



C. MAINTENANCE OF FREE POLITICAL INSTITUTIONS

1. The U.S. objectives considered as coming under this heading fall into three categories: (a) the assurance of the vitality and soundness of our own institutions; (b) the creation of adequate public understanding and support for our policies with relation to Soviet power; and (c) the provision of appropriate safeguards against subversion through methods consistent with the maintenance of a vital and democratic society.

2. Task Force A does not feel itself competent to undertake an assessment of the degree to which our American institutions may actually be threatened by contemporary trends within American society, nor does it consider that it would be useful for it to attempt to do so. It must, however, call attention to the fact that there is a considerable portion of our public, and particularly of its most vocal elements, which feels that these institutions are today being so threatened in one degree or another. The circumstances that have given rise to these apprehensions are ones that have been widely publicized both in this country and abroad, particularly in Europe; and they have conveyed to foreign opinion generally the impression that American governmental processes and public life have fallen extensively under the influence of psychological and political trends Europeans would regard as totalitarian in nature. It is plain that in the case of a country in our position, undertaking to establish a bid for leadership in the defense of free institutions no more unfortunate impression could be created. It is the view of Task Force A that the full significance of this development

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has not yet been generally appreciated by our government and public.

The Task Force considers that unless a fairly 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.

3. It is difficult to make specific suggestions in this field without finding one's self in the middle of domestic-political controversies of the moment. We can only recommend that all Departments and Agencies of the Government be enjoined to bear in mind that there is a real problem here, of correcting a most unfortunate impression that has been conveyed to other countries concerning the present trend of American political life, and that in all actions having important impacts on other countries, either by direct impingement on their interests or indirectly through reports that receive currency and publication abroad, every effort should be made not to do things that would tend to give substance to this highly unfortunate view of American developments but rather to attempt at every point to combat and offset it. If this injunction is to have any practical effect, it means that a deliberate effort must be made to avoid showing ourselves timid, bureaucratic, inflexible, lacking in self confidence, distrustful of our own people, unwilling to rely on the basic health and soundness of our own system. We must rather contrive to appear to the outside world as the opposite of all these things: as people who are mature, confident, alert to outside danger, yet not torn with fears and doubts and suspicions about themselves, prepared



to show flexibility and common sense in all matters, and particularly those of governmental administration, prepared in particular to show scrupulous respect for the dignity and reputation of the individual citizen or visitor.

4. Admittedly, only a part of this can be done by the Government itself; but the Government has, in our opinion, no excuse for not doing what it can within the limits of its competence, nor should we be deterred from making a maximum effort to develop this state of mind and posture in the United States by the fact that because of the human emotions and weaknesses of our people we cannot expect wholly to solve this problem. Any substantial improvement, however, would be most worthwhile.

5. This raises immediately a second of these points: namely, the provision of adequate security against subversion. It is very largely, if not exclusively, in this field that the impressions have been created which are undermining world confidence in our leadership in the struggle against communist totalitarianism. The accent falls here on the measures taken by the U.S. Government to assure security within the ranks of its own personnel as well as in other areas within its competence, such as admission of aliens to the country, control over movements of aliens within the country, control of ports, handling of information and exchange programs, etc. The Task Force recognizes that more is involved here than simply the will and power of decision of the Executive Branch of the Government, and that the handling of this problem is bound to be importantly affected by Congressional and public opinion. We cannot ignore the fact, however, that to other countries the impression has been conveyed that these present measures of security on

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the part of our Government are elaborate, ponderous and onerous in a degree out of all proportion to the seriousness of the problem with which they have to deal. It is difficult for people in other countries to understand how measures so drastic, spectacular, and so out of accord with the general practice of mature states with republican institutions, could be required in a great country with a firm tradition of representative government and with a healthy society, confident in itself and in its traditions. Particular harm is done, here, by evidences of timidity, extremism, discourtesy and harshness with relation to the handling of visa matters, and other matters in which our governmental authorities come directly into contact with individual foreign nationals.

6. While Task Force A has not had the opportunity to make any systematic independent study of this problem, it shares the view that our present system of security precautions is in many respects out of accord with the actual dimensions of the danger it is designed to meet, and embraces a number of elements antagonistic to the effective operation of the governmental services. Acknowledging that it does not lie within the power of the Executive Branch to correct these conditions immediately or entirely, the Task Force nevertheless urges that everything possible should be done to correct them insofar as they represent the products of executive policy; and that insofar as they are attributable to pressures outside the Executive Branch of the Government, every effort be made to bring home to public opinion the seriousness of the adverse effects which they are having on governmental morale and on the prestige of this country abroad.

