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D2. FREE EUROPE

1. Task Force A believes that a strong, vitalized and cohesive free Europe, oriented toward the same general objectives as the United States, would be a most important, if not decisive, factor in the successful resolution of the Soviet threat. It is not necessary here to recapitulate all the arguments supporting this thesis, since they are generally known.

2. What is more important, in the estimation of the Task Force, is an appreciation of the increasing disadvantage to the U.S. which would result from the political alienation from us of Western Europe; and from increased economic nationalism within free Europe resulting in divisions and conflicts occasioned by struggles for the national existence of small interdependent states.

3. Western Europe is predominantly industrial and depends for the support of its dense population on trade with other areas of the world. Prior to World War II, a sizeable proportion of Western Europe's trade consisted of the exchange of its industrial products for the important basic materials of foodstuffs, timber, etc., from Eastern Europe. Today, these markets and sources of materials have considerably diminished at the very time when Western Europe's population is rising, trade mechanisms throughout the Free World are disjointed, currencies are not fully convertible, and worries concerning markets to absorb the increased production and productivity of Western Europe are arising.

4. Thus, the economic interdependence among and between the nations of free Europe and the rest of the Free World is greater and more important

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than ever before. The long-term strength, vitality, and posture of free Europe, its political stability and the creation and maintenance of military forces all are dependent upon the need for change in the external and internal economic policies of the European states -- wherein a wider cooperative purpose supplants selfish economic nationalism and continuance of preferential economic arrangements or restrictions in colonial or dependent areas.

5. The heterogeneous character of the histories, cultures, races and aspirations of the many nation states makes it difficult for them, with or without the assistance and leadership of the U.S., to meet their basic and deep seated economic and political problems. This is all the more true since additionally they are faced for the first time in centuries by a powerful threat from outside the so-called Western civilization and they have no modern precedents as to how to deal with it.

6. An integrated policy with regard to Western Europe is, therefore, a vital component of an effective national strategy for the U.S. to meet and thwart the designs of the Soviet-Communists. This European component of our policy must have as its objective the increase of the vitality, strength and unity of Western Europe while assuring its orientation, and that of its key nations, toward the principles of freedom and the dignity of the individual. It must cover actions having political, economic, military and psychological aspects.

7. Such an integrated foreign policy for the U.S. with regard to Europe should, in the opinion of Task Force A, have four major guidelines

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within the broad objective expressed above. These are:

a. Politically to lead the nation-states of Europe toward the fullest recognition of their interdependence and their responsibility to conceive and to take actions leading to a wider political organizing and coalescing of their individual national efforts.

b. Economically to continue to further the concept of European-wide economic organization, internal to Europe as well as in relation to the rest of the world, and a drive to reduce economic nationalism within Europe and the clinging to "economic spheres of influence" in underdeveloped areas of the world.

c. Militarily to repose in European governments an increasing responsibility for the security of Europe, while supporting and pressing for a military posture in Western Europe adequate to deter the Soviets from traditional ground and air invasion and to create confidence in the free European public.

d. Psychologically to work toward the creation of a new confidence and vigor among the European leaders and the populations. This is a major challenge. Task Force A believes the present lamentably weak leadership in Europe is inadequate to bring about the revitalization of Europe. Undue interference by the U.S., backed by conditions on aid programs, inhibits the growth of new leadership. We must repose responsibility in Europe if she is to rise to her own responsibilities.

8. There follows now a listing of some of the major problem areas which pose difficulties to the furthering of U.S. national interests in

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Western Europe, a short discussion of their import, and suggestions as to actions which might be taken by the U.S. as part of an integrated grand strategy as outlined above.

9. Our problems in Europe divide themselves, in the estimate of Task Force A, into two categories. The first category comprises those urgent and important problems, each of which focuses in a single nation. The most important of these are the future of Germany and the weakness of France, and it is precisely in relation to these two countries that Task Force A believes our present policies are most unclear and least effective. Therefore, these two problems are considered first. The second category covers problems of a longer-term and broader type.

The Future of Germany

10. The future of Germany is, in large part, the determinant of the future of Europe. Task Force A believes that this one issue provides the U.S. with its greatest opportunity to put assurance, confident leadership, long-term considerations and true wisdom into our grand strategy. We believe that, effectively handled, a new approach to the problem of German reunification can exploit and intensify present Soviet internal stresses and achieve, in due course, the first major roll back of Soviet hegemony over Eastern Europe. And not only this, but that it can be a constructive and important move in terms of the future peace, stability and health of Europe. Finally, we believe that such a course will impress the American public and Congress that our national strategy has moved into a new and positive phase.

11. Our past policies with respect to Germany seem to us to have been

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unduly influenced by two basic considerations which we believe can now be re-evaluated. The first of these is the fear by France of German resurgence. The conformance of our policies to this fear may have been necessary in the past, but it robs our policy of flexibility and makes it unduly subject to the vagaries of the French Assembly. The second consideration has been our own, often subconscious, fear that a reunited Germany, given the opportunity to choose between Soviet-Communism and the West, would be brought under Soviet control by the more effective subversive manipulations of the Communists. This fear that Western values and prospects could not compete with Soviet-Communist subversion has stultified our policy and removed from it vital attributes of confidence and boldness. Task Force A concludes we can no longer permit these considerations to affect us to the extent they have in the past.

