

EXECUTIVE OFFICE OF THE PRESIDENT ~~TOP SECRET~~  
NATIONAL SECURITY COUNCIL  
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SECURITY INFORMATION

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July 22, 1953

MEMORANDUM FOR THE NATIONAL SECURITY COUNCIL

SUBJECT: Project Solarium

REFERENCE: NSC Action No. 853-c

In accordance with NSC Action No. 853-c, summaries of Project Solarium presentations and written reports, prepared by the NSC staff and concurred in by Solarium Task Force representatives, are submitted herewith as a basis for discussion by the Council at its meeting on July 30, together with a summary of the principle points made during discussion following the presentation to the National Security Council on July 16, 1953.

As background, there follows a brief summary of the instructions to the Task Forces defining the three alternative policies which they were asked to develop:

Alternative "A". (p. 1)

a. The policy of the United States, as elaborated more fully in NSC 153/1, would be:

(1) To maintain over a sustained period armed forces to provide for the security of the United States and to assist in the defense of vital areas of the free world;

(2) To continue to assist in building up the economic and military strength and cohesion of the free world; and

(3) Without materially increasing the risk of general war, to continue to exploit the vulnerabilities of the Soviets and their satellites by political, economic and psychological measures.

PORTIONS EXEMPTED  
E.O. 12356, SEC. 1.3 (a)(4)(5)  
NSC letter 7/27/84  
NLE DATE 11/7/84

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By AB NLE Date 11/7/84

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b. For purposes of analysis and study by the Task Force, it is assumed that this policy would be interpreted and administered on the following bases:



(1) Time can be used to the advantage of the free world; if we can build up and maintain the strength of the free world during a period of years, Soviet power will deteriorate or relatively decline to a point which no longer constitutes a threat to the security of the United States and to world peace.

(2) In seeking to deter and oppose further expansion by the Soviet bloc, the policy would include the utilization of military operations, as necessary and feasible, even at the grave risk of general war. However, an attempt would be made to localize such military operations as far as possible.

Alternative "B". ~~(p. 19)~~

The policy of the United States would be:

(1) To complete the line now drawn in the NATO area and the Western Pacific so as to form a continuous line around the Soviet bloc beyond which the U.S. will not permit Soviet or satellite military forces to advance without general war;

(2) To make clear to the Soviet rulers in an appropriate and unmistakable way that the U.S. has established and is determined to carry out this policy; and

(3) To reserve freedom of action, in the event of indigenous Communist seizure of power in countries on our side of the line, to take all measures necessary to re-establish a situation compatible with the security interests of the U.S. and its allies.

Alternative "C". ~~(p. 24)~~

a. The policy of the United States would be:

(1) To increase efforts to disturb and weaken the Soviet bloc and to accelerate the consolidation and strengthening of the free world to enable it to assume the greater risks involved; and

(2) To create the maximum disruption and popular resistance throughout the Soviet bloc.

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b. The purpose of this policy would be to force the Soviets to shift their efforts to holding what they already have rather than concentrating on gaining control of additional territories and peoples and, at the same time, to produce a climate of victory encouraging to the free world. While this policy is not designed to provoke a war with the Soviet Union, it involves a substantial risk of general war which will vary according to the nature and timing of the steps taken to implement it.



JAMES S. LAY, Jr.  
Executive Secretary

cc: The Secretary of the Treasury  
The Attorney General  
The Director, Bureau of the Budget  
The Chairman, Joint Chiefs of Staff  
The Chairman, Atomic Energy Commission  
The Director of Central Intelligence

TASK FORCE A

1. Mission

a. As directed, the policy of the U. S. would be:

(1) To maintain over a sustained period armed forces to provide for the security of the United States and to assist in the defense of vital areas of the free world;

(2) To continue to assist in building up the economic and military strength and cohesion of the free world; and

(3) Without materially increasing the risk of general war, to continue to exploit the vulnerabilities of the Soviets and their satellites by political, economic and psychological measures.

b. For purposes of analysis and study by the Task Force, it is assumed that this policy would be interpreted and administered on the following bases:

(1) Time can be used to the advantage of the free world; if we can build up and maintain the strength of the free world during a period of years, Soviet power will deteriorate or relatively decline to a point which no longer constitutes a threat to the security of the United States and to world peace.