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7. This leads directly to the third of the elements of this objective as indicated above: the cultivation of a vigorous and informed public opinion in support of the measures taken by our Government to meet the Soviet danger. Here the Task Force considers it important to make clear to the public that what is immediately involved in this problem is not a question of direct Soviet-American dealings over bilateral issues, affecting only these two countries, but a question of the control of great areas that lie between the Soviet Union and the United States: the problem, that is, as to whether the peoples of these areas are to be governed by indigenous governments playing an independent role on the international scene or whether they are to fall within the orbit of Soviet power, to be governed by stooge elements of one sort or another, and to have their human, economic, and military resources exploited to the benefit of the Soviet leaders. One of the vital determinants of this problem is the attitude of the peoples of these "in between" areas with relation to our own country. It is their behavior that must in the long run be the main determining factor in deciding their own fate. But in the formulation of their behavior, a very important part is played by their feelings about this country. If these feelings are ones of respect and confidence -- confidence not so much in our willingness to do them direct favors of one sort or another, but rather in our ability and determination to carry on as an important and enlightened and reliable factor in world affairs -- the entire tenor of the behavior of these peoples will be different than it would be if they were to lose this sort of respect and confidence in us. This does not mean that they need to be babied or catered

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to, or overwhelmed by gifts and favors. But it does mean that our posture toward them must be one of calmness and dignity and self assurance, combined with a friendly and respectful interest in their problems and aspirations; and that this posture must flow from the tone of public discussion within this country as well as from the positions taken by the Government. The world is extremely sensitive about us just at this time, and international opinion can be greatly affected by things that seem to us to be very small things indeed. It is important for Americans to understand that in these circumstances there can be no place for capricious conduct, for irresponsible slights and offenses to other people, for abrupt and erratic departures in American policy, or for anything that creates outwardly the impression of unreliability, eccentricity or lack of understanding for international realities.

8. What is required, therefore, in the way of American opinion in support of our policies in the face of Soviet danger is not a greater persuasion of the American public as to the iniquities of the Soviet leadership but a greater appreciation on our part of the maturity and the constructive leadership the U.S. must put forward if its posture is to be adequate to the requirements of leadership that rest upon it.

9. Conclusions

The Task Force recognizes that the requirements of our international relations, precisely as defined in this report, come into conflict with the deepseated views and habits of thought on the part of certain elements of the American citizenry. Basically, the resulting problem is one of political

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leadership, on which the Task Force does not feel itself qualified to make suggestions. It does feel, however, that the following can and should be done.

a. Full recognition should be given to the fact that a great many features of our behavior which we are accustomed to think of as ones essentially domestic in nature, and therefore not subject to modification in the light of foreign reactions, actually have important repercussions on our international position. This is particularly true of our methods of handling internal security, of the laws and procedures governing immigration and tariffs, etc.

b. To the extent that these conditions are not remediable by executive action, they should be recognized as a real modification of our potential accomplishment in the international field, and we should not delude ourselves into believing that the adverse facts can be overcome by propaganda or informational activity. Until there is greater respect in wide circles of our public for outside opinion, particularly among our allies, and greater readiness to accept the possibility that this opinion might even have reasonable foundation, we should not deceive ourselves in thinking that the U.S. can be "fully understood" by foreign peoples. This should be a reason for restraint in pursuing lines of action that assume the collaboration of other governments as a direct consequence of our leadership, rather than as an expression of their own self interest.

c. To the extent that modifications in the practices of the Executive Branch of the Government could serve to correct the impression being conveyed



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abroad that we are leaning toward fascist practices, such modifications should be brought about. The Task Force considers that a small team of competent persons with some personal experience of international affairs should be established under the authority of the National Security Council with instructions to examine all manifestations of activity within the Executive Branch of the Government which affect this question and to see that these are conducted with tact, common-sense, discrimination and humanity. This pertains particularly to the administration of our internal security procedures in ways that are directly observed by foreigners, to the handling of visa matters, to our control over movements of aliens, etc.* The survey should be aimed at the achievement of greater flexibility, maturity, and common sense in the handling of all these matters. The members of this team would have to be persons enjoying the highest security clearance and would have to be authorized to demand of and receive from the various executive authorities all information requested in the conduct of their inquiry.

d. In our approach to our own public opinion, we should be extremely careful how we treat the problem of the Soviet danger. We should endeavor not to create moods of panic or depression among the population

*An excellent example of the sort of thing that needs correction is the recent reported move by our immigration authorities to deport the Russian wife of one of our former officers in Moscow (Mrs. Richardson) on grounds that she was once a member of a communist youth group, and to do this precisely at the moment when the Soviet Government is finally, after long pressures from us, showing sufficient liberality to release from the U.S.S.R. other Russian wives in precisely the same position.