12. The Task Force considered the problem of German reunification from four different points of view: (a) in relation to the Soviet situation, (b) with regard to the feelings of the Germans themselves, (c) with regard to the attitudes of France, the U.K. and our present NATO and EDC commitments, and (d) in respect to a long-term political and economic organization of Europe calculated to provide political stability and economic health. From the analysis of these points, we further concluded that the reasons for changing the timing and approach of U.S. policy on the reunification of Germany far outweigh the reasons against such a change.

13. Therefore, Task Force A recommends for consideration a course of action with regard to Germany which includes the following elements:

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a. 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:

(1) A reunified, sovereign, independent Germany with a democratic form of government.

(2) The provision of realistic safeguards to prevent the Soviet-Communists from holding any abnormal advantages over the West in respect to Germany.

(3) The provision for Germany to have military forces except for any form of atomic or other weapons of mass destruction.

(4) 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.

(5) 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.

(6) 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.

b. At an appropriate time, chosen with respect to the current fluid situation, the disclosure and discussion of this position, first with the British and French Governments, next with the German Government and leaders of important parties, and finally, with an invitation to negotiate,

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to the Soviet Government. The attitudes we think the U.S. should take during these discussions are described later.

14. As a policy step independent of but concurrent with the steps regarding reunification, Task Force A recommends efforts to effect the early and direct rearmament of West Germany. In order not to prejudice negotiations for reunification, this rearmament should, we believe, take place outside the EDC and outside NATO, but with the concurrence of the NATO Council. It should be genuinely requested by the Bonn Government, and at least appear to be on German initiative. Our reasoning with regard to the EDC and NATO will be expanded later. We feel this step should be initiated as soon as feasible, which would at best mean several months delay and, if begun, would be an added incentive to the Soviets to engage in genuine negotiations. If, on the other hand, rearmament is postponed until after reunification negotiations are underway, it would have the effect of lessening pressures upon the Soviets with adverse results comparable to the cessation of the U.N. offensive in Korea at the moment the U.N. entered upon armistice negotiations.

15. To return now to our arguments for the course of action we suggest. These are taken up in regard to the four points earlier mentioned.

16. In relation to the Soviet situation. The Soviet troubles in East Germany and the satellites, the internal dislocations evidenced by the purge of Beria, and the other factors earlier discussed in this report, indicate that now is the time for the U.S. to take the initiative. The course we suggest, if carried out soon, would face the Soviets with a most difficult

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dilemma and put them on the defensive. There are two aspects to our proposal. If the reunification can be effected along lines acceptable to us, it will be the first step in pushing back Soviet controls and set the stage for further retractions of these controls from the satellite zone. But even if the Soviets do not agree on reunification, the Free World will reap major psychological benefits and greatly increase the stresses, strains, and dangers within the Soviet Orbit by its offer to negotiate on our suggested position. If the Soviets refuse to negotiate or having started negotiations, refuse to agree on reasonable terms, then they must bear the onus of remaining in East Germany solely on the basis of naked power. Our suggestion is designed to achieve a maximum result under either eventuality.

17. For the Soviets to agree to unification, it must have some incentives and some prods. We believe the offer to remove our occupation forces would be one of these. A concurrent rearmament of West Germany would be another. The impact of the growing East German revolt against communist dictation is still another. But the most important of all would be a negotiating position on our part which does not confront the Soviets with such excessive and impossible demands as to make their discussion out of the question. By this we do not mean offering, on our part, any undue concessions. We feel, however, that for the U.S. to demand a unified Germany which would at once become a member of the EDC or of NATO and whose total forces would be added to NATO forces, is both unreal and unnecessary. We believe that the U.S. should accept the risk of an ostensibly independent Germany existing for some interim time. We judge that such a Germany would be better oriented

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toward the West and would become, in time, one of its most genuine and dynamic members.

18. If the Soviets should agree to the reunification on the terms we have suggested, it will be necessary for the U.S. and our NATO Allies to take all feasible measures to see to it that Germany's present Western orientation is maintained and strengthened. This can be achieved in part through measures of economic cooperation and integration. We should press consistently for the removal of Soviet forces from Poland, for conclusion of the Austrian peace treaty and the breaking up of Soviet lines of communication, with retraction of Soviet power now guarding it. We would thus strike at the present Western legal acquiescence to the stationing of Soviet forces on the lines of communication through the Eastern Satellites. Additionally, as Germany grew in real strength, it would exert a strong attraction as a focus of power on the adjacent satellite states and make it all the more difficult for the Soviets to continue their abnormal controls over them.

19. In relation to German Opinion. Task Force A believes that a strong argument for the adoption of its suggested course is that it recognizes instead of opposing the most intense desires of the German people -- both those in the West and those in the East. Failure on the part of the West to move positively toward reunification may bring irredentist pressures within Germany to the point of explosion. A continuation of our past course, with its subservience to French fears and its basically negative approach, can lead us toward an increasingly dangerous position, where self-seeking

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independent German nationalism may rise to the point of provoking the Soviets to actions which we could not afford to condone. On the other hand, if we take the initiative in supporting the profound German desire for reunification, we may enlist the full measure of German vigor and strength genuinely on the side of the Free World.

