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Memo ✓	For the N.S.C. from James S. Lay, Jr. re the National Security	DECLASSIFIED 10-23-81 9-25-51	A
Report ✓	To the N.S.C. re U.S. Programs for National Security (NSC 114/2) DECLASSIFIED 4-17-79	10-12-51	A
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Memo ✓	For the N.S.C. from S. Everett Gleason re NSC 114 (attached is C.I.A. Report SE-13 re Probable Developments in the World Situation Through Mid 1953	DECLASSIFIED 10-23-81 10-12-51	A
Agenda ✓	For the N.S.C. Meeting 10-17-51 DECLASSIFIED 3-14-83	10-12-51	A
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Memo ✓	For the President from James S. Lay, Jr. re NSC 114/2	10-18-51	A
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The President *NLT(PSF/NSC)*
1057

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State Dept. review completed

A REPORT
TO THE
NATIONAL SECURITY COUNCIL

by

THE EXECUTIVE SECRETARY

on

UNITED STATES PROGRAMS FOR NATIONAL SECURITY

October 12, 1951

WASHINGTON

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ANNEX NO. 1. THE MILITARY PROGRAM
(Prepared by the Department of Defense)

The military annex is identical with the summary thereof
contained in Part II of NSC 114/2.

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FOREIGN ECONOMIC AND MILITARY ASSISTANCE PROGRAM
(Prepared by the Committee on International Security Affairs)

I. European NAT members and Germany.

A. Objectives and minimum tasks which the program is designed to fulfill.

The basic U.S. objective in Europe which the aid program is designed to aid in fulfilling is the creation by the NATO members of a level of defensive strength which will deter Soviet aggression.

At present the level of defensive strength necessary to deter Soviet aggression is defined from a military point of view in the Medium Term Defense Plan. This statement of military requirements sets forth those ground, naval and air forces which should be in the required state of readiness by July 1, 1954 and is an aggregate defense force requirement for the twelve NATO countries.

The purpose of the U.S. aid program is to provide such additional resources, in military or economic form, as are required in order to make possible attainment by the European NAT members and Germany of their share of the objective set forth above, assuming a maximum feasible contribution by them and by Canada, and the contribution by the U.S. of the forces which it has committed itself to furnish.

B. Nature, magnitude and timing of the program.

1. Elements comprising the program.

In providing additional resources to the NATO countries, it is envisaged that a variety of methods may be utilized. Thus a major portion of the resources to be provided will be in the form of military equipment produced in the U.S. Another method to be used will be the direct financing of general imports from the dollar area. A third method will be the payment in dollars for military equipment produced in European countries and turned over to those countries or to other European countries for their use. It is important to appreciate that although the program is to be executed through the provision of what has generally been termed "military aid" and "economic aid" these are but different techniques for providing resources. The choice of techniques and the proportionate use of one as against the other will vary by country. Decisions will be made on the basis of comparative effectiveness in achieving U.S. objectives. The program proposed herein does not distinguish between that part thereof which will be supplied in the form of military equipment and that part which will be provided in other forms. In addition to the provision of material resources, the program will also include the provision of training and technical assistance.

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2. Assumptions and policies on which the program is based.

It is the policy of the U.S. to provide assistance to the nations with which it is joined in the North Atlantic Treaty to enable the U.S. and those nations to participate effectively in arrangements for individual and collective self-defense in support of the purposes and principles of the charter of the United Nations.

The program is also based on the policy that there must be maintained in Europe a stable economic foundation for the military strength which it is our purpose to maintain and develop.

The program proposed herein is based on the following general assumptions:

- a. There will be no general war.
- b. U.S. military forces will not be engaged in hostilities in areas other than Korea.
- c. In Korea, hostilities will either have ceased or will be at a low level of intensity, but Korea will remain divided and at least some UN forces will still be in Korea by the end of FY 1953.
- d. There will be no changes in the present levels of East/West trade which increase the needs of Europe for assistance.

The program proposed herein is based on the following specific assumptions, the validity of which is commented upon under Section C of this paper.

- a. The military requirements are to have those forces set forth in DC-28, as refined by the Standing Group in MRC 5/2, plus a German force of 10 divisions and supporting tactical air and minor naval forces in being by July 1, 1954.
- b. The European nations will be politically, economically and financially capable of making the defense expenditures set forth below in paragraph B-3.
- c. The Congress will provide the funds requested in the Mutual Security Program for FY 1952.
- d. Military equipment procured in the U.S. will be delivered in accord with the time phasing of the plan.
- e. The requirement for assistance will not be affected by the creation of a European Defense Force.

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- f. The admission of Greece and Turkey to NATO will not increase the amounts of assistance which they will require.

3. Estimated cost of the program

The best present estimate, based on late 1950 prices, of the cost of the MDDP, plus Germany and plus the non-NATO military expenditures of the European members of NATO is 72 billion dollars.* Of this amount 40 billion dollars represents costs of major materiel. This cost figure (72 billion dollars) covers the period Fiscal Year 1951 through Fiscal Year 1954.

For Fiscal Years 1950, 1951 and 1952, 11 billion dollars of U.S. military aid has been programmed. In Fiscal Year 1951 European defense expenditures equalled 6.7 billion dollars. (2 billion dollars of U.S. economic aid helped make these expenditures possible.) It is estimated that these countries in Fiscal Year 1952 (assuming U.S. aid is provided in the amounts proposed in the 1952 MSP) will spend the equivalent of 9.9 billion dollars for defense. The total of U.S. military aid and European outlays for defense for FY 1951 and FY 1952 is thus estimated at 27.6 billion dollars. The European expenditures are made from budgets which include the counterpart of U.S. economic assistance provided or to be provided in these fiscal years.

If the total 1951-52 outlays against the four year cost are subtracted therefrom there remains to be met in FY 1953 and FY 1954 a cost of 44.4 billion dollars.

The present estimate of probable gross European expenditures for expense for FY 1953 and FY 1954 is 24.7 billion dollars, an average of 12.3 billion dollars per year. This is an increase of 5.6 billion dollars per year or about 84 per cent over FY 1951 and an increase of about 2.4 billion dollars or approximately 24 per cent over the estimate for FY 1952. A large portion of this increase is included in present country plans, primarily in those of the U.K. However, the gross figure of 24.7 billion dollars (or the 22.6 billion net figure) which the European countries as a group would have to contribute in FY 1953 and 1954 is possible only if United States assistance in fact is sufficient to cover dollar balance of payments deficits. It also assumes that the European efforts and U.S. aid for FY 1952 are as postulated above.

The difference between this expenditure and the cost of the requirement is thus calculated at 21.8 billion dollars. If a Canadian contribution of 1.0 billion dollars is deducted it can be reduced to 20.8 billion dollars.

*Unofficial and not yet approved refinement of this estimate indicates a possible upward revision thereof to 76.8 billion dollars, resulting from later information on probably requirements for German forces.

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The foregoing in tabular form:

Financing the Total Cost of MDP

	Billions of U.S. Dollars (1950 prices)
1. Total Cost of MDP	72
2. Less FY 1951 and 1952 Assets	
(a) Gross European defense expenditures <u>1/</u>	16.6
(b) U.S. end-item aid	11
(c) Canadian end-item aid	<u>0.4</u>
Total FY 1951 and 1952 Assets	28
3. MDP Costs Not Met as of June 30, 1952	<u>44</u>
4. Anticipated FY 1953 and 1954 Assets	
(a) Gross European Expenditures <u>2/</u>	24.7
(b) Canadian end-item aid	<u>.6</u>
Total Anticipated FY 1953 and 1954 Assets	25.3
5. Remainder	18.7
6. U.S. Aid Assumed in Item 4(a)	<u>2.1</u>
7. Total Amount to be Met by U.S. Aid, if postulated total requirements are met	20.8

It is essential that contracts be let in FY 1953 for those items of equipment whose required time for production is such that this action is necessary to assure delivery of them in FY 1954. Consequently, the requirement of 20.8 billion for U.S. assistance set forth above cannot be assumed as divisible into two equal parts for appropriation in the respective fiscal years. It is estimated that 14.0 billion would be required to be obligated in FY 1953 and 6.8 billion in FY 1954. Actual expenditures would tend to be much higher in FY 1954 than in FY 1953; thus, obligational advance contract authority might be substituted for a considerable portion of the FY 1953 requirement, with a correspondingly higher requirement for appropriations in FY 1954.

In the light of the lead time problems, and the importance of the timely production and delivery of equipment, it may well be necessary to seek additional authority to obligate funds during FY 1952 in order that the letting of contracts for production not be delayed until the second half of next year.

1/ This level of expenditure is facilitated by an assumed \$3 billion in U.S. aid which directly or indirectly makes dollars available to these countries to finance imports.

2/ This level of expenditure assumes about \$2 billion in U.S. aid which directly or indirectly makes dollars available to finance imports.

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C. Analysis of adequacy of program in terms of national security needs

The adequacy of the program set forth above depends on the validity of the assumptions and calculations on which it is based. It must be clearly understood that there are serious questions on this score which make the program a tentative one which requires further study and analysis.

There are, specifically, the following considerations:

1. The requirements

The Medium Term Defense Plan is neither a rigid nor a detailed plan. The agreed aggregate requirements set forth in DC-28 have been studied and commented upon by SACEUR. The Standing Group has sought national reaction to its proposals for the allocation of unfilled DC-28 requirements among the NATO nations. It is anticipated that by October 7, 1951 the Standing Group will make recommendations as to a revised statement of force requirements which if and when approved would replace DC-28. It appears probable that there will be no net reduction in force requirements, although the composition of those forces may be altered.

It is expected that an examination to be made of the organization and equipment of all major national military units will provide a basis for achieving some economies in the previous estimates of equipment requirements for the forces which are needed. It is hoped that a substantial reduction in requirements will result therefrom. However, this may be offset by increased equipment requirements resulting from possible changes in the composition of forces.

Even if it is assumed that this examination results in substantial changes in estimates of the materiel requirements of the forces called for under the present MDDP, the amounts and kinds of forces cannot be expected to remain static. At this time it is impossible to predict whether equipment requirements will increase or decrease.

2. The cost estimates

Obviously the estimated costs of requirements will vary as the requirements are changed. The cost estimates set forth herein are based on the assumption that the force requirements are those set forth in DC-28 plus the assumed German forces, and that these force requirements will be allocated among the countries as proposed by the Standing Group. These estimates are based on late 1950 prices and general price levels have already substantially increased. They do not take into account any reduction in materiel requirements which may result from the more stringent examination thereof envisaged in paragraph 1 above. Nor do these estimates reflect any reductions in the cost of production in the U.S. (Some items of equipment will have a lower unit price than heretofore due to the fact that the cost of plant expansion in the U.S. has been absorbed in the cost of equipment already produced). Furthermore, these cost estimates do not reflect any reduction in price of U.S. furnished equipment which may occur if the equipment is classified as excess to U.S. needs.

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3. Estimates of European Defense Expenditures

The estimates set forth above do not take into account two important factors. First, the estimate of European expenditures in fiscal year 1952 presumes United States aid at the levels proposed by the Administration in the fiscal year 1952 Mutual Security Program, which presumption is now doubtful.

Secondly, these estimates do not take into account certain adverse economic trends in Europe which have only recently become apparent.

The economic and psychological effect of these new developments will decrease the ability of European governments to increase defense budgets to the degree assumed in this paper. ISAC cannot assess the offsetting impact of other possible actions, not considered in developing the estimate, such as off-shore procurement and broader eligibility of items for transfer as military assistance.

On balance, it is concluded that we cannot depend upon European expenditures being as high in fiscal years 1952, 1953 and 1954 as estimated in this paper.

4. U.S. Deliveries

As of July 31, 1951, the U.S. had shipped to Title I countries military materiel valued at 729.9 million dollars out of the FY 1950 program of 1,119.9 million dollars of end item aid, and 165.2 million dollars out of 3,963.6 million dollars programmed under FY 1951 appropriations. Deliveries of major items under the FY 1950 program have been completed, with exceptions in certain categories. A target date for the completion of deliveries under the FY 1951 program has been set at June 30, 1952. Deliveries for the first seven months of 1951 were at the rate of 78 million dollars per month. Equipment must be delivered in larger quantities and at a more rapid rate (about 400 million dollars per month) if the program is to meet the needs of national security.

The Joint Chiefs of Staff have under consideration a revised directive relating to allocation of United States munitions production as between the various military programs. ISAC is not informed as to whether the more rapid rate of munitions deliveries needed to attain the programs of Title I countries, as well as continuing combat expenditures in Korea and other world-wide commitments, can be attained by re-allocation, or whether there must be an increased rate of production even at the cost of reducing production for civilian uses.

5. U.S. aid in FY 1952

It is clear that the assumptions of Congressional approval of the proposed amounts of aid are erroneous. The effect, as previously stated, is to increase the costs which must be met in FY 1953 and FY 1954.

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CONCLUSIONS

1. On the basis of the assumptions in this report, the U.S. aid requirement for NATO defense purposes (including Germany) in FY 1953 and 1954 would be 20.8 billion dollars.
2. Preliminary revisions of the estimated requirements for German forces suggest an additional cost of perhaps 5 billion dollars.
3. The resultant figure for U.S. aid requirement is 25.8 billion dollars. This figure cannot be considered to be accurate. On balance, the factors discussed in this paper indicate the figure may be too low.

SPECIAL NOTE

The arrangements at Ottawa for a special temporary commission of the North Atlantic Council should produce before December firmer estimates of total requirements and the economic resources available to meet them.

II. Other European Countries. (Austria, Trieste, Spain and Yugoslavia)

Aid programs for these countries for FY 1953 and FY 1954 have not yet reached the stage of development where it is possible to state with precision the answers to the points outlined in the memorandum from Mr. Lay.

It is assumed that it will suffice for the purposes of the present NSC review to state the following general observations.

1. No funds for military assistance for Austria or Trieste will be required in FY 1953 or FY 1954.
2. \$300 million dollars will probably be adequate to cover the needs of Austria and Trieste for economic assistance in FY 1953 (\$150 million) and FY 1954 (\$150 million).
3. \$100 million will probably be required as a minimum to cover the needs of Yugoslavia for economic assistance in FY 1953 (\$50 million) and FY 1954 (\$50 million).
4. An insufficient basis exists for estimating Yugoslav military assistance requirements for FY 1953 and FY 1954.
5. No decisions have been reached as to whether and how much military and/or economic aid will be necessary to attain our objectives in Spain.
6. There is no basis for accurately estimating the total of requirements of these four countries for economic and military assistance in FY 1953 and FY 1954, but it may be of the order of magnitude of \$1 billion.

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III. Other European Countries (Greece and Turkey)

ISAC has already furnished the NSC with estimates of the costs of military assistance programs for Greece and Turkey in FY 1953 and FY 1954.

The best present rough estimate of the total cost of economic assistance required for these countries for FY 1953 and FY 1954 is \$700 million.

IV. Non-European Areas

Introductory Note. The development of foreign aid programs for the non-European areas for FY 1953 will not be complete for several weeks. Accordingly, at this time it is impossible to do more than summarize the objectives of the programs and to outline in a very rough and tentative manner the elements of the proposed programs. Only overall estimates of the cost of the various programs can be made that will be at all meaningful and these estimates must be considered highly tentative. With respect to FY 1954, the overall estimates of costs are only reasonable guesses.

In view of the foregoing, this statement is submitted by ISAC for NSC consideration in the form of a summary covering the entire area.

A. Objectives and Minimum Tasks.

Military Aid Programs. Within the general framework of U.S. strategic objectives, the specific objectives of the military aid programs for FY 1953 in the non-European areas (including Greece and Turkey) will include the following:

1. To assist Japan to defend itself and to participate in the defense of the free world.
2. To assist the ROK forces to assume the maximum possible responsibility for the defense of South Korea.
3. To assist the Chinese Nationalist Government to achieve the capability of repelling a Chinese Communist attack, in conjunction with the U.S. Seventh Fleet.
4. To assist the French and Associated States forces in Indo-China to restore and maintain internal security and to discourage Chinese Communist aggression.
5. To assist Thailand to maintain internal security and discourage aggression.
6. To assist the Philippine Government to restore and maintain internal security and discourage external aggression.
7. To assist the Government of Iran to maintain internal security and conduct a delaying action in the event of aggression.