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by frightening them with the specter of a push-button atomic war, but should rather portray the civil defense program to the public as a reasonable and prudent but serious measure of national preparedness, essential as one of the deterrents to precisely the thing we do not wish to have happen. The public should be encouraged to feel that if it goes along confidently with the general and civil defense programs, placing their confidence in the executive in those matters in which they cannot hope to be fully informed, and being given access to the maximum amount of information that can properly be made available to them, there is no cause for a preoccupation with military dangers to the detriment of a positive and hopeful participation in the normal interests and pursuits of American society; but that the defense programs, based on a sober recognition of the realities of weapons development and of our international position are absolutely essential to the preservation of a situation in which we can have this confidence. It should be stressed that this condition is not going to change with any foreseeable fluctuations in the international situation and should not be expected to be affected by such things as the outcome of the Korean war or the immediate progress of discussion and negotiation with the Soviet Government.

e. On the other hand, every effort should be made to convey to the public that our security can be as dangerously threatened by deterioration in our prestige abroad as by the direct growth of Soviet military capabilities, and that this is a field in which the behavior of all Americans plays a part, and particularly of those who bear any responsibility for the forming of public

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opinion. It should be emphasized that what is required is not flattery or hypocrisy with respect to other governments and peoples, or even agreement with their attitudes, but only that these attitudes be considered and dealt with reasonably and on their merits and that the discussion of international problems be conducted in a restrained and moderate manner.

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III.

D. STRENGTHENING THE FREE WORLD

DI. GENERAL

1. Success in strengthening the Free World is of especially great significance in the case of the national policy supported by Task Force A. This is true because there is much less of the element of unilateral U.S. action in our courses of action than in the suggestions being made by other Task Forces. Our case rests in large part on the proposition that the Free World can construct a system far superior in every respect to that of our enemies. We believe if this is done while we at the same time maintain the necessary alert posture of military strength, the battle will be won because the pressures and examples from the Free World, acting on spiritual and material weaknesses of the totalitarian system, will progressively cause that system to deteriorate - both absolutely and relatively to ours.

2. In building strength, we must give attention to all its major components - spiritual, political, military and economic. President Eisenhower, when he was in command at SHAPE, put this point with great effect when he described strength as the product - not the sum of these factors - so that, if any one of the factors falls to zero, the product becomes zero.

3. At the outset, we should like to emphasize the vast preponderance of resources, spiritual, human and natural, possessed by the Free World over the Soviet Bloc.

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Far too small a proportion of these resources, however, is brought to bear as bulwarks against Soviet-Communist designs because of insufficient cohesion and purpose within the Free World.

4. We have the potential, spiritual and moral strength inherent in a system which gives free play to the initiative and resourcefulness of free men. Opposed to us is a slave state with repression and fear constituting the mainsprings of action. Our system should have a resiliency and enduring strength which no totalitarian system could match, whatever its achievements obtained by ruthless organization, dictation and tighter control exercised by its authorities.

5. On the physical side, the following table shows the superiority of the Free World:

	<u>Percent of Total World Production</u>		
	<u>U.S.</u>	<u>Rest of Free World</u>	<u>Soviet Bloc</u>
Steel	44%	36%	20%
Coal	28%	38%	34%
Crude Petroleum	51%	41%	8%
Primary Aluminum	42%	45%	13%
Electric Power	41%	43%	16%
Merchant Vessels	31%	66%	3%

On any basis of comparison our fundamental superiority is overwhelming. The fact that this potential exists, but is less effective than it could be due to divisive forces which exist today, should be more generally taken into account in forming our policies and should be emphasized much more in our public information programs both here and abroad. We have every reason to be confident of our strength if we accept the challenge of the need to make that strength fully effective.