20. In all further actions regarding Germany, we should maintain close contacts with the German leaders of all parties, and we should endeavor to get them to provide at least ostensible initiative with regard to most of the steps involved in initiating and finally reaching agreement in negotiations. We should maintain our essential U.S. positions with no compromise, but be flexible with regard to tangential points.

21. In relation to the attitudes of France, the U.K. and our NATO and EDC commitments. In these fields lie most serious obstacles to the prompt carrying out of our scheme. French resistance will be intense, at least initially. Task Force A believes that it must be squarely faced. We later suggest a broad new policy for dealing with the problem of French weakness. In connection with the high-level discussions involved in this suggestion, the French should be informed of the new U.S. positions on the reunification and rearmament of Germany. It should be made plain to the French that we feel that their responsibilities to their long-term interests and to the rest of Europe must take precedence over their fears. They should be reassured as to the practical impossibility of Germany, in the atomic era, ever regaining a national capability to embark on aggression and of the U.S. intent, manifest in our adherence to the North Atlantic Treaty, to see that this

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does not happen. We should give them our arguments as to why the European Defense Community should be pressed no longer. They should be advised that U.S. support for eventual political federation in Europe will always be available and that courageous steps in this direction in cooperation with a unified Germany offer the best long-term solution to unilateral German expansionism. Finally, it should be brought home to them that the U.S. cannot indefinitely maintain and defend a divided Europe -- that French opposition to German unification at this time will inevitably lead to conditions in the future which will cause the U.S. to withdraw from the position of protecting France by participating in the continued division of Germany and the repression of the natural vigor of the Germans. The British are also likely initially to oppose our position, but, we believe, can be brought around by similar arguments.

22. We should persist in our arguments with both countries if they do not readily agree and should be prepared at some point, if they remain intransigent, to make our position public. If this is necessary, we should make it plain that we will not press our position to the point of breaking up NATO, but that we expect they will assume the deep responsibilities for the future of Europe which flow from their negative positions. It is the judgment of our Task Force that a persistent approach on this basis would gain the agreement of France and the U.K. to our position.

23. It will be difficult for the U.S. to present the new position on Germany's unification in the face of our past commitments through NATO to the European Defense Community. We have examined the problem with deep

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attention. We can only conclude that a European Defense Force, in which West German troops are integrated with those of four members of NATO, is incompatible with any successful conclusion to negotiations with the U.S.S.R. on German unification. The U.S.S.R. seems most unlikely to agree to the liberation of East Germany if it means an automatic extension of NATO to the Polish and Czech frontiers. This being so, effectuation of the EDC prior to unification would seem, despite the caveat expressed by the West German government that it will not be binding should reunification be achieved, to obviate all hope of Soviet agreement, permit the French a greater hold over the question of reunification, and, in effect, advertise to the East Germans that the West intends to maintain the division of Germany. The same general argument applies to any thoughts of the entry, before unification is achieved, of West Germany into NATO, especially a West Germany which is being independently rearmed. This does not mean to say that a united Germany should, after an agreed time, be barred from joining EDC or NATO. For practical negotiating, however, we should only insist that this might, after a time, be possible. Once Germany is unified, it can then be pressed.

24. The problem of the disposition of Allied and Soviet Forces now in Germany is also difficult. Task Force A has been unable to weigh all the practical factors involved. However, it seems to us that if by withdrawing our NATO forces we could get Soviet agreement to withdraw theirs and at the same time to permit Germany to have her own armed forces, it may be possible to devise a scheme by which the NATO defense position would not be measurably weakened and might be strengthened. If the NATO countries wish American

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forces to remain in Europe they would have to offer to quarter some U.S. divisions, possibly fewer than are at present in Germany, in their own countries. The removal of Soviet forces would be of great value. It would reduce the threat of surprise ground attack on the West, remove Soviet police power over East Germany and permit the true feelings of the East Germans to be expressed politically and in elections. It would also enable us to press for the further removal of Soviet forces from Poland.

25. If on further study it was deemed undesirable to remove our forces, or if the Soviets would not agree to this step, then the forces should be moved to enclaves, preferably to one bordering the North and Baltic Seas which could be supplied by sea. Here again, if Germany had her own forces, we do not believe the NATO position need suffer disproportionately and a large part of the advantages of total Soviet withdrawal would be achieved.

26. German unity and the long-term organization of Europe. We have already mentioned our belief that the U.S. cannot indefinitely support and defend a divided Europe. The first step in reuniting Europe is the retraction of Soviet control from East Germany. So long as we keep Germany divided we are keeping the Iron Curtain through the middle of Europe. We have, therefore, suggested that the time has come to move toward German reunification. In doing so we should begin to clarify our U.S. views as to the eventual organization of continental Europe. Task Force A is in no position to give detailed recommendations in this regard, but we believe that we must plan for the time when additional satellites will come free from Soviet control. There should be some larger context into which these countries could move,

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so they would not remain politically and militarily weak and economically dependent on trade in a competitive world. Otherwise they may require great and continuing sums of American aid to prevent relapse back to Soviet control. If European interest in and action toward a continental federation of the West European states could be furthered, and such a federation were formed with United Germany as a member, the sort of context we envision would be provided. A similar Balkan federation might be furthered, to attract the Balkan satellites.