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8. To assist the Governments of Greece and Turkey to maintain internal security, to discourage aggression, and, if necessary, to repel attacks by Soviet satellites and to delay, to the maximum extent practicable, an attack by the Soviet Union itself -- all in conformity with their obligations as (assumed) members of NATO.

9. To orient the Arab States and Israel more firmly toward the free world and to enable them to maintain internal security and discourage aggression.

10. To enable certain Latin American States to undertake assigned tasks in the defense of the hemisphere in the event of war which would otherwise have to be undertaken by the United States.

Economic Aid Programs.

The objectives of economic aid programs for FY 1953 for the non-European area (not including Greece and Turkey) will include the following:

1. To support the military effort, as in Formosa, Indochina and Iran.
2. To offset the impact of the military effort, including the military aid program, as in Formosa and Indochina.
3. To strengthen support for friendly governments by assisting them to provide more effectively for the needs of their people (applicable in all cases).
4. To improve governmental and popular attitudes toward the free world and the United States, as in Southeast Asia, South Asia, the Arab States and Iran, or, where such attitudes are satisfactory, to maintain them at that level, as in the case of the Latin American States, the independent states of Africa, and Israel.
5. To prevent economic deterioration threatening political stability, as in India and Iran.
6. To bring about an increase in the output and facilitate the distribution of strategic materials needed for common defense, as Thailand, Indonesia, Philippines, and Latin America, insofar as consistent with basic political objectives.
7. To increase the capacity of the area to produce essential civilian goods, especially foods, so as to reduce the drain on U.S. output and shipping in the event of an emergency (as in Southeast Asia, South Asia, Near East and Ethiopia, and Latin America).
8. To support the multilateral technical assistance programs of the United Nations and the Organization of American States.

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~~TOP SECRET~~B. Description of Programs.

1. For the reasons stated above, it is not possible at this time to describe in any detail the various programs to be proposed for FY 1953 or FY 1954. In general, the programs will be of the same character as those proposed for FY 1952.

The military aid programs will consist, as in FY 1952, of the furnishing of end-items and training needed to achieve certain desired capabilities. Two principal elements will control the timing of the programs: the availability of equipment and personnel for training, and the speed with which the governments in question can effectively absorb and utilize the equipment. The military aid programs will of course vary in emphasis and mode of procedure. The situation in Indochina, for example, is unique in that it is a combat area; so long as that situation continues, Indochina's needs will continue to command top priority. The proposed military aid program for the Arab States and Israel, which is not yet underway, will be peculiar in that (a) requests for aid will have to be reviewed by a tripartite committee; (b) the object of the program is primarily political; (c) the principle of impartiality will have to be followed. Military aid programs for Latin America will also be different from other programs in that equipment will be furnished for the specific purposes of enabling states to perform hemispheric defense tasks which they will have agreed to perform. Little can now be said with respect to the aid programs which will be necessary for Japan and Korea, but they will probably be substantial.

On the economic aid side the programs will likewise vary in emphasis and scope. In most cases, the bulk of the program will be in the nature of technical assistance, supplemented where necessary by supplies needed to make such assistance effective, directed toward improvements in agriculture, health and sanitation, public administration, education, transportation and mineral resources development.

In some areas, such as Indochina and Iran, the economic program will have to include a considerable component for support of military needs. In an area such as Formosa, the program will have to be primarily a supply program to support the military effort and offset the impact of military expenditures; some industrial development will also be included, designed to help Formosa in the direction of achieving a supporting economy. Some programs (Indochina and the Philippines, as well as Formosa) will include substantial imports of salable commodities and consumer goods for the purpose of financing the local costs of technical assistance projects and preventing run-away inflation.

2. The programs are based upon the fundamental policy that it is in the interest of the United States to prevent further Communist encroachment upon the free world, to maintain a Western orientation on the part of those states now so oriented and to achieve a more decisive Western orientation on the part of those states which are now seeking to pursue a neutral course.

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The main assumptions upon which the programs will be based are as follows:

- (a) There will be no general war.
- (b) The aid programs for FY 1950 and 1951 will have been successfully completed, and the proposed FY 1952 programs will have been completed in varying degrees.
- (c) In general, the political complexion and orientation of the various countries, the state of relations between them, and their economic conditions will be about the same as today, except as they may be improved by the FY 1952 program.
- (d) The United States will have been successful in its efforts to persuade aid recipients to comply with whatever standards are required with respect to East-West trade so that the extension of aid will not be prohibited.
- (e) A peace treaty will have become effective between Japan and most of the non-Communist nations formerly at war with Japan, and security commitments will have become effective with Australia, New Zealand, the Philippines and Japan.
- (f) In Korea, hostilities will either have ceased or will be at a low level of intensity, but Korea will remain divided and at least some UN forces will still be in Korea by the end of FY 1953.
- (g) Communist China will not have attacked Formosa, Indochina, Burma, or Thailand but the threat of attack will be intensified.
- (h) The Chinese Communists will remain firmly aligned with Moscow and will not have developed clearly defined Titoist tendencies.
- (i) Tension between India and Pakistan will continue but without actual hostilities.
- (j) There will have been no Soviet attack upon Iran but the oil dispute will remain unresolved until the beginning of FY 1953.
- (k) A modus vivendi will have been worked out between the UK and Egypt and a Middle East defense board will have been established and will be making progress in securing local participation.
- (l) Greece and Turkey will have been admitted to NATO.

3. The Executive Branch proposal for military aid for FY 1952 for the non-European areas, including Greece and Turkey, amounted to just over \$1 billion. At the present time, it appears that the requirements for FY 1953 will be substantially higher, with the principal increases in Japan and Korea. Greece and Turkey, and possibly in Latin-America. It seems reasonable to expect that the total for FY 1954 will be lower than for FY 1953.

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The present proposals compared with FY 1952 proposals to Congress are as follows (in millions):

<u>Area</u>	<u>FY 1952</u>	<u>FY 1953</u>	<u>FY 1954</u>
Title II	\$415	\$596.8	\$292
Title III	555	467.4	383.6
Title IV	40	340	85
Japan and Korea	0	300	200
	<u>\$1010</u>	<u>\$1704</u>	<u>\$961</u>

These proposals have not been reviewed in ISAC and may not be said in any sense to have ISAC approval. Past experience with comparable proposals made at the working level would indicate that reductions might be expected. In this case, however, even that prediction is dangerous because of the fact that the estimates for Japan and Korea are highly tentative and may prove to be much too low.

The total amount of economic aid requested for the non-European area (not including Greece and Turkey) in FY 1952 amounted to 522 million dollars. This included amounts required for multilateral technical cooperation programs, and also \$50 million for the solution of the Palestine refugee problem and \$112,500,000 for UNKRA. It now seems likely that the FY 1953 total will be higher, but that the requirements for FY 1954 will be lower than FY 1953.

The proposals for economic aid are as follows (in millions):

<u>Area</u>	<u>FY 1953</u>	<u>FY 1954</u>
Far East	\$370	\$333
Near East, Africa and South Asia	429	299
Latin America	63	63
Multilateral technical assistance	17*	21*
	<u>\$862</u>	<u>\$695</u>

Again, these proposals cannot be said to have ISAC approval in any sense. Previous experience would indicate that the final Executive Branch figures would show overall reductions.

* Included in regional figures, and therefore not added into totals.

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The following Table compares the present proposals with the proposals made to Congress for FY 1952:

	<u>ECONOMIC AID</u>		
	<u>FY 1952</u>	<u>FY 1953 (Proposed)</u>	<u>FY 1954 (Proposed)</u>
<u>FAR EAST</u>			
Korea (UNKRA)	\$112.5	\$162.5	\$162.5
Formosa	90	90	70
Indochina	29.3	40	40
Burma	14.5	20	20
Indonesia	8	10	8
Philippines	35.4	40	25
Thailand	<u>7</u>	<u>7</u>	<u>7</u>
	297	370	333
<u>NEAR EAST AFRICA and SOUTH ASIA</u>			
Iran	24	100	20
Arab States and Israel	97	175	125
Ind. African States	4	4	4
South Asia	<u>78</u>	<u>150</u>	<u>150</u>
	203	429	299
LATIN AMERICA	22	63	63
<u>MULTILATERAL TECHNICAL ASSISTANCE</u>			
	13* <u>522</u>	17* <u>862</u>	21* <u>695</u>

C. Analysis

On the assumptions stated above, it is felt that the proposed programs will in general meet the needs of national security and that no serious deterioration in the present situation in the area is likely to occur. These assumptions, however, are not forecasts and to some extent may be unduly optimistic.

As is obvious from the summary of objectives in Section A of this paper, in some cases the objective of a military aid program is to enable the recipient country to repel external aggression, in others merely to delay

* Included in regional figures, and therefore not added into totals.

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or discourage it. Obviously a program which is designed to achieve the more limited type of objective is less satisfactory from the national security point of view. However, it is fair to state that, in most cases where the objective is of the limited type, the more ambitious objective -- to enable the country to resist aggression -- could not be achieved within the foreseeable future by means of an aid program, no matter how large. In other words, in these cases the failure fully to meet national security needs follows inevitably from inherent weaknesses, in terms of manpower and other resources, in the recipient countries, not from the size of the aid programs.

The principal factors limiting the proposed military aid programs are shortages of equipment and, to a much less extent, of qualified personnel, and the limited capabilities of certain other countries effectively to utilize large amounts of equipment. In general, an attempt has been made to prejudge possible Congressional reactions.

Insofar as economic aid is concerned, it is even more difficult to estimate the degree to which the proposed programs meet the needs of national security. About all that can be said is that these programs contribute substantially to the national security. While in some cases much larger programs would doubtless contribute more, no economic aid program, whatever its size, can guarantee the achievement of the desired objective in any given case. At best, aid programs can only influence the course of events, they cannot control them. In determining the size of economic aid programs, the practical possibilities, both in terms of the domestic political situation and in terms of the overall strain on U.S. resources, must be an underlying consideration. However, no effort will be made to adjust specific programs to possible Congressional reaction.

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Annex No. 3

THE FEDERAL CIVIL DEFENSE PROGRAM
(Prepared by the Federal Civil Defense Administration)

I. OBJECTIVES

The objectives of the Federal Civil Defense Program are to minimize the effects of enemy attacks and to insure the retention of our productive capacity and will to fight, through the protection of life and property. These objectives are being met in two phases: (1) the planning and developmental phase which in its primary aspects is being rounded out and (2) the operational phase, which arises during a period of civil defense emergency.

II. CONCEPT OF AGENCY AUTHORITY DURING AN EMERGENCY

The policy statement in the law under which the Federal Civil Defense Administration operates explicitly states it to be the intent of Congress that the responsibility for civil defense shall be vested primarily in the several states and their political subdivisions, with necessary coordination and guidance being provided by the Federal Government. Natural disasters and catastrophes have shown clearly that their solution lay primarily in Federal resources and direction. The problems inherent in the civil defense field are of such magnitude that the civil defense organization must be prepared to operate with a much greater degree of Federal direction than the policy statement of the Congress indicates.

Certainly, under emergency conditions, when the full powers of Title III of Public Law 920 are in force, the Administrator of Civil Defense must be prepared to direct the civil defense forces of the country even though they are primarily state and local forces, manned almost entirely by volunteer workers. Accordingly, the civil defense plan contemplates mutual aid agreements and the employment of mobile support forces for use across state lines under Federal direction. This is necessary to resolve the conflicting demands of prior interstate agreements, and to utilize vital resources from sections of the country not tied to affected states by prior mutual aid compacts.

III. SCOPE OF RESPONSIBILITIES

In order that the scope of responsibilities both in the pre-attack and post-attack stage is thoroughly understood it is necessary to consider some of the responsibilities assigned to the Administration. In the discharge of his duties, the Federal Civil Defense Administrator is authorized by Public Law 920, 81st Congress, to perform a variety of functions, which are summarized as follows:

- (a) Prepare, sponsor, and direct national plans and programs, and keep advised on the status of State Civil Defense plans and operations.

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- (b) Coordinate the civil defense activities of other Federal agencies with each other and with those of the states and neighboring countries.
- (c) Provide for necessary warning and communications systems.
- (d) Study and develop physical protective facilities and other protective measures.
- (e) Train civil defense officials and specialized workers.
- (f) Disseminate appropriate civil defense information to the public.
- (g) Assist and encourage the states in the consummation of interstate civil defense compacts and agreements.
- (h) Procure and stockpile or maintain necessary civil defense materials and facilities.
- (i) Furnish financial assistance to the states, on a matching basis, for certain civil defense purposes.
- (j) Assist the states in effecting mutual civil defense aid agreements with neighboring countries.

In addition to the above, the Administrator is vested with certain extraordinary powers to be exercised only in the event of a civil defense emergency proclaimed by the President or established by concurrent resolution of the Congress. Under such conditions, the Administrator is authorized to:

- (a) Procure materials and facilities needed for civil defense without regard to the limitations of existing law.
- (b) Furnish materials or services for civil defense purposes without regard to the limitations of existing law.
- (c) Coordinate and direct, for civil defense purposes, all Federal activities for the relief of states and localities damaged or destroyed by attack.
- (d) Reimburse states for services and materials utilized outside their own borders for civil defense purposes.
- (e) Provide temporary financial aid or relief for any civilian injured or in want as the result of any attack.
- (f) Incur on behalf of the United States such obligations as may be required to meet civil defense requirements.

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During a period of civil defense emergency, the President may direct Federal agencies to furnish personnel and facilities to the Administrator for aid to the states, to furnish emergency shelter, and to engage in emergency repair and restoration work. Federal personnel and facilities devoted to such work would, of course, be those not absolutely required for military defense and the continuity of Government.

IV. BASIC ASSUMPTIONS

Civil defense plans and programs are being adjusted in accordance with periodically re-evaluated planning assumptions. These are based on evaluation of intelligence received from official sources. The timing of our programs is predicated on the schedules used in the rest of our National Security Program but, as pointed out later in the report, the possibility of attaining a reasonable degree of readiness within the time schedules is very remote. The current planning assumptions of the Administration are as follows:

Grave danger of war between the US and USSR exists now and will continue until the US and its Allies achieve an adequate position of strength. Such a position probably cannot be reached before 1954. War might be initiated by a surprise attack on the Continental United States designed to cripple US war potential.

Such an attack could strike any point in the US but would probably be directed at (a) military installations essential for retaliation; (b) major concentrations of population and industry; and (c) certain AEC installations.

This attack would consist principally of atomic weapons delivered by air introduced clandestinely into key harbors, or possibly by guided missiles launched from submarines or surface ships.

Chemical and biological agents might be employed in clandestine attacks against persons, livestock and crops. Either as a part of the air attack or by clandestine means, nerve gas might be used against key personnel targets. Attempts at sabotage of industry and communications would occur either concurrently with or after the air attack.

It is assumed that the Soviet stockpile now contains about 45 plutonium bombs of some 50 kilotons equivalent. Production of a new, composite type will begin in 1952. The estimated quantities of both types available through 1954 is as follows:

<u>Date</u>	<u>All Plut.</u> (30-70 Kt)	<u>Composite</u> (40-100 Kt)	<u>Total</u>
mid-1951	45	0	45
mid-1952	80	20	100
mid-1953	125	70	195
mid-1954	150	170	320

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Comment: The table on the preceding page, taken verbatim from a 28 July 1951 O/SI publication represents the most accurate estimate on this subject available to CIA.

There would be little or no strategic warning, and the extent of tactical warning cannot be predicted at present. It is assumed that less than one hour's warning would be received and possibly none at all.

There will not be sufficient time, manpower or material for an adequate shelter program in all target areas without major cutbacks in civilian construction or serious interference with the production of war materials.

There will be an average of 175,000 casualties per A-bomb dropped on a critical target area in 1951; if there is no warning and no local civil defense organization.