(2) In seeking to deter and oppose further expansion by the Soviet bloc, the policy would include the utilization of military operations, as necessary and feasible, even at the grave risk of general war. However, an attempt would be made to localize such military operations as far as possible.

2. Method of Approach

Task Force A arrived at the conclusion that there are areas in which significant improvements could be made within the framework of NSC 153/1. The Task Force believed that we have reached a critical point in the application of our grand strategy, and in the Soviet situation, which marks a phase line. Task Force A believes the U. S. is today in a position to assume the strategic offensive in its conflict with Soviet Communism. The U. S. should move forward from today's phase line to rectify imperfections in our strategy; give it new confidence, boldness and constructiveness; recapture flexibility; effect better integration; and improve implementation. It is felt that the policy thus revised would give the greatest assurance as against other possible alternatives for the successful disintegration of the Soviet threat without recourse to general war, and without increasing the risk of general war.





### 3. Analysis of the Soviet Threat

The Soviet union has developed a strong and dangerous military posture serving political leadership we recognize as hostile, resentful of American power, dedicated to aims incompatible with our security. The threatening quality of this military posture arises from the strength and disposition of these forces, coupled with the attitude of the Soviet political leaders, and above all, their ideological commitment to the destruction of western capitalism in processes which involve at some point the use of violence. Soviet predominance in eastern and central Europe makes impossible a restoration of normal conditions of full stability to Europe as a whole, and has contributed extensively to the development of the military posture we find disturbing. Furthermore, the possibility exists that additional nations will be brought under communist control through the activities of indigenous communist factions, acting with or without overt support from Moscow. In addition to the military threat posed by conventional Soviet armaments there is increasing evidence that the Soviet union is developing a strong capability in the field of weapons of mass destruction. If this process continues unimpeded, the Soviet leaders will soon have it in their power to inflict massive damage on the cities, industries and facilities of this country and its major allies, although presumably not without suffering retaliation in kind.

### 4. Basic Objectives of U. S. Policy vis-a-vis the Soviet Threat

a. Assure the security of our country in the light of the Soviet military posture.

b. Prevent further Soviet expansion through seizure of additional countries by local communist minorities.

c. Reduce the area under Soviet control, first and foremost in the satellite area in central and eastern Europe. In addition, in the long term, bring about a situation in which China would no longer be dominated by a regime allied with Moscow in a framework of ideology hostile to the U. S.

### 5. Suggested U. S. Policy with regard to the USSR

"With the assistance of Allies to achieve through progressive steps and without undue risk of war, but recognizing that the threat of war must not inhibit our unfolding courses of action, a stop to Soviet expansion; the diminution and progressive retraction of Soviet control over its east European Satellites and Red China; the discrediting of Soviet power and Communist ideology as effective instruments



of Soviet foreign policy; and a maximum contribution to the increase in internal stresses and conflicts within the Soviet system; to the end that the Soviet rulers will be forced to accept the necessity of adjusting their objectives to those of peaceful co-existence with the free world."

6. Other elements in the World Situation

There are two other basic factors in the situation which must be considered. One is the rising discontent and resentment against the West, particularly in Asia, and the demands for rapid social and economic change which characterize the so-called socio-economic "revolution" which exists throughout the world. This exists quite apart from Soviet-Communist threat but is effectively exploited by Communism. The second is the reduction of the bi-polarity which has dominated the world situation since 1945, and is indicated by a decline in U. S. prestige and leadership during the past several years, growing independence of action by other free nations and, on the Soviet side, developments which have had a somewhat comparable effect in weakening Moscow's range of influence. Both of these considerations must be met with positive and constructive policies which utilize, rather than oppose them. They point to the crucial importance which may attach to courses of U. S. action in the immediately forthcoming period. Thus Task Force A sees, in this regard:

a. As the first principle, the U. S. to avoid policies which give impression it is solely pursuing aims which have essentially wartime objectives and that it feels war is inevitable;

b. As the second principle, the U. S. to create the impression of steadiness and reliability in formulation and implementation of foreign policy; and

c. As the third principle, the positive emphasis of U. S. policy to be placed on strengthening U. S. position with other free world countries and in the creation of strength and confidence in free world.

