussed at length the controversy in the Planning Board with respect to paragraph 44, and also pointed out the views of the Joint Chiefs of Staff against inclusion of this paragraph. He then called on Secretary Dulles.

Secretary Dulles began by stating his opinion that with respect to Germany the policies of the United States and of the Soviet Union have something in common--namely, that it was not safe to have a unified Germany in the heart of Europe unless there were some measure of external control which could prevent the Germans from doing a third time what they had done in 1914 and in 1939. Secretary Dulles insisted that the Soviet Union would never accept an independent, neutralized Germany in the heart of Europe. He added that he was convinced of this fact from many private conversations with Soviet leaders, who had made it quite clear that

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they would never agree to the creation of a unified Germany unless it were controlled by the USSR. Nor, on the other hand, should the United States accept a unified Germany except as part of an integrated Western European community. We simply could not contemplate re-unifying Germany and then turning it loose to exercise its tremendous potentialities in Central Europe. Accordingly, we should get rid, once and for all, of the idea that the re-unification of Germany is in and by itself an objective of U. S. policy. Everything depended on the context in which Germany was re-unified, because you could not neutralize a great power like Germany permanently.

After paying tribute to the formidable capabilities and energies of the Germans and their extraordinary comeback from the devastation at the end of the war, Secretary Dulles again warned that we could not close our eyes to the fact that this great power must be brought under some kind of external control. The world could not risk another repetition of unlimited power loosed on the world.

Summing up, Secretary Dulles stated that we should not accept re-unification of Germany as a goal under any and all conditions. It would be obviously disastrous to accept re-unification on the Soviet terms. But it would also be bad to accept it without any external limitation. We must therefore be flexible as to the terms on which we would find re-unification acceptable, and to do our best to keep the Germans happy until we have achieved a suitable re-unification of Germany.

General Cutler pointed out that the policy paper as written carries out exactly what Secretary Dulles had been arguing for. Paragraph 44, with its suggestion that the United States should study alternatives toward achieving German re-unification, was a long-term matter. It was looking ahead to a situation in which, as a result either of German internal policy or some move by the Russians, U. S. forces were kicked out of Germany.

Secretary Dulles replied by stating his strong objections to the idea that the United States would accept neutralization if it could thereby achieve a unified Germany. The point of the matter was that the Germans would never stay neutral. They will either go with the West or go with the East or play off the one against the other, which could put us in a very serious situation. Secretary Dulles added that the possibility of a neutralized and unified Germany had been explored in the State Department over a very long time, and the verdict was that the State Department was opposed to it. It would not help much to explore the matter all over again, as suggested in paragraph 44.

When asked for his views by General Cutler, General White (for the Chairman, Joint Chiefs of Staff) expressed support for the views of Secretary Dulles, and reiterated the position of the Joint Chiefs of Staff in opposition to the inclusion of paragraph 44.

General Cutler argued with Secretary Dulles, pointing out that the United Kingdom and France seemed quite capable of playing a unilateral game with the Germans, and he could not understand why the United States did not seem capable of looking ahead in order to try to determing what we were going to do when Adenauer disappeared and we might find our forces asked to leave Germany.

The President pointed out that if the Socialists did come into power in Germany, we might have to put even more U. S. forces in that country. He added with emphasis that he agreed with all that the Secretary of State had said on the problem of German unification and neutralization. In point of fact, the President added, neutralizing Germany would amount to nothing more than communizing Germany.

Mr. George Allen said he wanted to remind the Council that the most significant single motivation in German public opinion was for the unification of that country. If the Soviets play up to this sentiment and agree to a neutralized Germany, Mr. Allen felt that the Germans would quickly buy such a proposal and give all the credit to the Soviet Union for re-uniting their divided country. We would be faced with a terrible force if Soviet Russia and Germany joined together.

The President replied to Mr. Allen by expressing firmly the opinion that if Germany were neutralized it would be a Germany taken over completely by the Soviets. Mr. Allen expressed agreement with the President's view, and said that he was not arguing for the neutralization of Germany, but rather for a re-armed Germany favorably disposed to the United States and to the West.

The President went on to say that in his view the way to handle the German problem was to build up NATO and Germany within it. Germany would be attracted to remain in a strong NATO. Furthermore, the building up of NATO would perhaps encourage the satellites to throw off the Russian yoke. In short, the building up of the Western European community was, in the President's view, the best possible guarantee of world peace.