A proper organization of civil defense forces can reduce casualties by as much as 50%.

V. PROGRAM ELEMENTS

The elements of the Civil Defense Program are discussed below in two major groupings, as they relate to (a) state and local programs and (b) Federal plans and programs.

A. State and Local Programs

1. Enabling Authority. The Federal Civil Defense Administration has encouraged and assisted state officials in the preparation of legislation or Executive Orders creating civil defense organizations. As a result, all states and territories have now set up such organizations, either by legislative action or executive order. The degree of operational readiness varies but in general the greatest progress has been made in those states which include the most profitable targets for the enemy. Forty states have enacted legislation authorizing mutual aid compacts, and approximately half this total have executed such compacts or are concluding them during the second week of September.

2. Target Areas. As a basic guide to the states, a list of 271 target areas has been determined, of which 54 areas, including 69 principal cities, have been designated as critical target areas for atomic attack. The designation of critical target areas reflects industrial and metropolitan areas of such size as to offer an attractive target for atomic attack. While it is primarily to serve these critical target areas that civil defense forces are being organized, full consideration is being given to the possibility of attacks throughout the entire nation, including both atomic and other unconventional weapons.

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3. Organization. Organizational guidance has been furnished to the states and localities in the form of a plan embodied in Principles of Civil Defense Operations. The plan contemplates:

- a. Individual self-protection, and assumption by the individual of an effective role in the local civil defense organization,
- b. The banding together of the political entities within critical target areas by mutual aid agreements to provide immediate assistance in the event of attack.
- c. The organization by states of mobile support forces outside the critical target areas, prepared to move wherever they are needed throughout the nation.
- d. The organization by states of the resources outside the critical target areas to furnish fixed support for casualties and refugees.

Specific program guidance and assistance to the states is being furnished by FCDA in the following areas: Engineering, facilities self-protection, fire, health and special weapons defense, police, public affairs, rescue, shelter, supply, training and education, transportation, warden, warning and communications and welfare. This assistance is furnished in several ways. To supplement the outline guides furnished earlier, eleven printed manuals have been distributed (as of August 31, 1951) and ninety-three more are in process. Specific help is being furnished to various cities, at the request of State Civil Defense officials, in the making of detailed target analyses and the development of detailed civil defense plans for each city.

4. Grants-in-Aid. Financial assistance to the states is authorized by Public Law 920 for both organizational equipment and shelters. Plans for matching state funds for fiscal 1952 would furnish attack warning devices for 65% of the 69 cities in the critical target areas, radio equipment for 200 control centers together with their subordinate activities, necessary emergency fire-fighting equipment for fire and warden services to back up the equipment now available, and special rescue vehicles designed and equipped for civil defense purposes. For the total protective facilities (shelter) program, it is estimated that there will be required minor modifications to existing structures to provide protection to 6,000,000 people at a cost of \$10 each, major modifications to protect 8,000,000 people at \$40 each, and new construction to protect 15,000,000 people at \$90 each. An additional 2,000,000 can be protected in existing structures which need no modification. The total program will cost \$1,730,000,000, of which \$865,000,000 will be the Federal share. For this amount, shelter could be provided for the 31,000,000 people in the critical target areas during daylight hours. The program for fiscal 1952 contemplated a modest beginning, with less than one-third of the program to be accomplished.

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Total costs of financial assistance to the states are roughly estimated as follows:

	<u>1952</u>	<u>1953</u>	<u>1954</u>
Organizational Equipment	\$45,255,000	\$80,000,000	\$21,000,000
Shelter Program	\$250,000,000	\$615,000,000	- - - -

The grant-in-aid program is placed in doubt, however, by the action of the House of Representatives in reducing the total of \$295,255,000 in matching funds requested for fiscal 1952 to a total of \$4,500,000. This action, if concurred in by the Senate, would provide only for a start on the warning device program and certain limited protective equipment. This is despite the fact that the states have already appropriated \$72,000,000 which may be used to meet their share of the cost of the programs.

5. Research and Development. Another important phase of assistance to the states is the research and development program to develop much needed information concerning atomic, biological, or chemical attack. Research already undertaken has dealt primarily with shelter standards and design, public attitudes and reactions, and both day and night population distribution patterns in cities in critical target areas. Important subjects to be dealt with in the immediate future include further shelter research, measures designed for defense against biological and chemical warfare, fire hazards under atomic attack and refinement of methods for estimating casualties. The Federal Civil Defense Administration does not conduct its own research. All such research projects are carried out for FCDA by the Federal agencies having a jurisdictional interest in the subject matter to avoid duplication or overlapping of effort.

6. Volunteer Enrollment. States and localities, with the assistance and guidance of the Federal Civil Defense Administration, are proceeding with the enrollment of men and women as volunteer civil defense workers. In the last analysis, the success of our Civil Defense Program will depend on the extent to which Americans, both men and women, can be motivated to devote their energies to this program. It is estimated that between 15 and 17 million volunteer workers will be required. Over a million men and women have already enrolled. Much progress is being made within the states in disseminating to the public information developed by FCDA for individual, family, and community protection against atomic, biological, and chemical warfare, as well as against the effects of more conventional weapons. This is being accomplished by press, radio, television, motion pictures, organized groups and all other available media. Nationwide educational and recruiting drives will be carried on, with widespread national publicity to serve as a backdrop against which state and local recruiting drives will be conducted.

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7. Training and Education. Still another vital phase of Federal assistance to the states is found in the development of training policies and plans as guides to state and local civil defense authorities. In essence, civil defense training teaches people how to perform the services needed before, during, and after an enemy attack. To the men and women of America, this is a relatively new problem -- even defense against conventional weapons -- to say nothing of the aspects of weapons of greater impact. The civil Defense Staff College located at Olney, Maryland, has already furnished training to 550 key civil defense leaders. The Midwest Technical Training School was activated during the month of August, a similar school serving the Far West will open early in October, and a third is planned to be operated in conjunction with the Staff College, to serve the Eastern states. Training is conducted where possible through practice exercises and team or group instruction, in order to bring into sharp focus the new problems and activities involved. For example, the functioning of mobile support groups will require the operation of civil defense workers in a manner that is new and strange to most civilians. It is the purpose of the training program to develop effective teamwork in such operations.

B. Federal Plans and Programs

While a major part of the FCDA program during the pre-emergency period is necessarily designed to furnish motivation, guidance, and developmental assistance to the states and localities, as indicated above, there are certain essential activities that are purely Federal.

1. Organization and Operation. The first and basic task is the development of a sound Federal Civil Defense organization, ready at a moment's notice to operate during an emergency in accordance with tested procedures and with various essential arrangements concluded in advance. Considerable progress is being made toward this goal, but plans and arrangements are far from being completed. Basic policy decisions involving the degree of Federal direction that can be exercised are being developed.

The organization is being perfected to permit an easy transition to the emergency operational phase. Alternate top command staffs have been designated for operation under emergency conditions, and alternate headquarters in secret locations have been established. Necessary communications facilities have been installed to meet minimum requirements for emergency operation. Further work is in progress to complete the installations. The developmental phase of the project is currently being transformed to the operational phase which will assure 24-hour a day readiness. National exercises in emergency operations have been conducted for the top command staffs and others are planned. Communications facilities provide contact with the civil defense regions and, between the regions and the state directors. The planned civil defense communications network linking national, regional, and state headquarters is dependent on final action on the 1952 appropriation request now before the Congress.

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The rounding out of regional office staffs is one of the most pressing current needs. Regional directors have been appointed, and skeleton regional staffs set up. The development of a truly effective regional force with alternate, secure command posts for emergency operation, is dependent, however, on the appropriation of adequate funds for fiscal 1952. Regional planning for civil defense purposes involves considerations peculiar to the nature of the program. A recently approved project regrouped the states into nine regions (as against the original 13) in order to provide the best possible balance between population in the critical target areas and in the support areas throughout the rest of each region.

2. Attack Warning System. An important specific responsibility of the Federal Civil Defense Administration is to make appropriate provision for dissemination of warnings of enemy attacks to the civilian population. Plans are being developed in cooperation with the Air Force, Federal Communications Commission, the radio and fixed wire communications networks, the manufacturers of warning devices, and state and local civil defense officials to develop an effective warning system. This too is placed in jeopardy by the House action in approving a cut of more than 50% in the total requested for fiscal 1952 for attack warning purposes.

3. Federal Stockpile. Certain supplies, materials and equipment would be required under emergency conditions in quantities never approached normally in this country. The only practical answer for such items as drugs, medical and first-aid supplies and equipment, portable water pipe, conversion units to adapt existing vehicles for emergency ambulance service, etc., is found in the creation of Federal stockpiles of supplies, materials, and equipment strategically located in Federal warehouses to back up state and local resources. Arrangements have been made for the utilization for this purpose of 35 warehouses throughout the country, locations having been chosen with a view to balancing considerations of security and availability to critical target areas. Standards and specifications for the items to be stockpiled have been prepared, but real activation of the program is waiting on the appropriation of funds by the Congress. The recent House action on the appropriation request would eliminate the procurement of all items except medical supplies and equipment and would reduce such items to less than half the amount required for 3,000,000 casualties, an extremely low estimate of the number that would result from an attack of proportions well within Russian capabilities.

4. Utilization of Federal Resources. Another important responsibility is the development of the planned utilization in an emergency of all resources and personnel of the Federal Government not required for military purposes or for the continuity of government. Progress is being made in working out agreements with other Federal agencies with respect to the use of their personnel, materials, and facilities, under emergency conditions. Policies and standards concerning the essentiality of Federal activities to the national security are established by the National Security Resources Board. An executive order has been prepared and will

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shortly be recommended to the President, calling for the immediate preparation of such plans by FCDA, in accordance with such NSRB standards, and in cooperation with the several Federal departments and agencies. It will be essential to the success of the program that it have the full support and active backing of department and agency heads because of the difficulty experienced by many people, including Federal officials, in visualizing the widespread destruction that would follow an all-out attack upon the country. A number of briefing sessions have been arranged for agency officials, to achieve the fullest possible understanding of the problems and the utilization to be made of Federal personnel, materials, and facilities during an emergency.

VI. CIVIL DEFENSE PROGRAM COSTS

The total cost to the Federal Government of the Civil Defense Program during the fiscal years 1953 and 1954 is, of course, contingent on the amount appropriated for fiscal 1952. Assuming the non-recurring items are allowed in the 1952 appropriation, it is estimated (in advance of detailed estimates) that approximately \$915,000,000 will be required in 1953 and \$35,000,000 in 1954. The elimination, in whole or in part, of such items from the 1952 appropriation would require the addition of up to \$500,000,000 to the estimates for 1953 and/or 1954.

VII. SUMMARY

An objective appraisal of the Civil Defense Program reveals that while substantial progress has been made in the development of the national program, the variety and magnitude of the obstacles remaining are enormous. We believe that existing organizations throughout the country would reduce casualties and damage but not nearly to the degree that our survival as a nation demands. The urgency of the present international situation requires a "peaking" of our efforts with maximum support from the country. So far this has not been achieved.

It may be fairly said that the initial planning phases have been substantially completed, and the developmental phase is well under way. These two phases, which are aimed at developing both a Federal and state condition of operational readiness, are, of course, uneven with respect to progress in individual programs. Furthermore, the progress within the various states is uneven. Some states have in being organizations capable, in varying degrees, of operating in a civil defense emergency. Other states have made little or no progress toward operational readiness.

In the light of the present appropriation situation, it appears that certain aspects of the Federal program can shortly be expedited. For example, it should be possible soon to move quickly in acquiring at least some of the needed warehousing facilities, and in procuring \$50,000,000 worth of medical supplies for the stockpile. Further encouragement is found in the fact that state and local funds available for civil defense purposes during the fiscal 1952 are slightly in excess of \$200,000,000.

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The factors deterring the optimum development of the Civil Defense Program are, however, substantial. A lack of general acceptance of the problems and the need for civil defense is one of major importance. With long range bombers, atomic bombs, biological warfare and chemical warfare, the tenor of war has changed. The war of the future will be a war of attrition between the civilian populations to an even greater extent than between the conflicting military forces. So far this fact has not been recognized by the individual citizen, nor has its impact on the importance to civil defense preparations been fully recognized by the military. Notwithstanding the expressed beliefs of our public officials that civil defense is a vital part of our common defense the average man on the street and apparently the average legislator, have failed to recognize this fact. To motivate the 15 million to 17 million volunteer workers that will be needed in this program requires the constantly repeated, forceful expression of the vitalness to our total defense of an informed and trained civil defense organization. In the past conflicting statements before Congressional committees and elsewhere, have weakened the effects of the FCDA's activities in developing this program. It is believed that this difficulty is being overcome and that full support will be given in the future. However, the problems that surround the program are legion, and there is a vital need for this constant reiteration of the importance of civil defense in the total national defense picture.

Another major deterrent has been the failure of the Congress to appropriate sorely-needed funds. Such vital programs as the provision of protective facilities, the procurement of organizational equipment, the stockpiling of other than medical supplies, are virtually at a standstill. A by-product of this Congressional action, which is perhaps even more serious, is the impression given the country, generally, that the Congress does not consider civil defense important to the nation.

The natural result of the failure of public officials and legislators to take a consistent affirmative stand on the vital role of civil defense in the national defense program is apathy and confusion on the part of the average citizen. His understandable desire to reject the possibilities of atomic, biological, or chemical attack, with unprecedented destruction and loss of life, feeds eagerly on even minor indications that "it can't happen here." Overcoming that feeling of false and wishful security is a major task confronting FCDA and one which requires the public and emphatic support of all echelons of Government.

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Annex No. 4

NATIONAL STOCKPILING PROGRAM
(Prepared by the Department of Defense and the
Office of Defense Mobilization)

A. Objectives and Minimum Tasks

1. The stockpile of strategic and critical materials is a national stockpile, not just a military stockpile. It is a blood bank of materials to be called upon in a time of national emergency when the supplies of these critical materials may be cut off at the very moment when we need them most.

2. Unfortunately, the importance of the stockpile program to our entire defense effort often is not fully recognized, nor are the implications stemming from this lack of recognition always fully appreciated. Exhibit A illustrates factually the very crucial situation which exists in respect to many materials. A careful study of this table will reveal that unless an answer is found promptly to some of the questions which it raises, this nation will be faced with serious production bottlenecks and imbalances in the event of all-out war within the next two years. This is particularly true in view of the large number of materials involved and the cumulative effect of the shortages that would simultaneously be encountered. Further, the normal substitutes for some stockpile items will themselves be in short supply.

3. The purpose of the program, which is authorized by Public Law 520 - 79th Congress, is to "decrease and prevent wherever possible a dangerous and costly dependence of the United States upon foreign nations for supplies of these (strategic and critical) materials in time of national emergency." It hence is implicit that the stockpiles must be accumulated prior to M-Day. Except for a few instances, such as aluminum and magnesium, the program thus far generally has been limited to materials which come in large part or entirely from foreign sources, as opposed to materials which can be produced or manufactured in sufficient quantities in the United States.

4. The specific objective of the program proposed herein is to make the United States self-sufficient as quickly as feasible in respect to these critical and strategic materials by building stockpile reserves, limiting consumption, expanding supply, and wherever possible finding satisfactory substitutes. Even if the most optimistic acquisition targets which can reasonably be established for the next two years are met, we will still be inadequately prepared for all-out war unless in that interim large, new, "safe," sources of supply have been found and exploited, or unless satisfactory substitutes have been developed.

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~~SECRET~~**B. Full Description of Program****1. Elements Comprising the Program**

5. The principal planning element of the stockpile program, pursuant to Section 2 of the Act, is the determination of the materials, quantities and qualities to be stockpiled. The principal operating function is the acquisition of the objective quantities in the proper qualities. Other operational elements are those usually associated with acquisitions; namely, transportation, inspection, handling, storage, security and maintenance, as well as the processing of materials acquired in other than the desired form or quality, the rotation (through sale and repurchase) of perishable materials to prevent deterioration, and the disposal of materials no longer desired in the stockpile.