7. Courses of Action Proposed

a. Maintenance of U. S. strength

The risk of general war is not high. Acceptance, however, of a calculated risk that the Soviet union will not resort to war, which would lead to a reduction in our



defense establishment cannot be accepted. Our military program should continue to be related to Soviet military capabilities for general war, and not become captive to the zigzags of Soviet political policy. The Task Force came to the tentative conclusion in regard to present mobilization plans that the portion of the economy proposed for allocation to the war effort in the event of full mobilization is too high to be realistic (a peak of 66 percent of the gross national product) and recommended study by the responsible agencies.

b. Peripheral war may be increasingly unlikely in the near and mid-term future. However, U. S. efforts to prepare military, political and psychological deterrents to aggression should include:

- (1) Considering the question of announcing that the U. S. will feel free to use atomic weapons in case of local aggression in the future and,
- (2) Emphasizing the development of indigenous forces capable of maintaining internal order within countries which are likely targets.

c. There is need to generate increased public understanding on the vital importance today of military power as an instrument of policy for peace, its deterrent value and its confidence building aspects.

d. NSC 153/1 courses of action to support the objectives of military preparedness are accepted in general with the following additional recommendations:

- (1) It will be necessary to commit resources not yet programmed for security purposes in order to build up the continental defense of the U. S. rapidly.
- (2) The possibility that our governmental processes may inhibit a policy of immediate retaliatory action in an atomic war should be studied.
- (3) The external political-military aspect, with particular reference to western Europe, of the effect of Soviet possession of a massive destructive capability in time of tension approaching a war crisis should be studied.
- (4) The danger of disruption of our civilian population through mass exodus from target areas in time of rising tension with Russia should be investigated.



- (5) A new over-all look should be taken at the whole impact of special weapons on our security program (Including mobilization base, manpower reserves, civilian defense, etc.) from the standpoint of 5 or more years from now.
- (6) NSC 153/1 is defective in providing a human resources policy. Such should be given status by the NSC of the same order as policy concerning industrial resources.
- (7) NSC 153/1 is unclear as to the extent the U. S. security program and policies depend on allies.
- (8) Study should be initiated to include:
  - a. Clearer determination of the extent of the dependence of our over-all security program on allies.
  - b. Continuation of the stress in our forward strategy of collective security.
  - c. Recognition of, and establishment of U. S. policy regarding, the dependence of our allies upon us for maintenance and replacement of equipment in peacetime.
  - d. Face up to the very substantial logistical dependence of our allies on the U. S. in case war should come and a balancing of our programs and plans accordingly.

## 8. Costs

a. The main internal threat seen by Task Force A is the danger of lack of constancy in our security program. A creeping disarmament might prove even more dangerous than was the outcome of post World War II demobilization. Positive actions must be initiated to draw public support so as to link various components of the Soviet threat with the services, sacrifices, tax-payments, etc., which the U. S. people need to provide to meet that threat.

b. It is difficult to see how the military build-up of ourselves and our allies programmed until the end of last year can in fact be effected under current forward budget planning.



c. Out of a summation of those factors which are likely to add up to an increase, it is estimated that the cost of Task Force A's course of national policy will exceed during the build-up period the funds allocated to the security program as currently contemplated in the most recent budget planning.

d. In the long run the Task Force program will cost not materially less than about 40 billion annually and may be somewhat higher. There appears no other realistic solution than to maintain a see-through constancy of preparedness until we have had a long continued demonstration that the spirit and intent of Soviet communism has changed - or even longer, until we effectively regulate armaments.