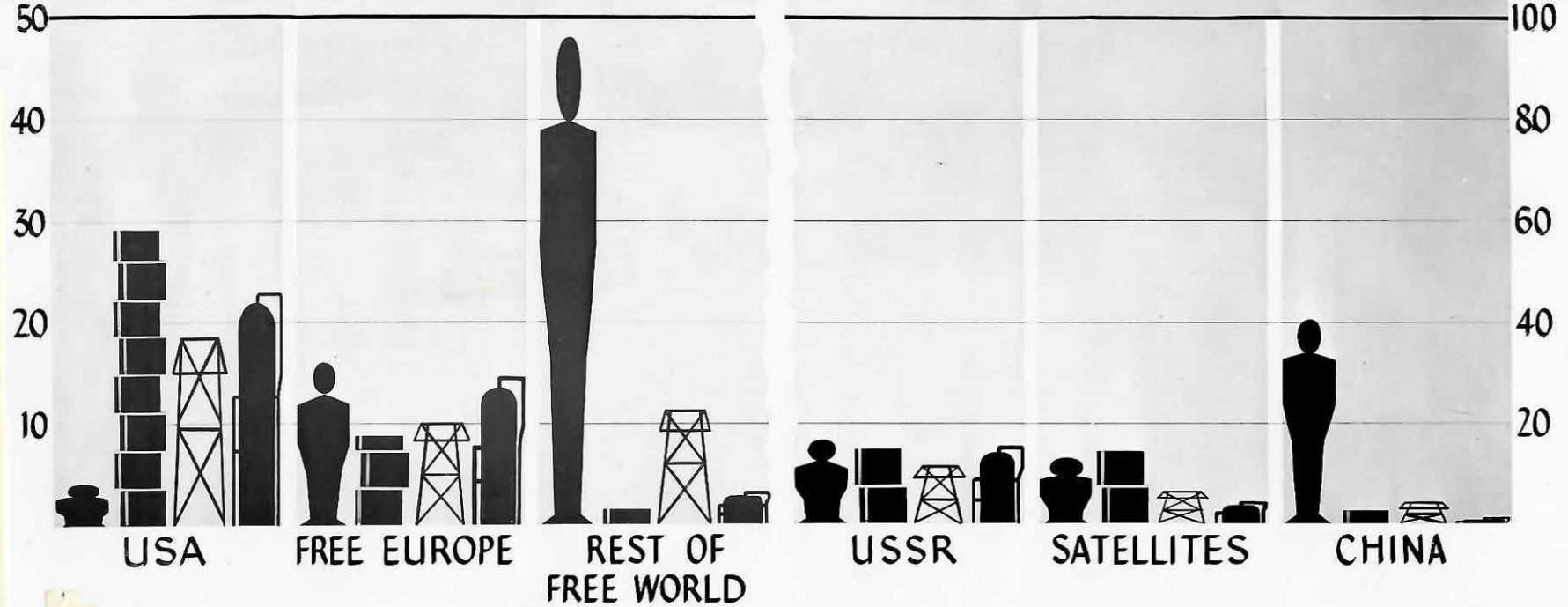
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THE FREE WORLD

THE SOVIET COMMUNIST BLOC

% OF WORLD POPULATION

% OF WORLD STEEL & ENERGY



ERRORS IN THIS CHART ARE BEING CORRECTED.
CORRECTED COPY WILL BE FORWARDED.



POPULATION



PER CAPITA GNP
(in units of \$250
U.S. dollar equiv.)



ENERGY
PRODUCTION



STEEL
PRODUCTION

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6. Task Force A recommends that our objective of strengthening the Free World be achieved through the following four main courses of actions:

a. A strong drive to develop a greater sense of common purpose and mutual interest with countries outside the Soviet Orbit.

b. A more selective approach to building strength in the Far East and the Middle East.

c. A vigorous attack on the most troublesome situations which are blocking progress to strength in the Free World.

d. A continuation of our foreign aid programs.

7. Some of our suggestions for developing these courses are of world-wide application. These we cover in this section of the report. In the geographic sections which follow this general section, we will deal with our proposals concerning specific areas and countries.

8. The first of these four courses - developing a greater sense of common purpose and mutual interest with countries outside the Soviet Orbit - requires a deeper understanding and wise and consistent action in support of long-range constructive policies which will command our leadership to the rest of the Free World. We should try to show by our attitudes and actions that we are sensible, strong and resolute, and that we are confident of the ability of the Free World to cope with the Soviet threat. In pursuing this course, Task Force A recommends as especially important specific policies:

a. That we repose an increasing degree of responsibility on our NATO allies to determine what they are prepared to do for their own defense.