6. Under the authority of the Defense Production Act, the responsibility for determining current and long range requirements for strategic and critical materials has been placed in the Defense Production Administration. In order to perform this function properly, there was need of a focal point for coordination of Government policies and programs affecting strategic and critical materials. The Vital Materials Coordinating Committee was established under the Administrator of the Defense Production Administration to serve this purpose. The meetings of this committee bring together all of the interested agencies.

7. The responsibilities of the Vital Materials Coordinating Committee in general fall into three categories: (a) expansion of supply, (b) balanced distribution of available supply and (c) limitation of nonessential use. The operating procedure of the committee is as follows: Recommendations of the Programs and Requirements Office of the Defense Production Administration are presented to the Vital Materials Coordinating Committee where they are reviewed. If a recommendation is approved by the committee, it is then transmitted to the Administrator of the Defense Production Administration who issues appropriate directives to the agency or agencies having the responsibility for carrying out the decisions. If opposing views are expressed in the Vital Materials Coordinating Committee, a further review is made by the agencies concerned in an attempt to secure an agreement. When ever these agencies cannot effect an agreement, opposing views are referred to the Administrator of the Defense Production Administration for decision and action.

8. The stockpiling program is in itself a single project and does not break down into separable elements except as each individual material and the accomplishment of the objective for that material can be considered a separate element of the program as a whole. There are seventy-three materials for which stockpiles are currently necessary. These and their principal uses and sources are shown in Exhibit B.

2. Assumptions and Policies upon which the Program is Based

9. The materials and quantities which should be stockpiled are determined by a comparison of probable national requirements and supplies in time

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of war. This is done through an interdepartmental stockpile committee on which all interested civilian and military agencies are represented.

10. Essential industrial and civilian requirements, which in most instances exceed the direct military needs, are estimated by groups of commodity specialists in Government and industry on the basis of past use factors, projected wartime levels of general industrial activity and any other indicators of requirements for the particular item under review.

11. Insofar as direct military requirements are concerned, these are computed or estimated on the basis of the latest available mobilization plan approved by the Joint Chiefs of Staff and translated into end-item production schedules and materials requirements by the military departments.

12. There is some thought that the current program of building up the military forces and their equipment should have the result of reducing future all-out mobilization requirements--hence should reduce the need for stockpiling. On the contrary, the increase in the existing and equipped military forces, plus the building up of the war production potential, will have just the opposite effect, at least for the early part of the full mobilization and war period. After the forces are built up, and even though their initial equipment is provided for, the existence of this force will permit prompt participation in war on a large scale, instead of a delaying action during a build-up period. Hence the immediate needs for expendable supplies and for replacements will be far higher than if that force had not existed. Furthermore, the building of a war production potential means the building of a materials consuming potential and industry will now be in position to promptly consume larger amounts of material for conversion to war goods as soon as needed. Up until now, war requirements for many materials have been limited by industry capacity to convert materials to war goods. This limitation is rapidly being removed.

13. Included in the estimated wartime requirements are those for "normal" export, but no provision has been made for possible large amounts needed by allies for their own military and supporting programs which we might be called upon to furnish in the absence of adequate preparation by the allied countries. No firm basis now exists for determining such requirements and the matter is mentioned only to record that here is a potential additional requirement not now provided for.

14. Wartime supplies are estimated from basic commodity production and trade studies, factored in accordance with assumptions as to the degree to which supplies from abroad will be affected by a global war. These assumptions in turn are derived from Joint Chiefs of Staff guidance as to the probable status of each producing country from the standpoint of military accessibility (that is, whether or not the country will be enemy or enemy-controlled), and as to the probable rates of loss in transit from overseas sources. Further guidance as to the dependability of the accessible world sources (political and economic) is obtained from the Department of State. Pursuant to general guidance from the Joint Chiefs of Staff, a safety factor is inserted whenever supplies of a given item are concentrated in one or a few world sources.

15. The assumed duration of the war (five years) is the minimum given in current Joint Chiefs of Staff guidance.

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3. The Primary Task and the Program Needed to Accomplish It

16. The task to be accomplished is to acquire the necessary stockpile materials at the earliest possible time. Particular emphasis and resort to forceful measures is indicated for those materials which now exhibit such a low degree of stockpile accomplishment that total supplies available in wartime production and imports plus current stockpile) are far short of wartime requirements. Exhibit C shows the present and projected status of these selected items. Greater sacrifices in the current economy, greater efforts to expand supply, resort to incentive purchase prices where indicated, and forceful use of conservation and substitution are essential to the accomplishment of this task.

17. If the Munitions Board program set forth in Exhibit C, or if any reasonably close approach thereto is to be accomplished, the following specific actions would have to be taken.

a. A change in the present priority position of the stockpile program so that allocation of materials to it are given preference over those required to maintain an economy geared to the policy of avoiding unemployment or idling facilities which cannot readily be absorbed in the expanding military program. No question is raised concerning the higher priority of military requirements.

b. The formulation and implementation of an international materials program which will assure the United States of obtaining the materials required to carry out its national policies, including the stockpiling program. Such a program should be directed toward:

- (1) the stabilization of world prices;
- (2) assuring the United States of appropriate benefits from increased supplies obtained through the expenditure of United States funds both at home and abroad, whether in the form of loans, subsidies, or guaranteed markets;
- (3) the imposition of use restrictions similar to our own by other free nations of the world;
- (4) encouraging in every possible way the expansion of supplies;
- (5) judicious consideration of the needs of the other free nations of the world but fully recognizing the proportionate share of the defense effort being borne by the United States and the share which the United States will be required to bear in the event of all-out war.

c. An intensified effort to increase the procurement of strategic and critical materials, both at home and abroad. This involves full use of the Government's authority in the granting of loans, issuance of tax amortization certificates, guaranteed markets, sound but flexible price policies, payment where justified or premium prices and import subsidies, allocation of equipment and materials for expansion projects

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and a broad flexible purchase and resale program which would permit the immediate spot procurement of these materials any place in the world without delay. This kind of approach is doubly significant because new sources of supply will not only make materials available for the stockpile but, in the case of developments in areas of the world considered "safe", will decrease the gap between estimated wartime supply and requirements, thus permitting the lowering of the stockpile objective itself.

d. A greatly strengthened conservation and substitution program. To be successful, this must have the full and continuous backing of both the military and civilian agencies. There is a natural and understandable reluctance on the part of production people to change from a tried and proven material to something new, particularly if the new material costs more than the old. This reluctance must be overcome by forceful measures; however, because even though it might be possible without serious consequences to find substitutes for some of these materials after M-Day, there would be serious distortions in production from the cumulative effect of having to find substitutes for all of them after M-Day. Furthermore, in the case of some materials current consumption equals current supply with no substantial relief in sight from future new sources, and no material going into the stockpile so that the only possible solution is through conservation and substitution. The most serious example of this is columbite where the present stockpile plus all of the supplies which it is estimated would be available during a five-year war period are equal to less than 12% of the estimated wartime requirements with jet engines being the principal user.

18. The current uses of columbite already have been limited to the military, AEC, and a few indispensable industrial fields. Development of substitutes by the military in the immediate future is absolutely essential because it would be impossible to supply enough material to support a continuation of present specifications in the production of aircraft during all-out mobilization. Finding and using substitutes at that time would be the only alternative to curtailing aircraft production. It is obviously better in many such cases to enforce substitution now and by so doing to make available a portion of the limited current supply to build up a stockpile reserve which would be sufficient to support in wartime a greatly reduced projected use.

19. There are parallel cases, such as refractory grade chromite, corundum and industrial diamonds where there is little or no material being siphoned from the current supplies to go into the stockpile. Industry must not be permitted stubbornly to follow the currently preferred usage of these materials when it is realized that in time of war the losses in productivity inherent in finding satisfactory substitutes would be far more harmful than at present. The maximum possible employment of substitutes at this time will not only enable industry to determine and solve the resulting production problems prior to an emergency but will permit the siphoning off of a portion of the supplies to the stockpile so long as the supply lines remain open.

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20. The stockpile materials may be approximately divided into the following categories as to the most promising solutions to the problem of wartime deficiency. Actually, many could be included in more than one category so that this classification is in no sense precise.

CLASS I --Current military and AEC production uses almost the entire supply permitting only slight additions, if any, to the national stockpile. Most of the supply is imported. Efforts are being pressed to increase supply but little significant additions can be expected. Substitutions are essential in military use. Research on military substitutions must be pushed.

Beryl	Columbite-Tantalite
Cobalt	Rare Earths

CLASS II --Supplies are completely unpredictable as they come almost entirely from behind the Iron Curtain. Large quantities might appear suddenly on the market. Civilian consumption has been substantially cut back and substitutes can be utilized in some instances if necessary.

Hog Bristles	Platinum Group Metals
Feathers & Down	Silk Waste and Noils

CLASS III--U. S. stockpiles are in reasonably good condition and the rate of further acquisition is dependent in large part upon the U. S. desire to avoid runaway price rises through heavy and uncoordinated buying activities.

Cordage Fibers	Rubber
(Abaca and Sisal)	Tin

CLASS IV --Stockpile objectives are small and far from complete. However, stockpile objectives were intended to cover only the initial deficits before reactivation or expansion of productive capacity and such expansion and reactivation programs are currently under way, thus reducing the danger inherent in the stockpile status. Severe civilian restrictions are presently in operation. Any further cut-backs would provide relatively little to the stockpile and would cause serious labor, small business and other dislocations excessively weakening the basic economy of the country.

Aluminum	Magnesium
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CLASS V --U. S. domestic mine production normally accounts for over half of the total supply. However, the U. S. is dependent upon significant imports coming largely from nations expected to be accessible in wartime. At the present time, world price levels are higher than U. S. ceiling prices for these materials and importation of metal at higher than established ceiling prices is forbidden. International allocations to solve price problems and aggressive U. S. sponsored expansion programs, both in the U. S. and abroad, afford the only solution. In

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... this case also, sévéra civilian restrictions are presently in operation. Any further cut-backs would provide relatively little to the stockpile and would cause serious labor, small business and other dislocations excessively weakening the basic economy of the country.

Copper	Zinc
Lead	

CLASS VI --Stockpile objectives were only recently established and therefore it is too early to see significant progress.

Bauxite, Refractory Grade	Manganese Ore, Chemical Grade	Cotton (Extra long Staple)
Vegetable Tannin		Fluorspar, Acid Grade
Chestnut - Wattle	Wool	

CLASS VII--World supplies of the following materials available to this country are entirely inadequate to permit significant stockpiling even if it were practicable to channel all imports to the stockpile. Substitutions are available and must be fully exploited.

Castor Oil	Kyanite
Coconut Oil	Opium
Palm Oil	Shellac
Corundum	Talc, Steatite Block
Graphite, Crucible Grade	Vegetable Tannin, Quebracho

CLASS VIII--Materials are being used to meet military, AEC and essential defense supporting production almost exclusively, thus only slight additions to the stockpile are possible. Restrictions of civilian consumption is severe. Materials such as manganese are necessary to maintain steel production or other essential segments of the economy.

Asbestos (All grades)	Mica	Jewel Bearings
Bauxite, Metal Grade	Muscovite Block and Film	Tungsten
Chromite, Refractory Grade	Molybdenum	Vanadium
Manganese Ore, Battery Grade	Nickel	Manganese Ore Metallurgical Grade
	Quartz Crystals	
	Diamonds, Industrial Crushing Bort	

CLASS IX--Either the stockpile objective is achieved or the danger point level is passed. Current conservation measures and programs to expand supplies should be continued until the stockpile objectives for all are completed, but there is no need for additional drastic action at this time.

Antimony	Chromite, Metallurgical Grade	Graphite, Lubricant Flake
Bismuth		
Cadmium	Diamonds, Industrial Stones	Hyoscine
Celestite	Fluorspar, Metallurgical Grade	Mercury
Chromite, Chemical Grade	Graphite, Amorphous Lump	Pyrethrum
Mica, -Muscovite and Phlogopite Splittings		Quinine-Quinidine
		Sapphire and Ruby
		Sperm Oil

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4. Estimated Cost in Fiscal Years 1953 and 1954

21. Budgetary needs of the stockpiling program must be analyzed from two standpoints: (a) obligational authority to permit timely placement of contracts and (b) cash to cover programmed deliveries. The recent policy of the Bureau of the Budget and the Congress that contract authority no longer be granted but that all obligational authority be in the form of cash, coupled with the inherent long-lead-time nature of contracting for stockpile materials, leads to the apparent over-appropriation of cash funds in that substantial unspent cash balances exist at the end of each fiscal year. Since stockpile appropriations are usable until spent, no complications arise from this so long as the situation is understood.

a. Cash Basis. As of 30 June 1951 the current market value of the stockpile objective quantities was \$8.3 billion and of the stocks on hand and paid for \$3.0 billion. Thus a balance of \$5.3 billion worth of materials were still to be delivered and paid for to complete the program. In addition, expenses such as storage, storage facilities construction, rotation, maintenance, processing and administrative overhead will involve about \$100 million each year.

The unexpended cash balance as of 30 June 1951 was \$2.6 billion and the Fiscal Year 1952 appropriation is expected to be about \$0.8 billion. Available cash, therefore, is about \$3.4 billion. This is expected to be sufficient to cover possible deliveries to the stockpile during Fiscal Years 1952 and 1953, plus the \$0.2 billion in miscellaneous expenses for the two years. Further cash funds will be necessary in Fiscal Year 1954 and beyond.

SUMMARY OF CASH REQUIREMENTS FOR EXPENDITURES

Fiscal Year Needed	Amount Needed \$ Billions			Remarks
	Materials	Other Expenses	Total	
1952	1.9	0.1	2.0)	Available from FY '51 and '52
1953	1.3	0.1	1.4)	
1954	1.0	0.1	1.1)	To be appropriated
1955-59	<u>1.1</u>	<u>0.5</u>	<u>1.6</u>)	
Sub-total	5.3	0.8	6.1	
Value on Hand 6/30/51	<u>3.0</u>	<u>0.1*</u>	<u>3.1</u>	
Value of Completed Stockpile	8.3	0.9	9.2	
*Expenditures to 6/30/51				

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b. Obligational Authority Basis. The unobligated funds as of 30 June 1951 amounted to \$0.9 billion. New obligational authority (all in cash) for FY 1952 is expected to be about \$0.6 billion making the total available for obligation in FY 1952 \$1.5 billion. This is expected to be obligated during the year, hence further obligational authority will be needed for contracting activities in FY 1953 and 1954.

22. In addition to the \$3.0 billion worth of material in the stockpile on 30 June 1951, there were \$1.9 billion worth under contract. The total of \$4.9 billion as compared to the \$8.3 billion objectives leaves \$3.4 billion to be purchased as of that date. In addition, there will be obligations made of about \$100 million per year for the other expenses.

23. In order that full advantage can be taken of opportunities to obtain material for future delivery, funds must be available for obligation at all times. Based on recent experience, it is believed that the scheduled obligations of \$1.4 billion for materials in FY 1952 will taper off to about \$1.0 billion in FY 1953 and \$0.6 billion in FY 1954. One reason for this is the fact that fewer materials each year will remain on the list still subject to purchase. By Fiscal Year 1955 it is expected that new commitments will be at a low annual rate.