#### 9. Maintenance of the Economy

a. After studying the ability of the economy to sustain the security load, Task Force A concludes that there is no question that our country has the economic capacity to provide a high plateau of preparedness - certainly the program envisaged by Task Force A - over a sustained period (interpreted as 10 years or more).

b. The real threat from the economic standpoint, arises not so much from the absolute cost of security as from other dangers which include:

- (1) The effect on adequate legislative action of the unprecedented absolute cost of the peacetime security program.
- (2) The effect of possible economic recession.
- (3) Lack of economic readiness for mobilization, general war, and atomic attack on the U. S.

c. NSC 153/1 fails to provide directives or policy guidance for those preparatory economic and industrial mobilization arrangements within the executive branch which are consistent with its stated policy of military readiness.

d. On the national debt, the main question is whether it is likely to become so high as to be a threat to the strength of the U. S., but any likely threat existent in the debt does not seem comparable to the Soviet threat.

e. It is seriously questioned that in the face of an unbalanced budget and the current security need in an economy operating at around full normal capacity, there is any urgent economic argument for reducing the total of federal taxes.



The continuation of taxes at the present or higher levels is recommended. The U. S. seems certainly to have the tax structure, debt situation, and general fiscal capability to sustain the security load which seems likely under the program of Task Force A. The tax problem appears to be primarily a political and psychological problem. This makes it part of the problem of gaining public support for an adequate program for security.

f. It is questioned that the economic policy expressed in NSC 153/1 is based on a completely correct estimate of the true nature of the economic threat to the U. S. way of life under the policy contained in that paper. It is recommended that the economic portions of NSC 153/1 be restudied.

10. Maintenance of Free Political Institutions

a. U. S. objectives in this field should continue to be:

- (1) The assurance of the vitality and soundness of our own institutions.
- (2) The creation of adequate public understanding and support for our policies with relation to Soviet power, and
- (3) The provision of appropriate safe-guards against subversion through methods consistent with the maintenance of a vital and democratic system.

b. There is considerable apprehension abroad that American governmental processes and public life are falling extensively under the influence of psychological and political trends which Europeans regard as totalitarian in nature. It is felt that the full significance of this development has not yet been generally appreciated by our government and public. Unless a drastic reversal of this impression can be achieved the long-term psychological consequences must be expected to be extremely serious; so much so as to nullify a good portion of whatever positive measures the U. S. Government may take to offset the Soviet danger.

11. Strengthening the Free World

a. Success in strengthening the free world is of an especially great significance in the case of the national policy supported by Task Force A, because there is much less of the element of unilateral U. S. action involved than in the suggestions made by other Task Forces.

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b. Task Force A's case rests on a proposition that the free world can construct a system far superior than that of our enemies. If it is done while maintaining the necessary posture of military strength, the back of the Soviet problem will be broken.

c. Major Courses of Action:

- (1) A strong drive to develop a greater sense of common purpose and mutual interest with countries outside the Soviet Orbit.
  - (a) Repose an increasing degree of responsibility on our NATO allies to determine what they are prepared to do for their own defense.
  - (b) Promote economic expansion by trade liberalization in western Europe, off-shore procurement of military end items, interchange of technical know-how, stimulation of American private investment, and maximum use of the International Bank and the Export-Import Bank.
  - (c) Develop a dramatic concept, inspiring to both industrialized and underdeveloped countries, and involving private initiative, to establish programs for the economic development of materials and markets in underdeveloped areas.
  - (d) Review and revise East-West Trade policies. Substantially the same course is recommended as that outlined in Alternative 4 of NSC 152 except as to the policy to be applied to communist China.
  - (e) Make a major effort to reduce and liberalize barriers to imports into the U. S.
- (2) A more selective approach to building strength in the Far East and the Middle East.
  - (a) Many of the countries in these areas do not possess the ingredients from which strength can be built.
  - (b) A few of them do possess the necessary potential. We should therefore concentrate on making the most of the potentialities of such countries.
- (3) A vigorous attack on the most troublesome situations which are blocking progress to strengthen the free world.