After General Cutler had called the Council's attention to certain salient features of the Financial Appendix, the President turned to Secretary Dulles and asked if he could give a clear reason as to why the Germans had dragged their feet so in the field of re-armament. Secretary Dulles replied that he supposed it stemmed

from the reluctance of many Germans, in view of what had happened to them in the last war, to risk seeing Germany remilitarized. Also, there had been a very high degree of industrial activity in recent years, and full employment in Germany. Neither employers nor employees wanted to sacrifice this prosperity by going into the military service. Secretary Anderson added that the Germans also feared inflation if their re-armament programs proceeded too rapidly.

The National Security Council:

a. Discussed the draft statement of policy on the subject, togerher with Supplements I and II thereto, contained in NSC 5727; in the light of the views of the Joint Chiefs of Staff thereon, transmitted by the reference memoranda of December 20, 1957, and January 24, 1958.

b. Adopted the statement of U. S. Policy on Germany in pages 1-27 of NSC 5727, subject to the following amendments:

Pages 26-27, paragraph 44: Include the bracketed paragraph 44, deleting the phrase "such as neutralization," and the footnote thereto.

c. Recommended that the President reaffirm the statements of policy set forth in Supplement I ("U. S. Policy on Berlin") and Supplement II ("U. S. Policy Toward East Germany") to NSC 5727, and the Supplementary Statement of Policy in the special limited-distribution Annex to NSC 160/1; with the understanding that, when the NSC Planning Board subsequently reviews U. S. Policy Toward the Soviet Satellites in Eastern Europe (NSC 5608/1), it will consider, in the light of such review, whether to recommend any changes in Supplement II.

NOTE: NSC 5727, as amended by the action in b above, subsequently approved, and the statements of policy in Supplements I and II thereto reaffirmed, by the President; circulated as NSC 5803 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.

As recommended in c above, the Annex to NSC 160/1 subsequently reaffirmed by the President; reissued as a special limited-distribution Annex to NSC 5803; and circulated for implementation by all appropriate Executive departments and agencies of the U. S. Government.

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NOTE (Continued)

The President also directed that the Departments of State and Defense and the Joint Chiefs of Staff jointly make the continuing study required by paragraph 44 of NSC 5803, reporting the results of such study to the Council, through the NSC Planning Board, as appropriate and prior to July, 1958.

5. U. S. SCIENTIFIC SATELLITE PROGRAM
(NSC 5520; NSC Actions Nos. 1656, 1713 and 1846)

General Cutler introduced the subject, and asked Secretary Quarles to make his report. The President, however, turned to Secretary Quarles and said he assumed the latter's report to the Council would have in it very little classified information. If this were the case, he thought Secretary Quarles should make his report to the whole Cabinet rather than to the National Security Council, because all the members of the Cabinet were eager to hear this report. Secretary Quarles replied that nothing he had proposed to say would be inappropriate for the Cabinet to hear.

The President then spoke briefly of the proposals which Dr. Killian was preparing. Dr. Killian in turn pointed out that there were alternative programs for launching our earth satellites if Project VANGUARD should prove a failure, and he believed that these alternatives were likely to be successful.

The President then inquired whether we were planning missiles that would either launch much larger satellites or reach to the moon. In reply, Secretary Quarles briefly enumerated the various engines with thrusts of between 300,000 pounds and a million pounds.

The National Security Council:

a. Noted that, at the President's request, the report by the Deputy Secretary of Defense on the orbiting of the U. S. satellite "Explorer", and comments thereon by the Special Assistant to the President for Science and Technology, would be presented at the next meeting of the Cabinet instead of to the National Security Council.

b. Noted that, at the President's direction, the Special Assistant to the President for Science and Technology would submit to the Council early in March his recommendations as to legitimate U. S. objectives with respect to space exploration and science; and that this

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directive superseded the directive to the NSC Planning Board in NSC Action No. 1656-c.

NOTE: The action in b above, as approved by the President, subsequently transmitted to the Special Assistant to the President for Science and Technology for implementation, and circulated for information to all holders of NSC Action No. 1656.