SUMMARY OF FUNDS REQUIRED FOR OBLIGATION

Fiscal Year	<u>Amount Needed \$ Billions</u>			Remarks
	<u>Materials</u>	<u>Expenses</u>	<u>Total</u>	
1952	1.4	0.1	1.5	Available in FY 1952
1953	1.0	0.1	1.0	To be granted
1954	0.6	0.1	0.7	To be granted
1955-59	<u>0.4</u>	<u>0.4</u>	<u>0.8</u>	To be granted
Total	3.4	0.7	4.1	
Value on Hand or on Order 6/30/51	<u>4.9</u>	<u>0.2*</u>	<u>5.1</u>	
Value of Completed Stockpile	8.3	0.9	9.2	

*Total obligations to 6/30/51

24. On the theory that contract authority will no longer be granted but that all appropriations will be in cash, the following would be called for:

F. Y. 1952 - \$800 million cash, including \$200 million to liquidate prior C/A, as presently included in the budget.

F. Y. 1953 - \$1.1 billion cash for obligation.

F. Y. 1954 - \$0.7 billion cash for obligation.

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~~SECRET~~C. Analysis of Extent to Which Program Meets Needs of National Security

25. The stockpile objective for any item represents the anticipated deficit between wartime needs and wartime supplies. The individual deficits vary greatly as to percentage of war requirements; thus in some instances such as copper, lead, zinc, and wool, the anticipated deficit is 20 percent or less and for others such as mercury and rubber the deficit is 80 percent or more. Stockpile performance, as between items, hence is not properly measured by the percentage fulfillment of individual objectives. Performance is more properly evaluated by examining the degree to which war requirements are met by the total of assumed wartime supplies plus the amount of stockpile acquired. This comparison reveals the items for which national war requirements are far from being taken care of.

26. In Exhibits A and D only those stockpile items are included for which assumed wartime supplies plus stockpiles on hand 30 June 1951 total less than 80 percent of wartime requirements. The current preparedness status for all items on the stockpile list ranges from 100 percent downward to 3 percent in one case.

27. The purpose of the program proposed herein is to place emphasis on those items currently in the most dangerous condition and which prospectively will not greatly improve during FY 1952 and FY 1953 without extraordinary effort.

28. The recommended program of acquisition is that established by the Munitions Board and which in itself is limited by maximum estimates of what might be accomplished. It will be noted that the prospective 30 June 1953 status under the Munitions Board program (Column C, Exhibit A), while better than the status arrived at by projecting either from January - June 1951 acquisition rates (Column E) or from July - December 1951 programs established by the DPA (Column D), is far from satisfactory in many instances.

29. As will be seen from Column F of Exhibit A, there are many items for which the stockpiles will not prospectively be filled, even under this very ambitious program, until far later than 30 June 1953. The impact of these threatened shortages will center upon various phases of the military production plans or the industrial economy, depending on the item.

30. For example, columbite and cobalt shortages will limit jet engine production. Tungsten will affect armor-piercing ammunition as well as the broad field of industrial metal cutting tools. Quartz crystals, mica, tantalite, and talc shortages will affect electronics production. Corundum, industrial diamonds and refractories will affect industrial manufacturing efficiency as a whole, hence will affect all war and war-supporting programs. Manganese, needed for steel, affects everything.

31. To a degree these shortages can be absorbed by the development of substitutes; however, this is partial relief at best, and unless the substitute is developed and adopted prior to M-Day and is completely satisfactory and readily available, would cause loss of time and efficiency, and would be wasteful of manpower and other materials.

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EXHIBIT "A"

COMPARISON OF PROJECTED SECURITY STATUS 30 JUNE 1953 UNDER
VARIOUS ASSUMPTIONS AS TO F.Y. 1952 and 1953 RATES OF STOCKPILE ACQUISITION

(Includes only those items for which assumed wartime supplies, plus stocks on hand 30 June 1951, total less than 80% of assumed wartime requirements)

Material	(A) Actual as of 6-30-51	(B) If MB Program is met	(C) If DPA determined Jul-Dec 51 are not improved	(D) If actual rate of acquisition Jan-Jun 51 is not improved	(E) MB Rate	(F) DPA Rate for Jul-Dec 1951	(G) Calendar Year during which Stockpile would be Completed under Assumptions (C) (D) & (E)	(H) Jan-Jun 1951 Actual Rate
Brittles, Hog	3.0	79.6	44.2	44.2	1954	1956	1956	1956
Silk, Waste and Nolls	5.0	96.5	39.0	25.4	1953	1957	1960	1960
Columbite	11.7	19.9	11.7	12.7	1960/	1960/	1960/	1960/
Asbestos, Crocidolite	16.4	55.3	44.6	28.4	1956	1957	1960/	1960/
Talc, Block	18.6	45.5	*	22.4	1958	*	1960/	1960/
Quinidine	20.4	77.0	100.0	43.8	1952	1952	1958	1958
Asbestos, Amosite	23.3	45.1	27.7	23.3	1958	1960/	1960/	1960/
Opium (Morphine Content)	23.5	73.1	67.1	72.1	1954	1955	1954	1954
Rare Earths	24.2	63.7	*	24.2	1956	*	1960/	1960/
Corundum	28.8	49.3	36.0	28.8	1958	1960/	1960/	1960/
Tantalite (Ta ₂ O ₅)	30.2	46.6	*	30.4	1957	*	1960/	1960/
Asbestos, Chrysotile	30.4	50.4	39.6	31.0	1958	1960/	1960/	1960/
Feathers & Down, Waterfowl	35.2	74.9	*	50.5	1955	*	1960/	1960/
Shellac	38.8	65.2	100.0	88.2	1955	1953	1954	1954
Cobalt	40.2	59.9	43.0	46.2	1955	1955	1960/	1960/
Palm Oil	44.6	70.7	100.0	70.0	1959	1960/	1960/	1960/
Cordage Fibers, Abaca	45.5	67.9	71.1	55.7	1953	1953	1955	1955
Tungsten (W Content)	45.9	65.5	*	48.5	1955	1956	1960/	1960/
Quartz Crystals	46.9	68.0	53.7	49.1	1958	*	1960/	1960/
Graphite, Crucible Grade	48.0	71.2	*	89.1	1955	1960/	1960/	1960/
Bauxite, Refractory Grade	49.9	64.8	49.9	49.9	1955	1956	1960/	1960/
Mica, Muscoviet Film	50.1	65.3	53.5	54.7	1958	1960/	1960/	1960/
Mica, Muscovite Block	55.8	69.1	57.0	58.8	1958	1960/	1960/	1960/

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EXHIBIT "B"

MAJOR USES AND SOURCES OF STOCKPILE MATERIALS

<u>Material</u>	<u>Major Uses</u>	<u>Major Sources</u>
Aluminum	Aircraft construction	U.S., Canada
Antimony	Solder, low melting alloys, flame proofing, anti-fouling paint	U.S., Mexico, Bolivia
Asbestos	High-temperature insulation, flame resistant textiles, filters for protective devices	Union of South Africa, Southern Rhodesia, Bolivia
Bauxite		
Metal	Alumina for metal, chemical industry and rubber industry	U.S., Surinam
Refractory	High temperature furnace linings	U.S., British Guiana
Beryl	Beryllium-copper for bearings, bushings, diaphragms	Brazil, India
Bismuth	Solders, bearings, anchors for dies and punches, pharmaceuticals	U.S., Canada, Mexico, Peru
Bristles, Hog	Textile dabbing brushes, non-sparking industrial brushes	China
Cadmium	Bearings, protective coatings, hardener for copper, cerium, gold and silver	U.S., Canada, Mexico, Peru, Australia
Castor Oil	Synthetic resins, lubricants, nylon, brake fluid	Brazil, U.S.
Celestite	Signal flares, tracer ammunition, filler for paints, rubber and plastics	Mexico, Spain, United Kingdom
Chromite		
Chemical	Sodium bichromate, tanning, plating	Union of South Africa
Metallurgical	Stainless steel, high speed cutting steel	Union of South Africa, U.S.S.R., Turkey, Southern Rhodesia
Refractory	Linings and brick for metallurgical furnaces	Cuba, Philippines, Union of South Africa
Cobalt	High temperature alloys, tool steel, magnetic alloys	Belgian Congo, Canada, French Morocco
Coconut Oil	Lauryl alcohol, germicides, disinfectants, lubricants, incendiaries	Indonesia, Philippines
Columbite	Carbon stabilizer in steels, high temperature alloys	Nigeria, Belgian Congo, Brazil, India
Copper	Shell cases, rotating bands, electric conductor, foundry products	U.S., Chile, Canada, Union of South Africa
Cordage Fibers		
Abaca	Marine cordage, drill cable, wire rope centers	Central America, Philippines, British E. Africa, Angola, Haiti
Sisal		
Corundum	Heavy duty abrasive, optical abrasive	Union of South Africa
Cotton, Extra	High speed sewing thread, balloon cloth, Byrd cloth, airplane fabric	Egypt, Sudan, Peru, U.S.
Long Staple		
Diamonds	Grinding, polishing, drilling	Belgian Congo, Brazil, Union of South Africa
Industrial		
Feathers and Down, Waterfowl	Arctic sleeping bags, special clothing	China, U.S.
Fluorspar, Acid	Hydrofluoric acid, flux, ceramics	U.S., Mexico, Spain

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<u>Material</u>	<u>Major Uses</u>	<u>Major Sources</u>
Fluorspar Metallurgical	Flux in manufacture of steel, cast iron and ferro-alloys	U.S., Mexico, Spain
Graphite Amorphous	Carbon brushes	Ceylon
Crucible	Crucibles and stoppers	Madagascar
Lubricant	Lubricants and packing	U.S.
Hyoscine	Motion sickness remedy	Australia
Iridium	Hardener for platinum, plating	Canada, Columbia, U.S.S.R., U.S.
Jewel Bearings	Instruments, timing devices	Switzerland, U.S.
Kyanite	High temperature refractory	Kenya, India
Lead	Ammunition, batteries, solder, babbitt, tetraethyl lead	U.S., Canada, Mexico, Peru, Australia
Manganese Battery	Dry cell batteries	Gold Coast, U.S.
Chemical	Oxidizer, photographic developer, gum inhibitor, stabilizer	Belgian Congo, Gold Coast, Cuba, U.S.S.R.
Metallurgical	Ferro-alloy for steel manufacture	U.S.S.R., Gold Coast, India, Union of South Africa
Mercury	Explosives, chemicals, electrical apparatus	Italy, Spain, Mexico, U. S.
Mica	Electrical insulation for radio, radar, magnetos, motors	India, Argentina, Brazil
Molybdenum	Alloying element in steel, cast iron and non-ferrous alloys	Canada, Mexico, Madagascar
Nickel	Alloying element in steel and non-ferrous alloys, plating	U.S., Chile
Opium	Narcotic drugs	Canada, Cuba, New Caledonia, U.S.S.R.
Palm Oil	Manufacture of tin and terne plate, cold rolling of steel	Iran, Turkey, Yugoslavia, India
Platinum	Electrical contact points, catalyst, electrodes, spinnerets for rayon nozzles for fiber glass	Belgian Congo, Indonesia, Nigeria
Pyrethrum	Insecticides	Canada, Columbia, U.S.S.R., Switzerland, Union of South Africa, Alaska
Quartz Crystals	Electronic oscillators and filters, optical uses	Belgian Congo, British East Africa, Brazil, Japan
Quinidine	Treatment for heart ailments	Brazil
Quinine	Anti-malarial	Indonesia
Rare Earths	Arc cores, optical abrasive, misch metal, cerium-magnesium alloy	Indonesia, Brazil, India
Rubber	Tires, tubes, clothing, insulation, mechanical goods, fuel cells	Indonesia, Malaya, Siam, Ceylon, Liberia
Sapphire and Ruby	Jewel bearings	Switzerland, U.S.
Shellac	Adhesive, protective coatings	India
Silk	Powder bags for large guns	China, Japan, Korea, Iran, Switzerland, Brazil
Sperm Oil	Lubricants, metal cutting and drawing	Norway, United Kingdom
Talc	Insulators for high frequency electronic circuits	India, Italy
Tantalite	High-temperature alloys, electronic tubes, manufacture of synthetic rubber	Brazil, Belgian Congo, Nigeria, Southern Rhodesia, Uganda, U.S.
Tin	Tinplate, solder, babbitt, bronze	Malaya, Indonesia, China, Bolivia, Belgian Congo

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<u>Material</u>	<u>Major Uses</u>	<u>Major Sources</u>
Tungsten	High speed steel, high temperature alloys, electronic tubes, armor piercing shot	China, Korea, Australia, Brazil, Bolivia, Peru, U.S.
Vanadium	Tool steels, alloy steels, chemical catalyst	Union of South Africa, Peru, U.S.
Vegetable Tannins		
Chestnut	Tanning hides	U.S., Italy, France
Quebracho	Tanning hides, oil well drilling	Argentina, Paraguay
Wattle	Tanning hides	British East Africa, Union of South Africa
Wool	Military and civilian clothing, blankets	U.S., Australia, New Zealand, Union of South Africa, Argentina, Uruguay
Zinc	Galvanizing, die castings, brass and bronze, bleaches, paint smoke mixtures	U.S., Canada, Mexico, Peru, Australia

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EXHIBIT "C"

MUNITIONS BOARD PROGRAM FOR ACQUISITION OF STOCKPILE MATERIALS
 F.Y. 1952, 1953, 1954
 (Excludes Items for which Stockpile is already Completed)

(A) Material	(B) Unit	(C) Acquisition Program by Years			(F) Actual 6-30-51	(G) Total Stockpile Inventory		
		(D) During F.Y. 1952	(E) During F.Y. 1953	(H) During F.Y. 1954		(G) Proposed 6-30-52	(H) Proposed 6-30-53	(I) Proposed 6-30-54
ALUMINUM	SR	185,951	170,036	283,263	60,750	246,701	416,737	700,000
ANTIMONY (Sb Content)	SR	2,511	0	0	18,489	21,000	21,000	21,000
ASBESTOS								
Amosite	SR	4,921	4,900	4,900	1,301	6,222	11,122	16,022
Chrysotile	SR	3,013	3,000	3,000	1,992	5,005	8,005	11,005
Crocidolite	SR	1,261	800	800	139	1,400	2,200	3,000
BAUXITE								
Metal Grade	LDI	779,280	999,796	0	3,220,924	4,000,204	5,000,000	5,000,000
Refractory Grade	LCF	30,000	60,000	60,000	0	30,000	90,000	150,000
BERYL	SR	5,749	4,000	4,000	5,290	11,039	15,039	19,039
BRISTLES, HOG	Lbs.	2,409,926	2,500,000	1,300,000	90,074	2,500,000	5,000,000	6,300,000
CADMIUM	Lbs.	2,562,444	1,000,000	1,000,000	5,036,109	7,598,553	8,598,553	9,598,553
CASTOR OIL	Lbs.	84,270,266	100,000,000	100,000,000	27,729,734	112,000,000	212,000,000	312,000,000
CHROMIUM								
Chemical Grade	LDI	360,718	0	0	309,282	670,000	670,000	670,000
Metallurgical Grade	LDI	629,624	315,450	315,450	1,630,961	2,266,585	2,582,035	2,897,485
Refractory Grade	LDI	220,000	125,000	0	274,985	494,985	619,985	619,985
COBALT	Lbs.	9,337,059	9,000,000	9,000,000	15,738,739	25,075,798	34,075,798	43,075,798
COCONUT OIL	Lbs.	192,725,705	0	0	206,698,309	399,424,014	399,424,014	399,424,014
COLIMBITE	Lbs.	3,927,854	1,932,278	2,700,000	6,668,175	10,596,029	12,528,307	15,228,307
COPPER	SR	374,244	375,000	250,000	596,148	970,392	1,345,392	1,595,392

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EXHIBIT "C"