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This point is more fully covered in the section on Europe.

b. That we accept the fact that many nations outside the Soviet Orbit are so preoccupied with their own pressing problems, or so fearful at the moment, that they are presently unwilling to stand up and be counted on either side in the struggle in which we are engaged. Further elaboration of this suggestion is contained in the section on the Far East and the Near East.

c. That we attempt to develop plans to speed up economic expansion in the Free World. Hope for progress in achieving increased production and economic activity and better standards of living can have a powerful effect in building morale and confidence and a sense of common purpose among peoples. The fact of progress along these lines can constitute a convincing proof of the speciousness of Communist claims and propaganda. Such plans should not envisage the U.S. giving increased quantities of grant economic aid, but rather giving increased attention and emphasis to policies and actions in our country and in other countries which will reduce economic nationalism, encourage private initiative and increase trade and production throughout the Free World.

9. In seeking to promote economic expansion, the following present programs, in addition to those more fully discussed below, should be pressed forward vigorously:

a. Trade liberalization in Western Europe designed to increase the size of markets and to promote the growth of competitive forces and thus to develop increased production at lower prices.



b. Offshore procurement of military end items -- both for the effect in meeting balance of payments requirements of our allies and in building a production and mobilization base.

c. Interchange of technical know-how and promotion of use of improved methods of production in all regions.

d. Stimulation of American private investment in foreign countries.

e. Maximum use of the International Bank and the Export-Import Bank where these institutions can provide needed capital.

Underdeveloped Areas

10. Task Force A feels that real possibilities for speeding up and dramatizing Free World economic development may be found in stimulating nations to make better use of their combined resources to their mutual advantage. Some comment and observations concerning the underdeveloped areas will prove useful at this point.

11. There is no precise definition of the term "underdeveloped area" but it is generally accepted as meaning those lands, either technically sovereign or colonial, where per capita income is very near the bare subsistence level, illiteracy is widespread, sanitation primitive, and mechanization and the use of modern techniques is rare. The underdeveloped areas, so defined, cover one half of the world's land area and include almost two thirds of the world's population outside the Communist area.

12. The populations of the underdeveloped areas have in the last few decades been exposed to new and startling ideas as to the material and political advances achieved by more developed nations, and this exposure has created

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widespread dissatisfaction with the status quo. The resulting so-called world-wide "sociological revolution" has become a dynamic force in the world. The Soviet-Communist leaders were quick to realize the potentials of this vast dissatisfaction and have consistently exploited it to their ends. Many of the industrialized nations of the world, particularly the European ones, while recognizing it, have almost as consistently opposed it and have only reluctantly bowed to its strength. This attitude might be justified in terms of current factors of real power were it not for the increasing dependence of the highly industrialized nations on expanding markets to absorb the fruits of and to support the increases in their production.

13. Thus the industrialized free nations have a real interest in the underdeveloped areas for two reasons: (1) their possible subversion and capture by the hostile Soviet-Communist Bloc, and (2) their potential, even though perhaps distant in time in some cases, to become great markets to sustain the continued progress of the industrialized nations.

14. In the underdeveloped areas many factors conflict with the Western interests. The political forms in nearly all of these lands have been in some way feudal in character. The sociological revolution is sweeping away these time-honored forms with a speed which has not permitted stable alternative forms to be evolved. Herein lies one of the major, if specious, attractions of Soviet-Communist propaganda -- the myth of the beneficial results of Communist economic direction and organization. The breakdown of old established order has coincided with a wave of passionate nationalism in certain

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countries, focused in an antipathy and suspicion of the Western World -- a heritage of previous centuries of much publicized imperialism and exploitation by the colonial powers. Furthermore, the religions and philosophies of most of these areas place small value on the individual, and thus provide little basis for the development of common interests with the West. Also important is the inexperience, incompetency and even venality in the governments of these areas, and the almost total lack of the concept of civic or public service.

15. In the face of such obstacles to the improvement of either political or economic relationships between the West and these areas, it is easy to accept the idea that little or nothing can deliberately be done by the U.S. to further our own and Western interests in the underdeveloped lands. Certainly it would be unwise either to expect rapid results or to invest any substantial amount of our resources in trying to force results.