6. U. S. POLICY TOWARD AUSTRIA
(NSC 5603; Progress Report, dated January 29, 1958, by OCB on NSC 5603)

The National Security Council:

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

S. Everett Gleason

S. EVERETT GLEASON

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February 4 Draft

ITEM 3 - GERMANY (NSC 5727)

1. The next item is a review of our policy toward West Germany (adopted in 1953).

2. Attached as Supplement I and Supplement II are existing U. S. policies toward Berlin and East Germany, respectively, which we believe adequate at this time and to require no further mention; despite recently increased Soviet efforts to substitute East German for Russian control of entry into and exit from Berlin. There also remains in effect a special annex to the East Germany policy, dealing with resistance by East Germans to the Soviet-dominated regime.

3. The Planning Board has worked on the new German policy since September, recognizing fully the key significance of Germany. Our draft paper before you is based upon a recent national intelligence estimate, elaborate staff studies, and long debate. Part of our work is reflected in an excellent and detailed military annex (16 pp), found at the end of the paper.

4. In the comprehensive General Considerations (pp 1-22), the Planning Board factually presents the issues which make Germany of vital importance to the U. S. - and to the Free World:

a. Pages 3 - 9 deal with Germany's division and the problem of reunification, of which I will speak later.

b. Will you please turn to Par: 10. Pages 10 - 12 analyze present and future political and economic relations of the Federal Republic with the Western Community. We say in Par. 10 and Par. 13 on p. 11 (READ first sentence).

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c. On pages 12 - 15, we outline the Federal Republic's relations with Eastern Europe (including East Germany). Let me READ from Par. 17 on p. 13 and from Par. 19 on p. 14.

d. On page 15, we mention the problem of Berlin, fully covered in Supplement I.

e. Pages 16 - 22 cover the Federal Republic's role in Western Defense. Let me READ from Pars. 21 and 22 on p. 16 - 17 and from Par. 25.

f. Pages 21 - 22 describe the Federal Republic's relation to underdeveloped areas. Let me READ from Pars. 27 and 29.

5. The familiar basic objectives of our policy appear on p. 23.

6. Let me now mention principal items in the Policy Guidance: 34; 35; 36; 37; 39; 42; 43; 45; 46; 47.

7. a. As you will observe, the Policy Guidance in this paper covers the short-range; seeks to improve and strengthen West Germany's role in the Atlantic Community.

b. Par. 44, however, reflects concern for the longer-range - for giving thought now how to meet contingencies which may be forced upon us by the USSR; by a successor government to Adenauer in West Germany; by a successor government to Macmillan in Britain; by unwillingness of some NATO countries to accept nuclear armaments; by the later demand of other NATO allies, which now accept such nuclear delivery systems, to have sovereign control in their countries over the warheads and their use. READ Par. 44 on p. 26.

c. The Planning Board recognizes that the instant time is not propitious to present alternatives to the present policy of increasing rapidly the Free World's military capabilities. Yet some of us felt that the continued division of Germany, the anomalous isolation of Berlin, the stationing of foreign forces in Central Europe, are a main source of the tension which may involve increasing risk of war.

d. Par. 44 recommends that at this time U. S. alternatives be developed and considered (if not through the Planning Board, then in some other medium), for the longer look ahead.

e. In the General Considerations (p. 3 - 9) we related our concern over the division of Germany, seeking there to state the pros and cons of various courses of action. Because this issue transcends others, I wish to call attention specifically to certain paragraphs.

Let me READ at p. 3 from Par. 4, etc.

f. The Joint Chiefs of Staff recommend against the proposal for study of alternatives on the grounds that consideration should be given to the development of alternatives to our present policy on unification at the time that the U. S. becomes convinced that present objectives cannot be attained.

BATTLE SPLIT

Secretary Dulles

8. Financial Appendix (p. 29 - 31)

a. You will note the completion in FY 1959 of deliveries under the grant military assistance program of the items financed in prior years. ($831 million).

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b. The table does not reflect (footnote a) large-scale subsequent reimbursable aid furnished West Germany.

c. Footnote e indicates that the figures include support of RIAS and "Cover Unit".

d. The total U. S. economic assistance since World War II to West Germany, Berlin, and East Zone is $3,6 billion. (p. 30).

e. The economic assistance to the East Zone (as explained on p. 31) is chiefly to finance visits of East Germans to West Germany, etc.

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