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- (a) Free Europe. An integrated foreign policy with regard to Western Europe is recommended as a vital component of an effective national strategy for the U. S. to meet and thwart Soviet designs.
- (b) Germany. The future of Germany is, in a large part, the determinant of the future of Europe. A new approach to the problem of German reunification is recommended which can exploit and intensify present Soviet internal stresses and achieve, in due course, the first major roll back of Soviet hegemony over Eastern Europe. Specifically, the Task Force proposes the following course of action, in three parts:
- i. As first part, the preparation, as a matter of urgency, of a strong and plausible U. S. negotiating position on the reunification of Germany in which our stated negotiating objectives are:
    - (A) A reunified, sovereign, independent Germany with a democratic form of government.
    - (B) The provision of realistic safeguards to prevent the Soviet-Communists from holding any abnormal advantages over the West in respect to Germany.
    - (C) The provision for Germany to have military forces except for any form of atomic or other weapons of mass destruction.
    - (D) As a maximum position, the removal of all foreign occupation forces from Germany, or as a minimum position the concentration of foreign forces in enclaves capable of direct supply by sea.
    - (E) Discussion of and conclusion if possible of an Austrian peace treaty (with its implications for the Soviet military position in Hungary and Roumania) and discussion aimed at withdrawal of Soviet forces in Poland.
    - (F) Intention to maintain closest contact with West German opinion and to have West and East German representatives participate in the negotiations among the four powers.



- ii. As the second part, the disclosure and advocacy of this position, first with the British and French Governments, next with the German Government and leaders of important parties, and finally, with the Soviet Government at the coming Four Power Meeting this autumn.
  - iii. As third part, independent of but concurrent with the steps regarding reunification, efforts to effect the early and direct rearmament of West Germany. In order not to prejudice negotiations for reunification, this rearmament should take place outside the EDC and outside NATO, but with the concurrence of the NATO Council.
- (c) France. The weakness and unsatisfactory performance of France lies at the root of many of most serious problems faced by the U. S. in Europe. This has not been adequately faced by the Government in the past. As a major and urgent recommendation, it is suggested that U. S. policy should be to repose responsibility on France, and to initiate this policy by removing, progressively and tactfully, the support from the U. S. to which she now looks to bail her out of perennial crises. There should be a carefully worked out course which focuses world opinion as French responsibilities; informs France of our intent gradually to cease supporting French overcommitments; makes clear our intent to regain independence of U. S. action now inhibited by French fears; but stresses our intent to continue to help France in situations she cannot realistically meet alone. High level discussions are needed.
- (d) Weakening of U. S. Prestige and Leadership in Europe. In order to correct and alleviate the following is recommended:
- i. Continuity of U. S. actions which fit into a plausible and persuasive totality of policy or national strategy.
  - ii. Greater emphasis put by the U. S. Government on prior discussion with interested European Governments before taking specific actions affecting them (though not compromising any essential U. S. positions).

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- iii. Clarify worries as to future U. S. intentions.
- iv. Reduce direct interference by the U. S. in European National affairs by involving ourselves directly in only the major and vitally important problems and dealing with them on a high level.
- v. Reduce U. S. technical staffs and missions.
- vi. Understand the divergent assessments of the Soviet threat made by Western Europe and avoid pressing for a rate of military build-up in Europe which too greatly exceeds the natural intentions or capabilities of Europeans.



(e) The Unification of Western Europe.

- i. U. S. policy on this is unclear. A study by the Executive Branch is recommended to formulate guidance on the broad form and scope of the future politico-economic systems in Europe which would be most desirable from the standpoint of the U. S. national interest.
- ii. Greater progress toward European unity and cohesion can now be best achieved by relaxation of direct and overt U. S. pressures to such an end.

(f) Economic Expansion

- i. Considerable economic expansion within Europe and in world trade backed by expanding markets is an essential element to building strength in Europe. This may be aided by certain careful relaxations of certain East-West trade policies.
- ii. Of even greater importance is the energetic development of alternative sources of raw materials within the free world. Specific projects to this end should be pushed and supported.