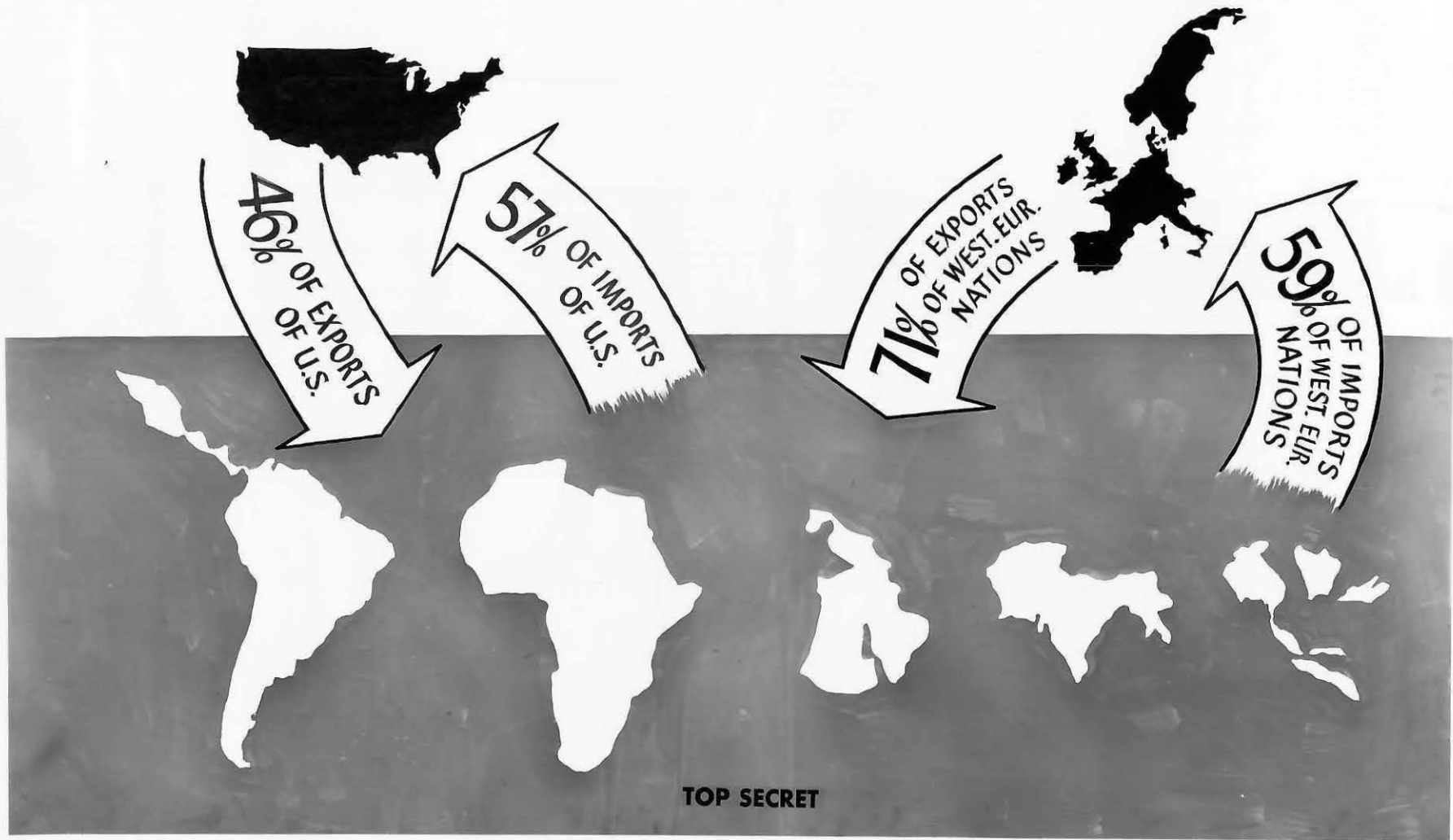
16. There is, however, an opportunity to achieve substantial results, over a period of time, if we can make proper use of the fact that there is already, by the nature of things, a great degree of interdependence between the industrialized and the underdeveloped countries. In 1952, 57% of the imports of the U.S. came from these countries and 46% of our exports went to them. In the case of Western European countries, this interdependence is of even greater scope. In 1952 Western Europe obtained 59% of its imports and sold 71% of its exports in trade with the underdeveloped areas.

17. Many scattered efforts have been and are being made along the lines of stimulating healthy development and expansion in the underdeveloped areas.

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ECONOMIC INTERDEPENDENCE BETWEEN INDUSTRIALIZED AND UNDERDEVELOPED AREAS



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There are such things as the programs of European countries to promote development in their overseas territories, our own technical assistance, basic materials development, and overseas territories programs, the Colombo Plan, etc. There have been some useful studies and proposals attacking the problem, such as the Report entitled "Economic Strength for the Free World" made to the Director for Mutual Security by his Advisory Committee on Underdeveloped Areas. What is needed now is a pulling together of these programs and concepts into a well-organized, coordinated effort which will appeal to the imagination of the countries of the Free World and induce lending agencies and investors to increase their interest and participation in this field. The challenge of developing such a program and enlisting the participation of other nations needs to be accepted by the U.S.