27. Task Force A has, obviously, been unable to balance all the implications of its proposed course of action with regard to Germany. If the course commends itself in any respect we suggest it be made the subject of urgent and intensive study. There are many more detailed aspects which we have not touched. The disposition of Soviet joint industries in East Germany, the treatment of the uranium mines in Saxony, how to handle the now stalled contractual agreements, a final peace treaty with Germany -- these and many other complicating factors are present. However, we repeat that we believe acceptance of the general proposition we have put forward can be the first move in a new, positive, and dynamic national strategy, wherein confidence and assurance replace contradictions and timorousness.

28. Berlin is a separate and dangerous problem, within the larger problem of Germany. The recent riots further emphasize its importance to us and its dangers to the Soviets. Task Force A recommends an even more vigilant U.S. policy regarding Berlin, in which two points are stressed: First, we must be fully alert regarding all our rights of access and indicate we will

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react vigorously and without waiting at any indication of any, even piecemeal, closedown; and, second, we should increase our already energetic efforts to support and expand the economic, cultural and political life of West Berlin.

29. The Weak Performance of France. The weakness and unsatisfactory performance of France lies at the root of many of the most serious problems faced by the U.S. in Europe and for which we have not yet found satisfactory solutions. A faltering France has a most depressing effect on the morale of all the members of NATO. They see before them one of the largest and greatest nations in Europe, which should be a leader and a source of real strength, but which is instead weak, selfish and undependable. A strong, confident France would have a tonic effect on the whole Western European scene. The weakness of France is probably a main obstacle to the satisfactory solution to the problems of German rearmament and unification, and has had a severely limiting affect on U.S. initiative and freedom of action with regard to Germany. French weakness and the inability of her governments to put her financial house in order have accounted for very large U.S. foreign aid which cannot long continue in its present amounts. This situation is causing increasing complaint and impatience in Congress and elsewhere and jeopardizes future foreign aid programs. This same weakness and unsatisfactory performance is responsible for unrest and constant trouble in North Africa and extends its baleful influence into the Indo-Chinese situation.

30. France is not, however, inherently and inevitably weak. She possesses an energetic, imaginative, hard-working and skillful, though cynical,

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population. Her natural resources are adequate for a strong economy, and in this respect, she need not be markedly inferior to Germany. Her difficulties arise chiefly from the following factors:

(a) The rigidities in her economy stemming from restrictive business practices and long inheritance of socialistic thought and practice.

(b) A weak governmental system lacking strong executive leadership. This stems in part from the deep-seated suspicion of most Frenchmen to all centralized government.

31. Task Force A believes that the central importance of French weakness and the impact of this condition on most U.S. policies in Western Europe has not been adequately faced up to by our government in the past. While we have no illusions that any profound changes in French attitudes are likely to take place rapidly, we do believe that any betterment must come through French realization of France's responsibilities in the current scene. Our 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 her perennial crises. We recommend a carefully worked out, subtle and progressive course for the U.S. Government which recognizes the French psychology for what it is and attempts to use it; which focuses world opinion on French responsibilities; which informs the French Government and people of our intention gradually to cease supporting French over-commitments and of our intent to regain independence of action long inhibited by French fears and failures to face both external realities and internal problems. This course would stress, however, our continued

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interest in and intent to help and support France in those situations where she is realistically unable to meet them by her own efforts. This policy can only be implemented by very delicate negotiations carried on at a very high level and of such length as is needed to appeal to French prestige and impress on France, as well as the rest of the world, the great importance we attach to them. Our approach to this problem cannot be in the nature of an ultimatum to proud and oversensitive France. It could well include the effort to arrive at a program of mutual help, effectively conditioned on performance, to extend over some years.

32. The second category of important problems in Europe relate to matters which are essentially regional rather than national, although their solutions depend very largely on the sum of actions which need to be taken by national governments and populations. High American prestige and wise leadership are essential, if we are to assist in and influence the solution to these problems along the lines of our objectives.

Weakening of U.S. Prestige and Leadership in Europe

33. One of the most difficult problems for the U.S. in its relationship with Europe is the marked weakening there of the U.S. prestige and leadership which has been taking place over the last eighteen months. Whether or not the rapid downward trend has been slowed or stopped, and there are some evidences that this is so, the situation remains bad and it is essential that full confidence and respect be rebuilt. The loss of our prestige and leadership has been evidenced in many ways -- from the increasing irritations indicated by the widespread (and non-Communist) support for "Americans go home!"

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to profound divergencies of view between European governments and ourselves on important international problems in Europe and other areas of the world. The loss of prestige and confidence arose from many causes, some of which were not bad, as for instance from lessened economic dependence on the U.S. and a rebirth of political assertion and pride, which were objectives of earlier American aid programs. These are also facets of the weakening of bi-polarity in the world. Other causes, however, are definitely harmful. Some of these are discussed in following paragraphs.

34. The deep differences in national reactions to the Soviet threat challenge our leadership. Contributory to this are lessening fears in Europe of overt Soviet aggression.