(A)	(B)	Acquisition Program by Years			Total Stockpile Inventory			(I)
		(C) During F.Y. 1952	(D) During F.Y. 1953	(E) During F.Y. 1954	(F) Actual 6-30-51	(G) Proposed 6-30-52	(H) Proposed 6-30-53	
CORRAGE FIBERS								
Abaca	Lbs.	55,511,266	45,000,000	0	79,488,732	135,000,000	180,000,000	180,000,000
Sisal	Lbs.	75,877,428	0	0	97,122,572	173,000,000	173,000,000	173,000,000
CORUNDUM	Lbs.	5,691,440	5,600,000	5,700,000	208,560	5,900,000	11,500,000	17,200,000
COTTON, EXTRA LONG STAPLE	Bales	138,588	125,000	125,000	11,412	150,000	275,000	400,000
DIAMONDS, INDUSTRIAL								
Crushing Bort	Kts.	3,690,139	3,800,000	3,700,000	11,677,591	15,376,730	19,167,730	22,867,730
Stones	Kts.	965,258	619,182	588,815	6,126,745	7,092,003	7,711,185	8,300,000
FEATHERS AND DOWN	Lbs.	6,442,662	1,000,000	2,500,000	111,662	6,554,324	7,554,324	10,054,324
FLUORSPAR								
Acid Grade	SDT	98,904	65,000	64,316	21,760	120,684	185,684	250,000
GRAPHITE								
Amorphous Lump	ST	333	0	0	3,367	3,700	3,700	3,700
Crucible Grade	ST	2,061	2,687	3,127	4,143	6,204	8,891	12,018
Lubricant Flake	ST	2,322	260	0	2,618	5,140	5,403	5,403
HYOSCINE	Oz.	3,170	0	0	3,830	7,000	7,000	7,000
KYANITE	SDT	25,808	0	0	8,192	34,000	34,000	34,000
LEAD	ST	169,114	117,554	0	413,332	582,446	700,000	700,000
MANGANESE	ST	38,842	92,439	12,364	31,355	70,197	162,636	175,000
MANGANESE ORE								
Battery Grade	IDT	36,980	36,000	20,000	48,816	85,796	121,796	141,796
Chemical Grade	IDT	7,273	7,000	5,000	7,727	15,000	22,000	27,000
Metallurgical Grade	IDT	1,176,250	400,855	300,427	2,126,480	3,302,480	3,703,335	4,003,762

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EXHIBIT "C"
(I)

(A) Material	(B) Unit	(C) Acquisition Program by Years			(E) During F.Y. 1954	(F) Actual 6-30-51	(G) Total Stockpile Inventory		
		(D) During F.Y. 1953	(D) During F.Y. 1952	(D) During F.Y. 1951			(G) Proposed 6-30-52	(H) Proposed 6-30-53	(I) Proposed 6-30-54
MICA									
Muscovite Block	Lbs.	801,506	800,000	800,000	1,671,527	2,473,033	3,273,033	4,073,033	
Muscovite Film	Lbs.	357,844	166,000	165,000	278,298	636,142	802,142	967,142	
Muscovite Splittings	Lbs.	2,199,635	0	0	30,533,674	32,733,309	32,733,309	32,733,309	
Phlogopite Splittings	Lbs.	191,895	0	0	1,408,105	1,600,000	1,600,000	1,600,070	
MOLYBDENUM (Metal Cont.)									
	Lbs.	22,564,278	21,000,000	31,000,000	20,124,904	42,792,704	63,792,704	84,792,704	
NICKEL									
	Lbs.	75,235,770	75,553,600	74,553,600	94,707,213	169,942,983	245,446,583	320,050,183	
OPTUM (Hexphone Cont.)									
	Lbs.	69,622	70,000	70,000	66,213	135,835	205,835	275,835	
PALM OIL									
	Lbs.	56,793,731	8,000,000	0	54,639,875	111,433,606	119,433,606	119,433,606	
PLATINUM GROUP METALS									
Iridium									
	Trooz	8,951	0	0	4,049	13,000	13,000	13,000	
Platinum									
	Trooz	144,494	140,000	140,000	365,278	509,772	649,772	789,772	
QUARTZ CRYSTALS									
	Lbs.	1,642,441	1,200,000	1,100,000	3,305,560	4,948,001	6,148,001	7,248,001	
QUINIDINE									
	Oz.	1,450,000	0	0	519,938	1,969,938	1,969,938	1,969,938	
RARE EARTHS									
	SDT	4,689	3,500	4,700	3,300	7,989	11,489	16,189	
RUBBER, NATURAL									
	LT	342,266	150,000	0	694,239	1,036,505	1,186,505	1,186,505	
SHELLAC									
	Lbs.	7,148,274	3,100,000	4,000,000	9,744,467	16,892,741	19,992,741	23,992,741	
SLIK									
	Lbs.	6,147,947	3,000,000	0	352,053	6,500,000	9,500,000	9,500,000	
SPERM OIL									
	Lbs.	5,024,733	0	0	17,575,267	22,600,000	22,600,000	22,600,000	
TALC, STEARITE BLOCK									
	ST	554	400	400	357	929	1,329	1,729	
TANTALITE (Ta₂O₅ Cont.)									
	Lbs.	428,873	200,000	0	502,344	931,217	1,131,217	1,331,217	

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EXHIBIT "G"

(A)	(B)	Acquisition Program by Years			(F)	Total Stockpile Inventory		
		(C)	(D)	(E)		(G)	(H)	(I)
Material	Unit	During F.Y. 1952	During F.Y. 1953	During F.Y. 1954	Actual 6-30-51	Proposed 6-30-52	Proposed 6-30-53	Proposed 6-30-54
TIN	LT	97,380	14,348	94	113,178	230,558	244,906	245,000
TUNGSTEN (W Content)	Ibs.	19,092,908	17,493,705	17,346,479	43,798,760	63,238,147	80,731,852	98,078,331
VANADIUM (V Content)	Ibs	1,476,404	0	0	6,722,451	8,198,855	8,198,855	8,198,855
VEGETABLE TANNIN EXTRACT								
Chestnut	LT	21,728	21,000	18,000	272	22,000	43,000	61,000
Quebracho	LT	139,240	25,000	225,000	60,760	200,000	225,000	250,000
Wattle	LT	15,000	10,000	10,000	0	15,000	25,000	35,000
ZINC	ST	125,003	21,461	12,163	581,373	706,376	727,837	740,000

FOOTNOTES:

a/ Only 2,500,000 lbs, of total stockpile objective has been programmed, pending review of objective.
 b/ Procurement beyond this point contingent on whether balance of requirement can be stored and rotated.

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Material	Unit	Assumed 5-Year Wartime Requirements	Assumed 5-Year Wartime Supplies Excluding Stockpile	Assumed 5-Year Wartime Supplies plus Actual or Projected Stocks on Hand					5-Year Wartime Supplies plus Actual or Projected Stocks on Hand - as Percent of 5-Year Wartime Requirements		
				As of 6-30-51*	As of 6-30-52*	As of 6-30-53*	As of 6-30-54*	As of 6-30-51	As of 6-30-52	As of 6-30-53	As of 6-30-54
Coconut Oil	Ibs.	450,000,000	48,000,000	254,698,309	447,424,014	447,424,014	447,424,014	56.6	99.4	99.4	99.4
Manganese, Battery Grade	IDF	308,000	125,660	174,476	211,456	247,456	267,456	56.6	68.7	80.3	86.8
Molybdenum (Mo Content)	Ibs	341,000,000	176,000,000	196,124,904	218,792,704	239,792,704	260,792,704	57.5	64.2	70.3	76.5
Cotton, Extra Long Staple	Bales	938,000	542,500	553,912	692,500	817,500	942,500	59.1	73.8	87.2	100.4
Diamonds, Crushing Borf	Cts.	66,400,000	28,700,000	40,377,591	44,067,730	47,867,730	51,567,730	60.8	66.4	72.1	77.7
Quebracho, Extract	LN	482,100	233,524	294,284	433,524	458,524	483,524	61.0	89.9	95.1	100.3
Chromite, Chemical	IDF	891,530	236,250	545,532	906,250	906,250	906,250	61.2	101.7	101.7	101.7
Chromite, Metallurgical	IDF	4,083,000	878,950	2,515,911	3,145,535	3,460,985	3,776,435	61.6	77.0	84.8	92.5
Rubber, Natural	LN	1,402,000	171,000	865,239	1,207,505	1,357,505	1,357,505	61.7	86.1	96.8	96.8
Kyanite	SN	70,000	36,024	44,216	70,024	70,024	70,024	63.2	100.0	100.0	100.0
Beryl	SN	30,466	14,440	19,730	25,479	29,479	33,479	64.8	83.6	96.8	100.0
Chestnut, Extract	LN	238,000	158,730	159,002	180,730	201,730	221,730	66.8	75.9	84.8	100.0
Manganese, Metallurgical	IDF	8,722,000	3,722,000	5,848,230	7,024,480	7,425,335	7,725,762	67.1	80.5	85.1	92.3
Chromite, Refractory	IDF	1,105,000	489,000	763,985	983,985	1,108,985	1,108,985	69.1	89.0	100.4	100.4
Hyoscine	Oz.	10,815	3,750	7,580	10,750	10,750	10,750	70.1	99.4	99.4	99.4
Pin	LN	372,453	129,439	262,617	359,997	374,315	374,315	70.5	96.7	100.5	100.5
Manganese, Chemical	IDF	65,750	38,218	46,945	54,218	61,218	66,218	71.4	82.5	93.1	100.7
Wattle, Extract	LN	134,000	99,090	99,090	114,090	124,090	134,090	73.9	85.1	92.6	100.1
Nickel	Lbs.	1,888,000,000	1,314,000,000	1,408,707,213	1,483,942,983	1,559,490,583	1,634,050,183	74.6	78.6	82.6	86.5
Sperm Oil	Lbs.	22,600,000	0	17,575,267	22,600,000	22,600,000	22,600,000	77.8	100.0	100.0	100.0
Platinum	Trooz	1,901,100	1,115,000	1,480,278	1,624,772	1,764,772	1,904,772	77.9	85.5	92.8	100.0
Flourtemp, Acid Grade	SN	948,700	719,000	740,780	839,684	904,684	969,000	78.1	88.5	95.4	102.1
Graphite, Lubricant Gr.	SN	12,500	7,022	9,840	12,162	12,422	12,422	78.7	97.3	99.4	99.4
Magnesium	SN	679,000	504,000	535,355	574,197	666,636	679,000	78.8	94.6	98.2	100.0

FOOTNOTES:

- a/ Computed supply and requirements cover first 2 years only on account of possibility of substitution thereafter.
- b/ Computed supply 10,273. Reduced to domestic supply, only.
- c/ Computed supply 6,434,720. Reduced to 3,722,000 on account of large shipping requirements and essentiality of item. Deficit becomes 5,000,000.

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ANNEX NO. 5

THE INFORMATION PROGRAM
(Prepared by the Department of State)

Objectives and Minimum Tasks of the Programs

1. The objective of the international information and educational exchange programs is to assure that by the middle of calendar year 1953 the United States Government is possessed of the resources required for effective overt psychological activities in support of and complementary to other measures designed to further the achievement of the national objectives.

2. The general task of the international information and educational exchange programs in facilitating the achievement of these objectives remains as stated in Annex V to NSC 68/3:

"The frustration of the design of the Kremlin will result primarily from concrete decisions taken and vigorous measures executed in the political, military and economic fields by the peoples and the governments of the free world under the leadership of the United States. The task of the United States foreign information and educational exchange programs is to assure that the psychological implications of those actions are, first, fully developed and, second, effectively conveyed to the minds and the emotions of groups and individuals who may importantly influence governmental action and popular attitudes in other nations and among other peoples."

3. The further statement in Annex V to NSC 68/3 likewise continues to be applicable:

"Governmental action and popular attitudes will be influenced along lines favorable to the achievement of United States objectives through recognition of the interests shared by the people and the Government of the United States and other governments and peoples...

The United States and other peoples and nations share common interests, which information and exchange programs can cultivate, in:

a. National freedom, including both the desire for recognized status in international affairs and the desire to maintain characteristic indigenous cultures.

b. Peace and security against external aggression.

c. Social advancement, economic progress and human welfare, under governments responsive to popular aspirations.

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d. Effective international relationships to serve these ends."

4. The situation in which the general task must now be carried out is fraught with greater danger and therefore charged with greater urgency than existed when Annex V to NSC 68/3 was approved and than was then thought would exist now. Moreover, nearly a year's time has been lost in acquiring important facilities, notably powerful radio transmitters strategically placed, and the base of program operations, particularly in the fields of information centers and the exchange of persons, has been narrowed by congressional action. The expansion of the program is therefore more rather than less difficult than it was a year ago.

5. Five specific tasks emerge as the minimum laid upon the international information and educational exchange programs. All actions contributing to military strength, economic stability and political cohesion in the free world will have a psychological impact and will contribute to the successful performance of these tasks, but actions of a primarily psychological character are also called for.

6. The first task is to multiply and to intensify psychological deterrents to aggression by Soviet Communism, whether in the form of outright action by the armed forces of the Soviet Union, of Communist China or of the satellites of the Soviet Union, or in the form of the subversion of existing free governments by civil forces acting on behalf of Soviet Communism.

7. This involves psychological action along the following lines:

a. To keep the people and the leadership of nations under the domination or the influence of the Kremlin, including the Soviet Union itself, keenly aware of the vast potential strength of the free world, the steady transformation of much of this strength into ready defensive capabilities and the determination of the free world to maintain the peace in any honorable way possible but to defend its freedom if necessary.

b. To warn the people and the leadership of such nations of the reckless nature of the policies of the Kremlin and the possible consequences thereof.

c. To open and to widen schisms between the leaders and the armed forces, the bureaucracies, the religious groups, the peasantry, the industrial workers and youth of these nations.

d. To expose among the peoples of nations susceptible to subversive influences the myths surrounding Soviet Communism, to recall the fate of free peoples whose governments have attempted to cooperate with parties and factions subservient to the Kremlin, to minimize fears as to the strength and influence of fifth columns subservient to the Kremlin within such nations and to nourish popular confidence in the capability of these nations, by their own acts and as the result of strength accruing from the cooperation of other free nations, to defend themselves against both aggression and subversion.

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8. The second task is to intensify and to accelerate the growth of confidence in and among the peoples and the governments of the free world, especially in Western Europe, including Western Germany, in their capability successfully to deter aggression by Soviet Communism or to defeat it should it nonetheless occur and to inspire concrete international, national and individual action accordingly.

9. This involves psychological action along the following lines:

a. To convince the peoples and the governments of these countries that, although Soviet Communism is intent upon bringing about the collapse of free societies, its present intentions do not necessarily involve general war and that it may be deterred from general war if unified strength is rapidly built by free nations.

b. To build confidence in the power of existing deterrents to aggression and the still greater power of the deterrents now developing - the certainty that a united, strong free world will win any war that Soviet Communism might precipitate.

c. To develop understanding of the advantages and the necessity of the voluntary participation, in varying degrees, of Germany, Japan, Yugoslavia and Spain in the common defense of the free world.

d. To develop awareness and appreciation of the common interests, loyalties, traditions and symbols shared by the peoples of the free world and of the institutions, global and regional, that embody them.

e. To demonstrate that, although adjustments in living standards will be called for in order to assure the defense of the free world, they can be kept within bearable limits, both as to extent and duration, and the military strength thus created will constitute a shield behind which social and economic progress can later go forward in an atmosphere relieved of tension and fear.

f. To stimulate and to maintain confidence in the leadership of the United States, respect for its peaceful intentions and trust in its reliability, steadiness and moderation.

10. The third task is to combat, particularly in the Near and Middle East and South and Southeast Asia, extremist tendencies threatening the undermining of the cohesion and the stability of the free world and the withdrawal of governments and peoples into neutralism.

11. This involves psychological action along the following lines:

a. To demonstrate the interest of the United States in and its support for the achievement of legitimate national aspirations on terms consistent with the stability and the cohesion of the free world.

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b. To demonstrate that those aspirations will most surely be achieved through cooperation with the free world.

c. To indicate why, in the nature of the present struggle, neutralism is an unreal choice and how attempting to make it is likely to result only in becoming a subject of exploitation by Soviet Communism.

d. To recall the advantages that have accrued and are still accruing to underdeveloped countries from their association with the free world.

e. To foster understanding of the nature and the intentions of the people of the United States and to develop confidence in its leadership.

f. To encourage, without undermining responsible established authority, all progressive forces bent on political advancement, economic improvement and social reform.

g. To indicate how the exacerbation of national antagonisms within an area create opportunities for aggression and subversion by Soviet Communism and to encourage a will for peaceful settlement.

12. The fourth task is to maintain among the peoples held captive by Soviet Communism, including the peoples of the Soviet Union, hope of ultimate liberation and identification with the free world and to nourish, without provoking premature action, a popular spirit disposed to timely resistance to regimes now in power.