18. The main goals of such a program would be:

a. To establish mutual recognition in and among the industrialized and the underdeveloped nations of the Free World that their economic progress and political stability are becoming increasingly dependent on the development, to the mutual advantage of both areas, of the markets and the increased production of basic materials necessary to support expanding trade and investment.

b. To create a political, psychological and sociological community of purpose between the industrialized and underdeveloped nations, based on the recognition of economic interdependence, which will permit substantial increase in the effective investment of capital and know-how by advanced communities in the underdeveloped nations.

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19. In the short time available, Task Force A has not been able, nor do we have the competence, to outline such a program in detail. However, we do suggest that the U.S., in dealing with these problems, express and adhere to the following principles in all contacts with industrialized and under-developed areas:

a. That the provision of funds for development is primarily a matter of internal organization and finance and only secondarily one for outside assistance.

b. That capital and know-how from industrial nations, especially from private sources therein, will become available in direct proportion to the responsibility and genuine interest evidenced by the governments and private interests of the recipient nation.

c. That selfish exploitation of the resources and skills of under-developed areas is neither politically feasible nor desirable, but the mutual benefits which can accrue to the investors and to the areas being developed make such enterprise worth while.

d. That substantial amounts of the proceeds of investment and increased production should become available to the local populations on a broad base in order to provide increased purchasing power and thus to develop markets.

e. That the U.S. would favor the development of indigenous light industries and, in due course, heavy industry where it is clearly economically advantageous.

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f. That the U.S. is, in international and governmental programs of development, willing to work through international agencies and to support its due share of the costs of recruiting technical experts from any and all sources -- not solely from the U.S.

20. Increased trade, larger quantities of needed raw materials, and wider markets would follow a successful program of this nature. Stronger bonds of interest and friendship would develop between the industrial and underdeveloped countries. In this way also lies one of the practical means of dealing with the antagonisms which have grown out of old colonial relationships.

East-West Trade

21. We also recommend that we review and revise our East-West trade policies. It is, of course, essential to prevent, as far as possible, the provision of arms and war materials and other items of real strategic importance to the Soviet Bloc. Relaxation of our pressure to prevent trade in all except such items would have a profound psychological effect on our partners in the Free World and contribute in some degree to their economic expansion and well-being. We do not advocate, however, any relaxation in respect to Communist China while the hostilities in Korea and Indo-China are continuing.

22. This question has recently been the subject of an NSC study -- NSC 152. We recommend that substantially the course outlined in Alternative 4 of that paper, except as to the policy to be applied to Communist China, be adopted as U.S. policy. This course, in effect, would limit controls to a relatively small list of items which have major strategic significance to the strength of the Soviet Bloc.

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23. The advantages of this course would be many. Among the most important of these are:

a. The goods imported by our Allies from the Soviet Bloc -- notably grain, timber and coal -- are needed in the West. If not obtained, as has been traditional, from Eastern Europe, at least until satisfactory non-dollar alternative sources can be developed, they must be supplied from the dollar area, and thus increase the problem of the dollar deficits of our allies. This, in turn, would, in many cases, require larger grants of economic aid from the U.S. unless we were prepared to see a substantial fall in consumption and living standards in Western Europe.

b. Markets for many non-strategic items are favorable in the bloc countries. Thus important possibilities exist for increased production and economic activity in the West through supplying these markets.

c. The effectiveness of controls would be greatly increased both because our allies would be convinced that those remaining were vitally necessary and because it would be possible to police the controls of the fewer number of items much more closely.

d. Major propaganda advantages could be gained by the West by relaxation of East-West trade controls.

(1) A most serious source of friction with our allies could be removed. A more relaxed and confident attitude on our part in this respect would have a major effect on our influence and leadership.

(2) We should be able to demonstrate the falseness of Soviet propaganda which claims the U.S. is dictating in this field to our allies

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and is responsible for an iron curtain of its own on trade.

(3) The Soviet Union has been claiming that vast trade opportunities would open up if we did not restrict East-West trade so severely and has been painting glowing pictures of the profits and economic well-being which would develop in the West if trade were freed. There is serious question that the bloc could continuously supply much more in the way of goods desired by the West than they are now doing. Here is an opportunity to call the Russians' bluff on trade.

24. While we are putting this policy into effect, we should stimulate in every feasible way the development of production, in the non-dollar area, of supplies which are now obtained from the bloc, since it is desirable, in spite of the considerations advanced above, to reduce dependence on trade with the Russian Bloc countries. Alternative sources of markets and raw materials are important, especially if the present tension should be long continued or war should develop. In this connection, programs of development in the underdeveloped areas assume increasing importance.