35. Also affecting our leadership are disturbing worries among European officials and in the public as to the basic wisdom and continuity of purpose in U.S. grand strategy. The Europeans view us as seeing only the "Black or White" of the international scene and concentrating, to the exclusion of all else, on the Soviet threat. In terms of regaining U.S. leadership only slow progress can be expected in this field, but we believe general acceptance of the broad courses of action within a constructive and assured grand strategy, as suggested by Task Force A, provides a way by which this can be done. European worries as to the wisdom of our policies can only be allayed by continuity of actions which fit into a plausible and persuasive totality of policy or national strategy. As a less important but more specific approach to this matter, we believe greater emphasis should be put by the U.S. Government on prior discussion with interested European

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governments before the U.S. takes specific actions affecting them or their interests, in order to reassure such governments that the powerful U.S. has sought an opportunity to consider other points of view before making up its mind and acting, as well as for purposes of mutual education.

36. Uncertainty as to U.S. intentions when and if an adequate NATO military build-up is achieved, also contributes to European reluctance to follow our lead. These doubts range from questions as to whether U.S. policy will become increasingly aggressive towards the Soviet at increasing risks of war to questions as to by whom and how the maintenance of large military forces will be paid for, and the effects of these great military maintenance burdens on European economic progress. Clearing up worries as to our future intentions is, of course, a matter arising from consistent policy and action mentioned above. The question of the maintenance of European armed forces, especially the dollar costs of American spare parts for the approximately 20 billions of dollars worth of American equipment they will have, is a matter which we must face. The problem has not yet adequately been examined by the U.S. Government and this should be done as an urgent matter. We may well have to meet, partially and for some years, costs for spare parts, amounting to several billions of dollars annually, if Europe is to maintain her military posture without economic distress.

37. One of the most unnecessary and easily corrected harmful influences on our prestige in Europe is the increasing irritation at what are considered overzealous interferences by the U.S. in European national affairs. Continuing examples of direct interference cause injured pride. The large

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number of American officials stationed in all the capitals of Europe to work with the "local governments" exacerbate the situation. The widening ramification of U.S. military headquarters causes concern. Task Force A suggests a change in policy toward U.S. interests in foreign national problems so as to involve ourselves directly in only the major and vitally important ones and to deal with these on the high level, not through a multitude of U.S. representatives on the "official" or "technical" levels. Reduction of technical staffs in MSA as well as Embassy missions and in the size of Military Attache offices could be achieved if this policy were adopted. Less easily corrected are such things as U.S. Congressional statements on tariffs and trade policy which are construed as U.S. indifference to matters vitally affecting European interests where we should properly be concerned.

Evaluation of the Soviet Threat

38. There is a continuing, and understandable, divergence between the assessment of the Soviet threat made by West European nations and that made by the U.S. Developments after the invasion of Korea tended to bring these assessments closer together, but there remains, particularly in the public mind, a failure to face up to the possibilities of war and hence a willingness to take greater risks than we are, if only to assure the maintenance of and improvement in their economic situation. This condition springs partly from wide-spread public demands for economic improvement and economic security for the individual, from lack of leadership, and from weak governments which are unwilling to risk public displeasure. Many European thinkers

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and leaders of public opinion genuinely question whether the Soviet regime could risk all-out war without destroying itself -- the last thing in the world it wishes to do. There is the feeling that so long as the U.S. is prepared to fight if necessary and can win ultimate military victory over the U.S.S.R., the Soviets will not initiate war. There is also some residual "neutralism", based on wishful thinking, fear of the atomic future, and fed by the Soviet Peace Campaign, although the increasing strength of NATO forces has reduced its extent. From the U.S. point of view, the importance of recognizing the divergent assessments of the Soviet threat lies in part in the need to avoid pressing for a rate of military build-up in Europe which so greatly exceeds the natural intentions, or capabilities of the Europeans, that we find we are just pressuring ourselves to assume a greater part of the burden of NATO defense. The divergent assessments of the threat also affect the acceptance by European governments of various U.S. counteractions to Communist actions in other parts of the world, influence NATO-wide unity of purpose, and in some cases lay us open to political pressures by Western Governments.

39. Task Force A suggests that the U.S. continue to pursue the course of agreeing to set the annual increments of NATO military build-up at levels closer to the political and economic practicalities expressed by the European governments concerned. This course shifts the responsibility for an adequate defense of Europe more squarely on the Europeans. The Task Force also believes it would be wise, in the interests of overall U.S. leadership in international affairs, to place emphasis less exclusively on the

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immediacy of the Soviet threat as the sole argument in advocating aid (and overall security) programs before the U.S. Congress. We should put more emphasis on the intrinsic wisdom of these programs as essential insurance against Soviet capabilities, as means of influencing Soviet intentions, and as constructive measures taken in our own best interests.

The "Unification" of Western Europe

40. It is generally recognized in U.S. thinking that there is small hope for Free Europe to become strong, vigorous and economically healthy unless there is some considerable measure of "unification" among European countries. U.S. policy is not so clear, however, as to what shape this unification should ultimately assume from the standpoint of U.S. interests and whether it is to encompass only Continental Europe or is to include the U.K. Pragmatically, the U.S. accepts for the present that there is little likelihood of the U.K. joining in any moves towards European unification in the reasonable future. Pride, as well as the genuine importance of the U.K. as the hub and cohesive force in the British Commonwealth make this true. This fact has considerable bearing on the scope of European unification which the U.S. should foster and is directly related to U.S. intentions for the further development of NATO and the Atlantic Community.