13. This involves psychological action along the following lines:

a. To make continuously plain that the United States looks to the establishment in nations dominated or heavily influenced by Soviet Communism of governments commanding the confidence of their respective peoples, freely expressed through orderly representative processes.

b. To promote faith that the present situation in the world will not last forever and that the ultimate triumph of freedom is inevitable.

c. To keep alive national traditions and values linking to captive peoples with the free world.

d. To keep the captive peoples accurately informed of situations and developments in the free world as a source of hope and a guide to timely action.

14. The fifth task is to maintain among peoples and governments traditionally linked with the United States, particularly in Latin America, a continued recognition of mutual interdependence and to promote national and individual action accordingly.

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15. This involves psychological action along the following lines:

a. To convince such peoples and governments that the United States is sincerely sympathetic with their legitimate national aspirations, and the rest of the free world, achievement of those aspirations is being hastened.

b. To convince these peoples and governments that their freedom is inextricably involved with that of other nations and peoples, is dependent in part upon the skills and resources of other nations and peoples and that the preoccupation of the United States with problems in other areas is therefore justified and in their interest.

c. In Latin America, to foster conscious popular devotion to the principle of Pan-Americanism as the concept within which the American nations can best realize their potentialities and discharge their obligations as members of the free world.

16. The tasks are set forth in descending order of importance and are related to specific geographic regions and countries:

a. The task of deterring aggression by Soviet Communism, paragraph 6 above, must be carried out primarily among the Soviet Union, China, Poland, Czechoslovakia, Hungary, Rumania, Bulgaria, Albania, East Germany and North Korea as regards open aggression by armed forces and among France, Italy, Western Germany, Burma, Indo-China, Iran and Indonesia as regards subversion of existing governments by civil forces acting on behalf of Soviet Communism.

b. The task of building confidence in the capability of the free world to maintain peace by building united strength, paragraph 8 above, must be carried out among all nations not dominated by Soviet Communism but especially those linked in the North Atlantic Treaty Organisation and closely associated with them in defensive plans: United Kingdom, Canada, Iceland, Norway, Denmark, Belgium, the Netherlands, France, Portugal, Italy, Turkey, Greece, Western German, Austria and Spain; those linked in the Rio Treaty, especially Mexico and Brazil; and those linked in the Pacific Alliances, including Japan and the Philippines.

c. The task of combatting extremist tendencies threatening the cohesion and stability of the free world, paragraph 10 above, must be carried out primarily among India, Iran, Pakistan, Indo-China, Burma, Indonesia, Taiwan, Thailand, the Philippines, Malaya, Egypt, Lebanon, Syria, Iraq, Morocco, Guatemala, Israel, Tunisia, Jordan, Afghanistan, Saudi Arabia.

d. The task of maintaining hope of ultimate liberation from domination by Soviet Communism, paragraph 12 above, must be carried out primarily among the peoples of the nations in which the task of deterring aggression by Soviet Communism must also be carried out.

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e. The task of maintaining a continued recognition of mutual interdependence among governments and peoples traditionally linked with the United States must be pursued especially among the nations of Latin America and the Near and Middle East.

Description of the Program

Elements Comprising the Program

17. The elements comprising the recommended program include activities carried out under the United States Information and Educational Exchange Program (Public Law 402), the Public Affairs Program for Germany, the Public Affairs Program for Austria, the Public Affairs Program for Japan, the Iranian Student Aid Program, the Chinese Assistance Program, the Finnish Program, the India Grain Program (pending) and the Fulbright Program (Public Law 584).

18. The latter five programs are concerned solely with the exchange of persons. The Fulbright Program is financed in foreign currencies made available as payments on debts owed the United States by other governments; no appropriation is required to carry it out. Although they contribute substantially to the achievement of the psychological tasks set forth above, these programs are only complementary to the major effort.

19. Successful execution of the tasks laid upon the international information and educational exchange program will depend primarily upon the propaganda and psychological activities carried out under Public Law 402 and the Public Affairs Programs for Germany, Austria and Japan. Responsibility for the conduct of the latter, now that the Peace Treaty has been signed, will pass from the Department of Defense to the Department of State. The German and Austrian programs, already closely integrated with the global program, will be moved into the Public Law 402 program in fiscal 1953.

20. The recommended program under Public Law 402 for FY 1953 and FY 1954 contemplates the following major activities and developments over and above the program currently authorized.

21. Public Law 402 Program:

a. Radio Broadcasting. The rapid completion of the radio ring, involving the construction of four additional megawatt shortwave transmitters in the United States, bringing the total of super-high-powered transmitters in this country to 6 (plus the 38 lower-powered transmitters now in use).

The origination of radio programming at Munich, for Eastern Germany, Eastern Russia, Poland, Czechoslovakia and Hungary; at Salonika, for the southern Balkans and Southeastern Russia, using splinter languages of the region, such as Armenian, Uzbek, and Azerbaijani; and at Okinawa (or equivalent), for China and Southeast Asia.

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The provision of low-cost receivers for distribution behind the Iron Curtain and in other strategic areas where receivers are generally unavailable to target groups.

The substantial step-up of the purchase of time on and the preparation of programs for local broadcasting stations in foreign countries.

These measures are designed to assure: first, a signal strong enough to reach all areas behind the Iron Curtain and to overcome present jamming to the maximum extent possible; second, programs closely tailored, to local requirements; third, a widespread audience; and fourth, the presentation of programs over indigenous channels and lacking identification of the United States as the source.

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If appropriations for the completion of the ring plan are made not later than the middle of FY 1952, the facilities can be in full operation within approximately eighteen months thereafter. The completion of the ring plan and the execution of other measures outlined above will provide the most effective, and indeed the only overt, means of applying psychological deterrents to aggression by Soviet Communism through open military action. They will also provide the most effective and only overt means of stimulating hope of ultimate liberation among the peoples held captive by Soviet Communism.

b. Press and Publications. A heavy increase in the preparation of material for pamphlets, posters, publications and exhibits, directed toward specific target groups, to be locally adopted and produced abroad and distributed, either by overt or covert means, without attribution to the United States Government.

The opening of regional contracting offices to obtain the propaganda advantages of foreign production under conditions that will assure technical excellence and economy.

An intensification of the purchase overseas of research, writing, translation and art work from local sources, particularly where such purchase will facilitate the utilization of the press and publication output.

Under the appropriation for the current fiscal year, the preparation of such materials at the level reached by the end of fiscal year 1951 must be curtailed. The recommended program would provide not simply for maintaining production at the level reached in FY 1951 but for increasing it to the point where maximum use can be made of the printed word and picture as instrumentalities in: (a) creating psychological deterrents to aggression, whether by armed force or by civil subversion; (b) in building confidence among the peoples of the free world; (c) in combatting extremist forces threatening stability and cohesion; and (d) in stimulating hope of ultimate liberation.

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c. Motion Pictures. An increase of 300% in the production of documentary motion pictures and newsreels adapted to the interests of local audiences and designed for distribution through all available channels, including those in the commercial field.

Intensive efforts to utilize theatrical and commercial film production, which has not been possible under a limited budget.

Substantial overseas film production, both regional and on a country basis, including production without attribution to the United States.

Particularly in underdeveloped countries and among audiences with limited literacy, but also among industrial workers, farmers and youth in more advanced countries, motion pictures are a prime instrumentality for building confidence, exposing the threat of aggression and combatting tendencies toward neutralism.

d. Information Centers. Increasing the number of information centers, particularly in the Near and Middle East. There are now 109 centers in operation, with an increase of up to 20% anticipated in the current fiscal year. At least two hundred centers could be effectively used in the projected all-out campaign.

Increasing by ten-fold the number of United States books translated and published in local languages, particularly in Near and Middle East, Far East and South Asia.

These measures are designed to further, particularly among intellectuals, public leaders, teachers and officials, the development of confidence, the combatting of extremism and the cultivation of the sense of mutual interdependence.

e. Exchange of Persons. An increase from 3900 to 10,000 in the number of public opinion leaders, trade union leaders, farm leaders and youth leaders brought to the United States, particularly from Asia, the Near and Middle East and Western Europe.

Improvement in the facilities for dealing with such leaders during their visits to the United States.

Personal contact and observation is a prime means of developing confidence, fostering a sense of mutual interdependence and combatting neutralism. The proposed measure will significantly increase the effectiveness of this means of affecting psychological attitudes.

f. Overseas Missions. The information program overseas missions, attached to the United States Embassies, Legations and major consular establishments, are the instrumentalities through which the media elements of the psychological program are carried out. Intensification of the media activities, therefore, although it does not mean a proportional

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increase, does require a considerable strengthening of the overseas missions - both quantitatively and qualitatively. The program outlined above must be reflected in the field organizations in these ways:

- (1) The addition to existing public affairs staffs of media specialists and technicians to provide a balanced propaganda team.
- (2) The recruitment and assignment to the field of more highly skilled, top-level information specialists.
- (3) The opening of a substantial number of "decentralized" operations, relatively small in size, shrewdly staffed, and strategically placed in the natural centers of target groups, such as industrial and agricultural centers, particularly in Western Europe, the Middle East and South Asia.

This field program would mean an increase of about 50% in both American and local employees, to make a total of about 1300 American and 6500 local employees throughout the world.

22. The Public Affairs Program for Austria. During the current fiscal year, the program now being carried on will be increased somewhat in size and to a larger extent in emphasis. By the end of the year, the program, which essentially involves the same media and techniques as the Public Law 402 program in other countries, will be geared to achievement of the aims of the United States psychological offensive in Austria and will be carried forward at about the same rate in fiscal 1953.

23. The current change in the emphasis of the program involves particular attention to specific priority target groups, such as labor and the so-called "middle class" which have historically been the victims of totalitarian ideologies. This involves especially the use of the United States newspaper in Vienna, the development of a specialized news file for Austrian newspapers, the U.S. operated radio network, and a stepped-up pamphlet and leaflet operation.

24. The Public Affairs Program for Japan. The present Civil Information and Education Program in Japan is conducted under SCAP, with the authority of the Occupation directives as a basis. It is in part directed toward internal reform and reconstruction, and in part to Japanese acceptance of the foreign policy goals of the United States. With the recognition of Japan as a sovereign nation, the present program is being revised to aim primarily at the latter objective.

25. The revised public affairs program will represent about the maximum overt operation that can be conducted profitable in Japan, and will be continued in fiscal year 1953 if funds are available. The revised program will place particular emphasis on:

- a. Maintenance of the 23 information centers established under the Occupation as focal points for the adaptation to local needs of all information and educational exchange operations.

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- b. Continuation of a large-scale exchange of persons operation.
- c. Developing press materials directed specifically to target groups within the country.
- d. Establishment of a cooperative radio program using both Voice of America broadcasts and local broadcasting arrangements made through the Broadcasting Corporation of Japan and local commercial radio stations.
- e. Widespread use of documentary films throughout all areas of Japan.

26. The Public Affairs Program for Germany. This program, because of the particular problems involved in the occupation of Germany, and the availability of local currency for program purposes, is now carried on at approximately the level required for an optimum overt information, and educational exchange program. If this scale operation is to be continued, however, it will be necessary to substitute ~~local~~ funds for an anticipated reduction in local currency resources, particularly ECA counterpart funds. Of the \$44 million projected for the current year program, only \$14.5 is from appropriated dollars.

27. Changes in the content and organization of the program are planned to adapt it to the anticipated political relationships with the German Federal Republic. The principal changes are:

- a. Extension of the program as a whole to all of Western Germany including the British and French zones, thus reducing its concentration in the U.S. Zone;
- b. Enlistment of a greater degree of German participation in the program and its administration including participation by German Governmental and private agencies, and
- c. Withdrawal from most of the activities now being carried on at the local community level under the direct initiative of HICOG.

28. Tentative plans call for the accomplishment of these changes through establishment of 15 regional centers, each center being the site of an information center. The centers will be distributed throughout all three zones of Western Germany. Staff based at such centers will be concerned with the administration of the exchange program, cultural and education activities, film distribution and use, servicing of press and publications, dissemination of pamphlets and other informational materials, liaison with German radio stations, etc.

29. Assumptions and Policies on Which the Program is Based. The projected program can be achieved by the middle of calendar year 1953 if:

- a. a supplemental appropriation for operational expansion is available in January 1952. About \$44.5 million will be required;

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b. a supplemental appropriation to complete the "ring plan" for radio facilities within 18 months, requiring about \$100 million in cash or contract authorization, is available in January 1952.

30. It is assumed that the information program set forth in this document; and the estimate of required funds, represents the total worldwide overt propaganda program of the United States Government, and that any other public information activities, such as those in connection with foreign economic and military assistance, will be confined to the promotion of the limited objectives of the respective programs under which they are authorized.

31. It is assumed that the administrator of the outlined program will have wide operating flexibility and that funds will be available for stated purposes without restrictive limitations.

32. Estimate of the Cost of the Program for Fiscal Year 1953. There follows an estimate of fund requirements to attain in fiscal year 1953 the level of operation to meet the needs of the situation as outlined above. It will be noted that:

a. The amount provided in the estimate for activities under Public Law 402 is substantially the same as projected in Annex V to NSC 68, prepared in October 1950, with an increase of 15 percent to provide for price rises since that time and the addition of \$8 million to provide for a program in Japan which is financed this year from appropriations to the Department of the Army.

b. There are no significant new technical developments susceptible of employment in the overseas information program during fiscal year 1953 which were not anticipated in Annex V of NSC 68. Opportunities for strengthening the program in 1953 lie, therefore, in better use of known methods rather than in new devices. Progress in technical research indicates, however, that certain new developments in radio broadcasting may be available by fiscal year 1954. Financial provision must be made for continued research for the development of new methods in all media fields. The sum of \$10 million for this purpose and for construction necessary to make immediate application on at least a pilot model basis of new developments has been included in the estimate.

c. Successful attainment of a maximum effort in fiscal year 1953 will require a supplemental appropriation for the current fiscal year of \$44.5 million for operating purposes and \$100 for construction of radio facilities. The operating budget must be expanded to permit the recruitment of staff and the preparation of working materials to be utilized next fiscal year. Completion of the radio facilities ring, which will require in the neighborhood of 18 months, has already been jeopardized by the delay in enactment of appropriations for this purpose.

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~~SECRET~~Estimate of Fund Requirements for Fiscal Year 1953

<u>Program</u>	<u>Amount</u> <u>(Dollars)</u>
USIE - Public Law 402	
a. Operations	\$226,000,000
b. Development and Capital Investment	<u>10,000,000</u>
	\$236,000,000
Public Affairs Program for Germany	44,000,000 <u>1/</u>
Public Affairs Program for Austria	4,800,000 <u>1/</u>
Chinese Assistance Program	900,000 <u>2/</u>
Fulbright Program	9,400,000 <u>3/</u>
Finnish Program	398,000 <u>4/</u>
Iranian Trust Fund Program	35,000 <u>5/</u>
India Grain Program (Exchange of Persons)	<u>1,000,000</u> <u>6/</u>
Total	\$296,533,000

Relationship of Recommended Program to the Needs of National Defense and Factors which Limit the Program.

33. Relationship of Program to National Defense. The present struggle between the forces of freedom and the forces of slavery is being prosecuted as actively on the psychological front as on the military. The Kremlin has taken the initiative in this matter. Communist strategy relies heavily on propaganda as a device for fomenting discord and dissatisfaction, for bringing the Communist party into power with the assistance of internal and external forces and for retaining its hold over captive peoples who are frequently basically hostile to the whole concept. Military preparedness alone cannot cope with the threat of Communism. It cannot preserve the peace nor win the victory in the event of war unless there exists the will to resist and a conviction in the basic principles for which the free world stands.

- 1/ Cross requirements. Will be offset in part by local revenues.
- 2/ Balance remaining in current appropriations.
- 3/ Value of foreign currencies owed to U.S. No appropriation required.
- 4/ Payment due from Finland on World War I debt. No appropriation required.
- 5/ Estimated expenditure from Trust Fund.
- 6/ Estimated amount to be available from interest payments by the Government of India. No appropriation required.