25. Support for this policy of relaxation of East-West trade controls in the United States will not be easy to obtain. There are vast misunderstandings and prejudices on this subject, both among the public and in Congress. A major educational campaign would have to be undertaken before the necessary understanding and support would be forthcoming. Changes in legislation -- the Battle Act -- would also be required before the recommended policy could be put into effect.

26. We further recommend that we make a major effort to reduce barriers

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to imports into the U.S. We recognize that this is already an important element in the program of this Administration, and wish merely to stress its significance from the point of view of our assigned task. Probably no other single action we could take would have a greater effect in establishing the climate of economic confidence throughout the non-Soviet world. The psychological impact would probably far transcend the actual effect on balance of payments deficits. It would be a practical demonstration of our ability and willingness to assume constructive leadership.

27. As is well known to those who are informed on this question, fears as to what increased imports into the U.S. might do to business volume and employment have been greatly exaggerated. The Bell Report estimated that the substantial reduction in tariffs and the simplification of Customs Procedures recommended in that report would involve an increase of total imports, after an interval of 3 to 5 years, of about \$700 million to \$1 billion a year, or about 1/4 of 1 percent of our national production. Of this, it was estimated between \$500 and \$700 million a year would be manufactured products -- a small fraction of 1 percent of the value of the total output of manufactures in this country. Such an increase, it was stated, would amount to the output of 60,000 to 90,000 workers, but it was estimated that at most 45,000 would be likely to have to transfer to other jobs over the 3-5 year period. This number is less than 1 out of every 1000 gainfully employed in the United State

28. Liberalization of barriers to imports into the U.S. can make a considerable contribution to lessening dependence of other countries on the Soviet Bloc, since many of the goods now obtained from the Bloc can be supplie

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by the U.S. or other parts of the dollar area. The bar to increased use of the U.S. as the source is lack of dollars, which could be earned through sales to the U.S.

29. The second main course which we advocate for strengthening the Free World is that of adopting a more selective approach to building strength in the Far East and the Middle East. Many of the countries in these areas do not possess, at the moment, the ingredients upon which strength can be built. A few others do possess the necessary potential. We should concentrate on making the most of the potentialities in such countries. By this means, we would build up centers of power which will attract and keep on our side the weaker countries, thus avoiding the undesirable and potentially dangerous situation of having to rely almost exclusively on U.S. power, rather than on the power of nations in the area concerned. This is not to say that we should overlook the possibilities of contributing gradually to the stability and strength of the weaker countries themselves, but it will take time to accomplish this. Our specific suggestions on this score appear in the geographic sections which follow.

30. The third main course is that of vigorously attacking certain major specific problems which are blocking progress to strength in the Free World. These also are dealt with in the geographic sections which follow.

31. The fourth main course we advocate is continuation of our foreign aid programs. These programs have been, and will continue to be necessary for the building of political stability, economic progress and military strength in the Free World. For an expenditure which comes to about $1\frac{1}{2}\%$ of our Gross

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National Product and about 7% of our total Federal Budget we are obtaining returns in Free World strength which we cannot afford to forego. The great bulk of our aid has come to consist of military and defense support assistance. This should continue to be the case. Nevertheless, the relatively moderate amounts of economic and technical assistance in our aid programs are of great importance and should be carried on.

32. Certain clarifications in our military aid policies are suggested. Our aid should continue to be given to certain countries to help create substantial military strength to deter and, if necessary, effectively oppose armed Soviet aggression. The NATO countries in Europe, and Japan, Korea and Indo-China in the Far East are examples of such countries. In the neutralist countries, primarily in Asia and the Mid-East, the creation of such indigenous strength seems neither likely nor desirable. Here our military aid objectives need to be carefully considered, country by country, and such assistance should be designed to do no more than to build internal security forces capable of maintaining order and suppressing internal Communist subversion.

33. Our aid plans need to include substantial amounts for the maintenance and replacement of American military equipment given other free nations. In the present economic situation of our allies, it seems likely that a number of them will not be able to pay for these items, at least for some years to come.

34. These recommendations for increasing the strength of other countries in the Free World do not, in the view of Task Force A, involve increased costs for the United States. Aid programs at about the present level of

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dollar authorizations, and decreasing in future years as we succeed in stimulating economic expansion, increased confidence and more effective use of resources, should be adequate for achieving our objectives. The cumulative effect of well-coordinated action on all of these interrelated fronts would, we believe, have a profound effect on the climate of confidence in our world and on stimulating action to marshal the elements of strength which we possess.

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