41. A politically and economically "unified" Continental Europe, without the U.K., seems the mostly likely objective in terms of U.S. interests at the present, but such a grouping could grow into a "Third Force" which might play both the U.S. and the U.S.S.R. against the middle, particularly if Germany were its strongest and most dynamic element. Task Force A accepts

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this hazard, but believes it requires continuing attention. Whatever course seems desirable, it is important that the active steps that the U.S. takes in pushing for European unification, including action on the EDC, be taken with full consideration of long-range impacts and objectives. Thus, study of the long-term question is indicated.

42. Task Force A recommends study by the Executive Branch 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. In this connection, special consideration might be given to an analysis of relationships which would result in a broadened NATO, wherein there would be greater coordination of foreign policies and cooperation in economic matters between the U.S., U.K. and Continental Europe; an eventual federated continental Western Europe (including a unified Germany, Poland, Czechoslovakia, and Austria, but excluding Scandinavia and the Balkan States); and a Balkan Federation.

43. Task Force A believes that greater genuine progress toward European unity and cohesion, after the initial strong impetus we have given it in the past, can now be best achieved by a relaxation of direct and overt U.S. pressures to such an end. Task Force A suggests that the U.S. by example and by aid help to the maximum extent to bring about the realities of economic unification and interdependence such as the breaking down of internal European trade barriers and colonial spheres of influence without, initially, too much concern as to the political manifestations of such unification (depending on basic political and economic currents to bring about greater political

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federation in time). The U.S. should also be influenced in its bilateral dealings with European countries by the form of eventual European systems it hopes will materialize and should be careful not to take actions in the short term which seriously prejudice our long-term objectives in Europe.

Economic Expansion

44. There is no realistic possibility for Europe to achieve the levels of political and economic advance she desires, while bearing the burden of substantial armed forces, unless there is considerable economic expansion within Europe and in world trade, backed by expanding markets. Economic expansion is the driving force upon which U.S. strength is based, and is basic to our concept of successfully coping with the Soviet threat. The U.S. with its 160 million souls produces a Gross National Product of \$350 billion. Western Europe, with over 300 million persons produces only about \$200 million. The problem is that there is little real enthusiasm in Europe for energetic action to expand economic activity. Part of the apathy concerning expansion comes from traditional European economic and political thinking with its high Socialistic content, but another part of it derives from fears, except perhaps in Germany, of over-production, recession, and inability to maintain the full employment which their populations have come to believe essential. These fears in turn derive from worries as to whether there will be adequate markets for expanding European production. The disproportionate effects of any American recession on the European countries is still another worry. Economic expansion in Europe has progressed, thanks to American aid, but there has been little basic change in the thinking of

most European producers, entrepreneurs and workers. How to find the incentives and the inspiration which would drive the Europeans energetically to expand their economic base is a question difficult to answer. Nevertheless, it cannot be ignored by the U.S. since it so greatly affects progress toward all our objectives in Europe. It is susceptible to no one course of action but it can be affected by giving it attention in all aspects of our economic, political and personal relationships with the governments and populations of Europe. The actions suggested in Section III, D, 1 of this report, apply particularly to Europe.

Development of Materials and Markets, and East-West Trade.

45. In the Section of this report just referred to there are discussions of the importance to the Free World of developing increased production in basic materials and of creating expanding markets. Also discussed is the matter of East-West trade. These points apply with peculiar importance to western Europe. The prewar orientation of its economy -- manufactured goods to East Europe in return for food and cattle feed, timber and minerals -- had developed over centuries. The disruption of World War II and the subsequent erection of the Iron Curtain profoundly dislocated this traditional orientation. We have recommended certain careful relaxations of our East-West trade policies, but here we wish to emphasize the perhaps even greater importance of the energetic development of alternative sources of raw materials from within the Free World. Specific projects, and there are many potential ones, which could provide these sources should be pushed and supported by all feasible means. The mental approach of the Europeans today

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is not up to tackling such vast promotional ideas. American confidence and initiative are essential ingredients to any successful moves.

Colonialism

46. The U.S., as the strongest of the free nations, and which must in this position give aid and support to Western Europe, is finding itself put in the anomalous position of being identified in Asia as imperialistic and the supporter of Western European colonialism and in Europe as hastening the break-up of colonial relationships. This is the deepest paradox of our foreign policy. Despite our strongest efforts, Communist propaganda has no difficulty in fomenting nationalistic and anti-imperialistic emotions against us in Asia and Africa. The solution to the Asiatic problem is just as vital to the continued well-being of the U.S. and the Free World as the solution to the European problem. This is true economically, in terms of essential expansion in world-wide trade; politically, in bringing cohesion and common purpose to the whole Free World; and in the last analysis militarily, in keeping some of the millions of Asiatics outside the Soviet military orbit. It is sometimes difficult to look at the problems of countries like France, the U.K., Belgium, etc., in their total perspective, and sometimes we are apt to support European national actions affecting their overseas relationships simply because they are important from the country's internal political situation. It is important that U.S. actions vis-a-vis European nations, and especially its administration of aid, be carried out in Europe with full recognition of the impact of even minor actions on the "colonial" problems. When we are pushing for raw material development in underdeveloped areas,

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we must be exceedingly careful that this program does not injure U.S. interests vis-a-vis dependent or underdeveloped Asiatic and African areas.