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(g) Colonialism. The U. S. finds itself in the anomalous position of being identified in Asia as imperialist and the supporter of Western European colonialism and in Europe as hastening the break-up of colonial relationships. This necessitates increasing coordination within the U. S. Government to assure that each pertinent decision to take a specific action reflects wise and comprehensive evaluation of both aspects of the colonial problem.

(h) China

i. A major objective of the U. S. is to bring about changes in China to eliminate its present threat to free world security, with the ultimate objective of the development in China of an independent government friendly to the U. S. and the free world. The following general policies are proposed:

- (A) Regard Communist China consistently as a hostile power and maintain political and economic pressures short of outright military intervention against her until Korea and Indochina are settled to our satisfaction.
- (B) Maintain the island chain off the East Asian mainland within U. S. strategic defenses.
- (C) Foster the prestige and power growth of Japan as a dominant power in Asia friendly to the U. S.
- (D) Continue support of Formosa, to provide not only for its self defense, but, for the existence of an effective strategic reserve for possible offensive action in an expanded war situation in the Far East.
- (E) Hold South Korea and support its indigenous forces while seeking the political unification of Korea.



- (F) In Southeast Asia, provide major assistance to France and Indochina to effect a favorable solution to the Indochinese war.
  - (G) Concentrate our major aid and political efforts on helping build strength in selected countries where a basis for such development already exists, and restricting our assistance to others to a very moderate effort aimed at assisting in creating the basic elements of political maturity.
- ii. An interim post-armistice policy toward China would involve:
- (A) No recognition or treatment of Communist China as other than a hostile power by the U. S. until settlement of Korea and Indochina.
  - (B) Continuance of U. S. total embargo on trade until Korea and Indochina are settled.
  - (C) Every feasible effort to secure continuance of present restrictions on trade and other relations by other free nations until Korea is settled.
  - (D) Keep issues out of UN insofar as possible, with a flat stand of no discussion of China's entry into UN until Korea and Indochina are settled.
- (i) Japan
- i. Our policy should be directed toward making that country a main bulwark of free world in the western Pacific. It is necessary that a program be developed which will enable Japan to make her way in the world after U. S. extraordinary expenditures there are greatly reduced. We shall have to be prepared to give substantial economic aid if the Korean war should end before such a program is developed.

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- ii. Further policies include: Promotion of Japanese trade in the Southeast Asia area, recognition of the necessity that Japan must trade actively with the mainland of China if she is to maintain economic strength, and removal of barriers to imports of Japanese goods into the U. S. and other free world nations.
  
- (j) India and Pakistan. It is possibly unwise to attempt to build up substantial military strength in this area. Stepped up special economic aid of a development nature would have a most important psychological effect.
  
- (k) Indochina
  - i. Communist control of Southeast Asia would critically endanger U. S. and free world security interests. The immediate key to retraction of communist strength in the area is Indochina. This problem involves as much our policy problems with France as our opposition to Communist advance. We must at the highest political level seek the following commitments from France:
    - (A) To make specific announcement regarding the future relationship of the Associated States with the French Union in order to promote popular support and leadership within Indochina for the war effort.
    - (B) To recognize and fulfill her obligations for the successful defense of Indochina as a crucial front in the struggle of the West against Communist advance.
    - (C) To regain the military initiative against the Viet Minh with revitalized and aggressive military and political leadership.
    - (D) To provide sufficient French forces in addition to creating effective indigenous forces to bring the Indochina war to an early conclusion, with the recognition that she will not be able to function as the keystone of NATO as long as Indochina remains a drain on her resources.
    - (E) To permit the U. S. to take an active part in the development and training of the indigenous forces.

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- ii. There is great danger that France, contemplating the eventual loss of her present position in Indochina, will lose the will to continue that costly war. We should therefore undertake the support of a substantial part of the cost of stepping up action. In return we should insist that France and the Associated States contribute to the maximum extent of their capabilities.