47. Task Force A emphasizes the need in this paradoxical situation for increasingly effective coordination within the U.S. Government, in policy formulation and in operations, to assure that each pertinent decision to take a specific action reflects wise and comprehensive evaluation of both aspects of the "colonial problem." We further suggest that the U.S. carefully re-examine its interests in foreign political problems throughout the world, with the objective in mind of reducing the degree and enthusiasm of our involvement in matters of only tangential importance to U.S. national interest.

48. There are, of course, many other important problems in the European scene which confront U.S. policy makers. Task Force A does not pretend to have done more than scratch the surface in its European examination. There are, for instance, the questions of the proper policy with regard to the United Kingdom and the Commonwealth of Nations; the policies to be followed with regard to the European "neutral" states, Sweden and Switzerland, and the "independents", Spain and Yugoslavia; and many others. The Task Force believes effective and positive policy can be developed if broad guidelines are combined with improvements in the policy formulating process within the U.S. Government, whereby longer-range U.S. objectives are clarified and day-to-day actions are directed against the background of such objectives. The Task Force believes that perhaps the most important factor in the improvement of our foreign policy lies in the correction of inconsistent and

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contradictory U.S. actions abroad, springing from poor coordination of divergent interpretations of basic policy among the numerous Departments of the Executive Branch which have operative responsibilities in the foreign field. Our foreign policy is interpreted by foreign governments and foreign publics, not from the content of classified policy papers formulated in Washington, but from the summation of the myriad actions by the U.S. and its agents abroad which sometimes add up to be quite different from what we believe our written policy to be.

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D3. ASIA

1. The principal threat to U.S. and Free World security in Asia results from the establishment of control over China by an aggressive Communist regime closely aligned with and supported by the Soviet Union. This control over China has substantially advanced the apparent long-range Soviet objectives of bringing the mainland of Eastern Asia, and eventually Japan and the offshore islands of the Western Pacific, under Communist control, with the elimination of Western power and influence in Asia. In view of the resort to direct armed force by Communist China and their material assistance to civil and guerrilla wars in the Far Eastern area, the U.S. should act on the basis that the most immediate threats to U.S. security which may involve U.S. military action are currently presented in that area.

2. Because of the current operational nature of the Korean situation, the Task Force does not undertake to comment upon the present Armistice negotiations and the probabilities of success or failure to achieve an armistice which preserves U.S. principles. Nevertheless, we are compelled to recognize that, in the opinion of our Task Force, the United States has lost importantly in prestige in Asia vis-a-vis the Chinese Communists as a result of the Korean war. Their failure, particularly in their announced objective of driving U.N. forces into the sea, will not count as a loss if the Western world is brought to a stalemated military armistice in accordance with current U.N. policy, and the Communists are able to achieve political gains at the political conference table. At best, the U.N. might hope as a result of the political conference for the abandonment, at least temporarily,

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of Communist aggressive tactics in return for diplomatic exchanges and revived trade with the Free World. It seems more probable, however, that the political conference will develop the situation into a prolonged military truce with opposing Communist and U.N. forces maintained in the lines, a stalemated political situation (unless concessions presently considered unacceptable by the U.S. are granted), greatly increased prestige for Communist China, able thereby to attract the Southeast Asian countries, and increased division among the major nations of the Free World.

U.S. Objectives Toward Communist China.

3. A basic objective of the U.S. is to bring about changes in China which will 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. In the belief that progress toward these objectives can be attained only after the detachment of China from the Soviet Orbit, the U.S. appears to us to have pursued the ambivalent policy of seeking this eventual detachment (a) by defection of the Peiping regime from Moscow in the Tito manner, and (b) by the overthrow of the Peiping regime and its replacement by a government hostile to Moscow. While neither of these courses lie within U.S. capabilities at the present time, it is obvious that a Communist China, even independent of Moscow, predominant in the power equation in the Far East and attracting Asian support, is very much against our interest. We recommend, therefore, the following general policies:

- a. Regard Communist China consistently as a hostile power and

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maintain political and economic pressures short of outright military intervention against her until Korea and Indo-China 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 Indo-China to effect a favorable solution to the Indo-Chinese 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.

Interim Policy Toward Communist China

4. After an armistice in Korea there will remain a military threat of renewed aggression until political agreements have been reached. During this period the Communists will undoubtedly employ tactics to divide and weaken the Free World. We must recognize that some allies and neutrals of the Free World will probably not wish to undertake parallel action with us in parts

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of the policy outlined below. India and the U.S. are cases in point. Within limits suggested by the recommended policy we should not object to their attempts to reinstate relations with Communist China as long as they do not attempt, in doing so, to limit our freedom of action to follow our policy.

We recommend for the post-armistice period:

- a. No recognition or treatment of Communist China as other than a hostile power by the U.S. until settlement of Korea and Indo-China.
- b. Continuance of U.S. total embargo on trade until Korea and Indo-China 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 U.N. insofar as possible, with a flat stand of no discussion of China's entry into U.N. until Korea and Indo-China are settled.

Japan

5. Our policy toward Japan should be directed toward making that country a main bulwark of the Free World in the western Pacific. We should, as rapidly as possible, assist in restoring the military and economic strength of Japan and permit her to assume again her important influence in Asia. As to the military problem, we should continue for the time being to emphasize the development of a national safety force for the defense of the country, with proper regard for Japan's constitutional problems, but should look forward to and prepare for the day when the build-up of her military

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power will provide adequately for her national defense.

6. The economic problems of Japan are obscured by the fact that the U.S. is spending vast sums of money there in connection with prosecution of the Korean War. When and if this expenditure ceases, it is estimated that she will fall short by about \$800 million per year in being able to pay for the imports she now requires from the dollar area. It is urgently necessary that a program be developed which will enable Japan to make her way in the world after U.S. extraordinary expenditures are greatly reduced. We shall have to be prepared to step in with substantial economic aid if the Korean war should end before such a program is developed and put into effect.

Elements in the solution will be:

- a. Promotion of Japanese trade in the South East Asia area.

Contributing greatly to this objective would be a program for more active development of production of raw materials in this area.

b. Recognition of the necessity that Japan must trade actively with the mainland of China if she is to maintain economic strength. Japan should continue to adhere to her present policy of trade restrictions until Korea is settled. Thereafter she should, except for items of vital strategic importance, engage in active trade with mainland China. Her traders have traditionally gained a net advantage in such trade for Japan, and may be relied upon to do so in the future if assured of U.S. support to avoid a position of economic dependency upon Communist trade.

c. Removal of barriers to imports of Japanese goods into the U.S. and other Free World nations. Inherent in the course of strengthening Japan

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will be U.S. leadership in facilitating and expediting her return to full membership in the community of free nations. As promptly as possible after the settlement of Korea, and establishment of an adequate defensive force by Japan, we should remove our defense forces from her territory to avoid drifting into political conflicts with her.

7. India and Pakistan are other countries possessing elements of strength upon which we should build. In these countries it will not be wise, at least until their dispute over Kashmir is settled, to attempt to build up substantial military strength. But development of their economic strength may be expected to add to their already considerable political influence in the area. Stepped up special economic aid of a development nature would have a most important psychological effect. Extensive possibilities for mutual effort toward development exist. Programs of this nature must be most carefully planned and administered, with a view toward restoration of the traditional flow of trade between India and Pakistan, and the development of increased trade between these two countries and South East Asia and Japan. It is important everywhere, but especially in our dealings with Asian countries, that we show ourselves concerned with positive and constructive objectives benefitting the indigenous populations, and avoid the appearance that we are motivated solely by a desire to inflict damage on the Soviets. In this respect we may have something to learn from Communist procedures.

Indo-China

8. Communist control of Southeast Asia would critically endanger the

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security interests of the United States and the Free World. It would probably result in the alignment of India with Communism in the long term. The loss of Southeast Asia would place heavy economic and political pressures on Japan which would contribute to her eventual accommodation to Communism.

9. Although the loss of any single Southeast Asian country to Communism would probably lead to early submission to Communism by the remaining countries, the immediate key to retraction of Communist strength in the area is Indo-China. The protracted and indecisive struggle in Indo-China has deep and widespread harmful effects throughout Southeast Asia. This situation creates real doubt in the other nations of the area as to the ability of the Free World to win out against the forces of Communism. The solution of the Indo-China problem, which is an admixture of Communist subversion, anti-colonialism, and nationalism, involves as much our policy problems with France as our opposition to Communist advance. The creation of effective indigenous military forces on the scale now planned for Indo-China will result in conditions, after military success is achieved, which will require the departure of French forces and diminution of French political and economic authority. We must persuade the French and assist them in practicable ways to put in process political and administrative arrangements so that the turnover will be accomplished in the most orderly manner possible with the retention of political, economic, and cultural ties of mutual benefit. We should, at the highest political level, seek commitments from France:

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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 Indo-China for the war effort.

b. To recognize and fulfill her obligations for the successful defense of Indo-China 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 Indo-China war to an early conclusion, with the recognition that she will not be able to function as the keystone of NATO as long as Indo-China 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.

10. There is great danger that France, contemplating the eventual loss of her present position in Indo-China, 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.

Asians dealing with Asians

11. From the Free World point of view, the greatest danger in Asia is not in the rising tides of nationalism, anti-colonialism, and independence, but in the possibility that newly independent nations, or those striving for

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independence, will find only Communist power to attach themselves to. In creating new sources of indigenous armed forces in Asian countries to prevent their succumbing to Communist force, we face hazards of unpredictable future occurrences, such as the Rhee situation, capture by Communism, etc. We believe, however, that the least undesirable course is to accept the hazard while improving our ability to guard against it.

12. We should continue programs of economic and technical assistance designed to strengthen the non-Communist governments of the Asian area, concentrating major efforts on countries which already have some basis on which to develop strength. We should assist these countries to restore and expand their commerce with each other and with the Free World. We should recognize, however, that traditional trade relations and favorable trade opportunities with the Communist world will be irresistible for the free Asian nations. It should be U.S. policy to attempt to guide and influence such trade to minimize harmful strategic effects without denying it. As we have suggested for Japan, we believe that Asiatic nations which are sound against Communism may deal with Communist China more effectively and to greater advantage than occidental nations.

13. In the final analysis, no end can be seen to Communist attraction in Asia until there has been effected a positive retraction of total Communist power, and the West has demonstrated countervailing attractions of will, confidence, and spiritual values, in addition to power superiority, to the East.