(1) The Middle East. Task Force A recommends the following:

- i. A greater content of reserve, impartiality and objectiveness in our overt dealings with Middle East problems with a clear willingness to assist where needed and when asked.
- ii. A greater effectiveness in advancing economic development, specifically in the resettlement of the Arab refugees from Palestine, and on the Tigris-Euphrates project. UN agencies, especially the World Bank, should be the vehicles used, to allay local suspicions of direct American interference.
- iii. A relaxation of pressures to form the Middle East Defense Organization until greater political maturity in the area is reached. Some small arms aid to assist in the creation of forces to maintain internal order may be provided, but should not be administered by large American military missions.
- iv. Continuation of moderate assistance to the Point IV type to such countries in the area where it can help the slow development of political maturity and stability.

(4) A continuation of our foreign aid programs.

12. Reduction of Soviet Power

Under the broad objective of reducing Soviet power, stated in NSC 153/1, lie the dual aims of reducing both the ability and the intent of the Kremlin to exercise this power so as to threaten free world security. These aims must be pursued simultaneously. Vulnerabilities of the Soviet Bloc should be exploited by various covert and overt means. The U. S. should seek to convince the Kremlin of the fallacy of the fundamental concepts upon which their policies are based, while simultaneously trying to persuade the Soviet leaders that it is not too late to turn back from their present course.



13. Establishment of International Order

The UN should continue to take an active and helpful part in all UN proceedings. Our participation in the U. S. in recent years has been marked by an excessive zeal with too little recognition of world realities. This tendency should be corrected.

14. The Development of Sound Negotiating Positions with the USSR

Various changes in the Soviet Union policy demonstrate significant fluctuations of Soviet policy in the direction of a more disarming posture. The U. S. must be careful how we treat such relaxations of the Soviet attitude. It is extremely important that we do not appear to show ourselves as the people who want the cold war to continue, or the people who appear to lag behind the Soviet leaders in their readiness to effect the solution of outstanding problems by negotiation. We must have an effective stance with relation to the problem of negotiation. Any conceivable progress toward a more peaceful world will actually require at some point, and in some respects, formal agreement with the Soviet Union. Positions of strength as a background for negotiation must be built with the understanding that some concessions may be necessary to achieve results, although not at the expense of our overall position of strength.

APPENDIX

Summary of suggested actions by the Government in areas of Congressional legislation and proposed further studies.

1. Recommended Congressional actions:

- a. A tax program yielding revenues at about the fiscal 1953 level.
- b. Modification of existing tariff laws to liberalize restrictions upon imports into the U. S.
- c. Passage of proposed legislation for the simplification of customs regulations.
- d. Standby legislation, at an appropriate time, for economic stabilization.



2. Recommended further studies:

- a. Restudy industrial mobilization plans with a view to bringing estimates of the proportion of the economy which can be diverted to prosecution of global war realistically into line with what U. S. economy under full wartime mobilization controls can provide.
- b. Appraise the defense program as viewed from five years hence anticipating the changes in our defense programs which will be occasioned by new weapons, techniques and tactics, and ensuring that they are taken into account back through the logistical chain into the mobilization base.
- c. Manpower policy and plans to give better assurance of provision of quantity and caliber of personnel required and to assure, for a period of full mobilization, that the manpower program is consistent with the industrial program and the program for continental and civil defense.
- d. A study of the future maintenance costs of allied military equipment and a program of aid by the U. S. to meet the costs not capable of being borne by certain of our allies.
- e. A study of the logistical dependence of allies upon the U. S. in time of war, and provision for their needs in U. S. plans.



- f. Development of an economic program for Japan to assist in restoring that country to economic stability after present extraordinary expenditures by the U. S. in connection with the Korean war are greatly reduced.
- g. A new policy and plans for the reunification of Germany, including military plans for changed requirements for the deployment of U. S. forces in Europe.
- h. A study of the extent of dependence of our military program on allies and the relationship of this dependence to priorities in allocation of resources.
- i. Suggestions for inclusion of added topics in studies now being undertaken concerning U. S. continental defense.
- j. A study as to the mid-term or long-term systems of political and economic organizations in Europe best meeting U. S. interests and providing a context into which liberated satellites may fit. This study is to provide long range guidance for U. S. policies.