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34. The U.S. position in the present crisis is that war is not inevitable, that the peace can be maintained if the free nations are strong physically and economically, if they cooperate and have the will to resist. The USIE program seeks to make this position clear to large numbers of people on both sides of the iron curtain. East of the curtain the expression of America's confidence that these goods are attainable serves to deter further physical aggression by the Kremlin. West of the curtain it encourages and inspires greater effort.

35. If world war should come the USIE program provides an operation which can quickly be transformed into a psychological warfare weapon. To the extent that planning must prepare for this eventuality the development of an adequate staff -- trained and equipped for the job -- is a must. Equally important is the completion of the radio facilities ring to provide a communications system which can reach around the world and overcome both artificial jamming and the natural interference of atmospheric phenomena.

36. Analysis of Limiting Factors. Successful implementation of this program to exert maximum overt psychological pressure on peoples overseas requires the removal of several serious obstacles:

a. Congressional leaders, particularly the appropriations committees, must understand the relationship of this program to the defense effort and the need for adequate appropriations. The Department alone cannot put this message across. Endorsement and active support by appropriate agencies in the defense field and the Bureau of the Budget is required.

b. Restrictive limitations which bind the administrator to the use of funds for one particular media activity or which virtually prohibit the use of funds for certain essential purposes must be eliminated from appropriation acts.

c. Recognition at both Congressional and executive levels must be given to the fact that many overseas information activities require a period of months to initiate and that once begun they must continue for a period of time if they are to be effective. An annual appropriation system which permits the amount of funds available to vary widely from year to year is not conducive to good management or successful operation. Moreover, the delays in enacting annual appropriations make it very difficult to plan effectively.

d. Greater attention must be given to the overseas propaganda implications of public pronouncements by public officials in all branches of government. There is a positive as well as a negative side to this problem. Much can be done to strengthen U.S. foreign policy by an appropriate speech at the proper time. USIE is limited in its basic charter and appropriation solely to overseas activities and must rely on the public relations staffs of the executive departments to prepare materials for domestic use.

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37. Although a year's time has been lost in implementing the program first set forth in Annex V to NSC 68/3, the program can still be highly effective in promoting the achievement of the national objectives, if prompt legislative action is taken. If a supplemental appropriation is voted shortly after January 1, 1952, for the radio ring, it can be in full operation within approximately eighteen months. If another supplemental for the program operations is voted at approximately the same time, the effect of the current appropriation in narrowing the base of program operation other than radio broadcasting can be offset and overcome. The expectation is justified that, given those appropriations, the expanded program can go forward in FY 1953 with hardly a break in tempo and reach a performance peak by the end of FY 1953. If the supplementals are not voted, the reductions necessitated by the current appropriation will make impossible the achievement of effectiveness before the end of FY 1954.

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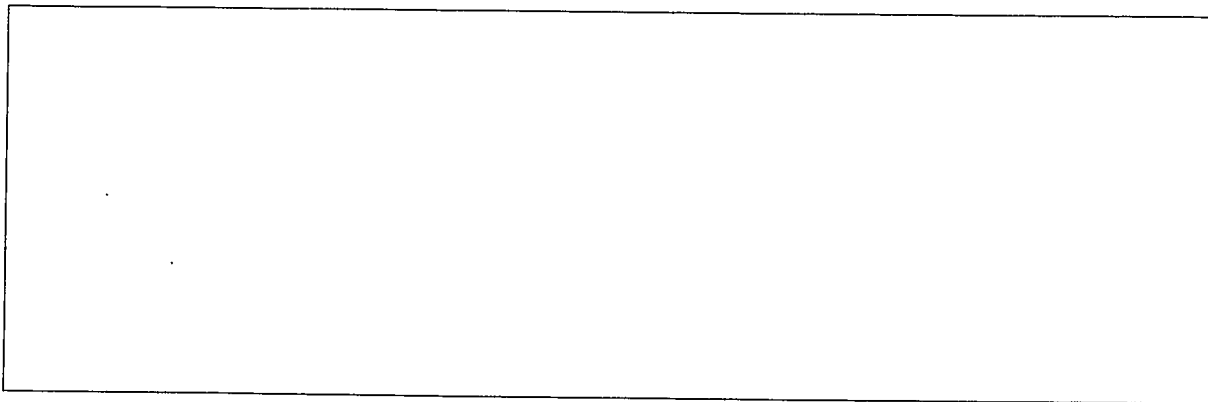
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Annex No. 6

FOREIGN INTELLIGENCE AND RELATED ACTIVITIES
(Prepared by the Central Intelligence Agency with the
Concurrence of the Intelligence Advisory Committee)

1. The peculiar nature of intelligence operations makes it difficult to project national intelligence planning in terms comparable to those employed in a program aimed at the attainment of manpower or production goals. While intelligence must intensify its activities if it would audit the Soviet world's growth in strength and estimate its intentions, expansion in itself offers no guarantee of improved intelligence. Improvement in the intelligence product is dependent not only upon increased collection of reliable foreign intelligence but upon the skill with which it is evaluated and assembled in the form of estimates. Thus the root problem of intelligence is obtaining personnel skilled in collection and evaluation.

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4. To improve the over-all value of their intelligence product, the national intelligence agencies must focus added emphasis upon three essential parts of their program:

First, they must make certain that substantive objectives in field activity, research, and estimates are properly related to the political and military problems confronting members of the National Security Council.

Second, the activities of the intelligence agencies of the government must be so synchronized that the resources of each provide maximum support for the attainment of these objectives.

Third, they must constantly re-assess and strengthen their capabilities and resources.

5. It is especially important that collection facilities of the national intelligence agencies be improved. Efforts are being made to establish accurate priorities of essential elements of information. This requirement is especially important in the field of clandestine collection where extraordinary difficulties are encountered.

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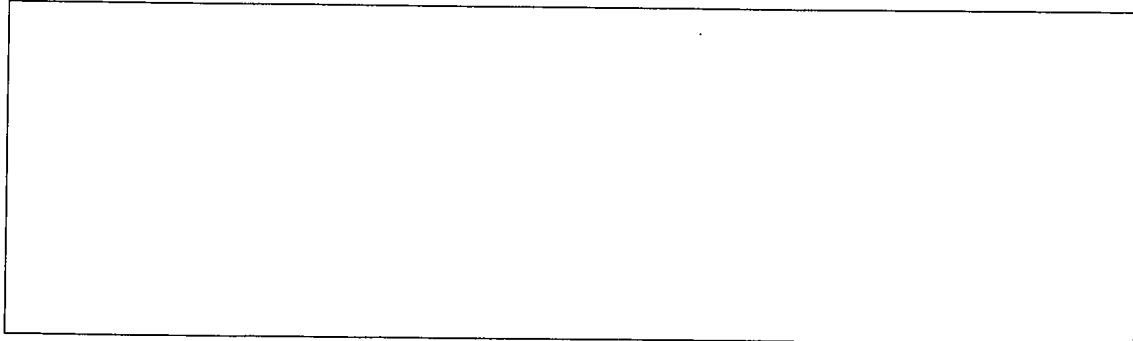
6. Establishment of a coordinated program for systematic analysis of the Soviet and satellite economies should provide a better appraisal of the capabilities and long-range intentions of the USSR. It should likewise suggest possible avenues of U. S. counteraction by exposing the vulnerabilities of the USSR and its satellites.

7. Progress has been made in the collection of intelligence by scientific means (as distinct from the collection of scientific intelligence itself), but much remains to be accomplished in this field, especially in view of the difficulties encountered in "conventional" clandestine activities.

8. In the coordination of foreign intelligence among national intelligence agencies, the Director on Central Intelligence is required by law to correlate the intelligence produced by each in order to ensure that no gaps are left uncovered between agencies. At the same time by recommendation to the National Security Council, he can initiate action to prevent duplication of effort or over-lapping of one agency upon the field of action or functions of another. The Central Intelligence Agency is likewise charged with responsibility for services of common concern which can most advantageously be performed centrally. While progress has been made in this process of coordination, there is still need for improvement.

9. The Intelligence Advisory Committee with representation from each of the departmental intelligence agencies has been increasingly helpful in facilitating consultation and the exchange of opinion among intelligence chiefs. The IAC provides a means whereby the chief of intelligence of each agency of government can comment upon, concur in, or object to recommendations, proposals, or conclusions regarding problems of national intelligence concern.

10. To provide rapid dissemination of information on significant military or political events, there has been created an interdepartmental Watch Committee whose responsibility it is to review systematically all incoming reports and to be alert for indications of critical moves. Facilities for prompt transmission and for evaluation of these indications are constantly being improved.



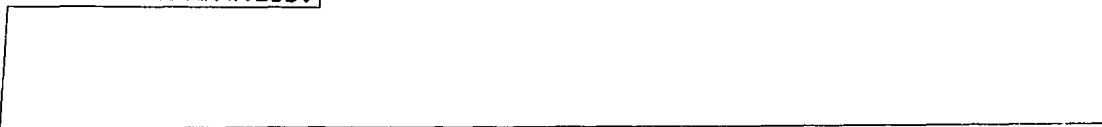
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b. In overt intelligence programs output varies almost directly with the allocation of personnel and facilities. Present limitations operate to the effect that a minimum program to meet fixed commitments

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can be met only with the greatest difficulty with no margin for satisfying increasing demands resulting from the deteriorating world situation. In the opinion of the Intelligence Advisory Committee representatives of the Armed Forces, presently directed personnel cuts will make it impossible to maintain even this minimum program. The Department of State indicates difficulty in obtaining budgetary provision for adequate personnel expansion.

12. a. In summary, the sharpened intensity of U.S.-Soviet relationships emphasizes the immediate need for intensification of intelligence and related activities.



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b. At the same time, the intelligence services, currently taxed with expanded requirements, must adequately prepare for vast expansion in the event of the spread of hostilities. If the intelligence services are to prepare for these wartime operations while undertaking commitments that currently strain their present capabilities, it is imperative that they obtain sufficient personnel and the logistical support required for the execution of these tasks.

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Annex No. 7

THE INTERNAL SECURITY PROGRAM

(Joint Report of the Interdepartmental Intelligence Conference and the Interdepartmental Committee on Internal Security)

- A. A statement of the objectives and minimum tasks which the internal security program is designed to fulfill.

The objective and minimum task of the internal security program is to provide an internally secure United States, free from the over-all threat of the Communist, or other subversive movement, and more particularly free from the dangers of espionage, sabotage, and other disruptive tactics generally employed by such subversive movements and other enemies of our country.

- B. Description of the nature, magnitude, and timing of the internal security program designed to meet the above objectives and tasks.

Protection of the nation's internal security is an integral and vital element of our security as a nation. Accordingly, the plans and programs for protecting our internal security must be maintained and increased in direct relation to the maintenance or acceleration of our national security program. Substantial progress has been made in the efforts of the Executive Branch of the Government to attain adequate internal security. This progress has been the result of the combined and continuing efforts of the Interdepartmental Intelligence Conference (IIC) and the Interdepartmental Committee on Internal Security (ICIS), which were established by the President under the National Security Council.

1. Elements compromising the program:

- (a) The continuing coordination of the broad field of internal security.
- (b) The additional expansion of domestic intelligence and counter-intelligence coverage.
- (c) The provision of an adequate legal basis for insuring the nation's internal security through additional statutory and regulatory means.
- (d) The investigation, apprehension, prosecution, and detention of persons who may be involved in subversive activities, including the violation of laws relating to treason, sedition, espionage, sabotage, etc.

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- (e) The protection of critical governmental, industrial, and other installations and facilities, including telecommunications, airports, ports, harbors, etc.
- (f) The maintenance of an adequate program to insure the loyalty and security of personnel employed in the Executive Branch.
- (g) The establishment of minimum standards for security clearance for access to classified data on the part of personnel in the Executive Branch.
- (h) The readying of measures to be employed, when appropriate, with respect to foreign official and diplomatic personnel.
- (i) The establishment of effective controls over the entry or departure from the United States of persons potentially dangerous to the internal security, and over the importation and exportation of materials, the entry or exit of which would endanger the national security.
- (j) The institution of procedures to protect classified security information in the Executive Branch and to determine the eligibility of representatives of foreign governments to receive such classified security information.
- (k) The development of: (1) Procedures for the voluntary restriction of the dissemination of unclassified strategic information affecting the national security; (2) Appropriate pre-publication screening procedures relating to strategic information in the Executive Branch affecting the national security, and (3) A censorship plan for implementation if and when required.
- (l) The establishment of measures designed to defend against the introduction and use of unconventional attack media.
- (m) The increasing of the timely collection and distribution of foreign intelligence as it relates to internal security.

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2. Assumptions and policies upon which the program is based.
- (a) A nationally secure United States presupposes an internally secure United States.
 - (b) The subversive forces of Communism and other agents of the Soviet Union and Soviet bloc nations constitute the major threat to the internal security and are a very serious, substantial and present danger.
 - (c) The United States is in a period of acute danger which will continue until an adequate position of strength is achieved.
 - (d) The internal security program contemplates a condition of immediate danger short of a declared war.
3. Estimate of cost of the program for Fiscal Year 1953 and Fiscal Year 1954.

INTERDEPARTMENTAL INTELLIGENCE CONFERENCE

Department of the Army (G-2):

Fiscal Year 1953	-	\$31,339,166.99
Fiscal Year 1954	-	\$31,407,590.05

NOTE: An additional amount of \$56,811,138.00 will be required to implement the National Censorship Program if and when directives are issued for the implementation of that Program.

Department of the Navy (ONI):

Fiscal Year 1953	-	\$10,314,800.00
Fiscal Year 1954	-	\$10,314,800.00

Department of the Air Force (OSI):

Fiscal Year 1953	-	\$20,558,271.00
Fiscal Year 1954	-	\$20,126,180.00

NOTE: These estimated figures for G-2, ONI, and OSI include only those expenditures necessary for the operation of the program in the United States.

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Federal Bureau of Investigation (FBI):

Fiscal Year 1953	-	\$21,956,774.00
Fiscal Year 1954	-	\$22,493,243.00

NOTE: These estimated figures contemplate the continuance of the Bureau's present accelerated internal security program and do not include any costs of new programs incidental to national defense that may arise. The amount shown for Fiscal Year 1953 is presently in the FBI budget for 1953, and the amount shown for Fiscal Year 1954 is the amount which will be requested for the accelerated portion of the internal security program for that year. The figures represent only the acceleration of the internal security program inasmuch as the operational procedures of the FBI are such as to make it virtually impossible to divide the internal security portion of the work from the other work and thereby arrive at an over-all lump sum figure for the internal security program.

INTERDEPARTMENTAL COMMITTEE ON INTERNAL SECURITY

	<u>FISCAL YEAR</u> <u>1953</u>	<u>FISCAL YEAR</u> <u>1954</u>
Department of State	\$ 5,014,234	\$ 5,014,234
Department of the Treasury	23,800,000	23,800,000
Department of Defense	206,029,284	200,776,734
Department of Justice	23,543,559	23,543,559
Department of Commerce	926,074	926,575
General Services Administration	670,000	645,000
Subversive Activities Control Board	452,425	452,425

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	<u>FISCAL YEAR</u> <u>1953</u>	<u>FISCAL YEAR</u> <u>1954</u>
Federal Communications Commission	\$ 155,600	\$ 131,000
Federal Security Agency (Public Health Service)	5,172,690	5,172,690
Industrial Security Program	171,400,000	171,400,000

NOTE: Where possible a departmental breakdown of estimates relating to internal security has been obtained. In the case of the industrial security program it has not been possible at this time to estimate the impact of industrial security measures upon the affected departments and agencies. It has been impossible to estimate possible budgetary implications which may result from the study of procedures and statutes to assure uniform administration of provisions relating to security risks in the Executive Branch, or of the imposition of minimum standards for the handling and transmission of classified security data, or for the program establishing minimum standards for security clearance for access to classified data. Many programs in the Executive Branch relate indirectly or incidentally to internal security although primarily designed to achieve other objectives and are thus not considered in these cost estimates. Each department or agency which maintains a security division necessarily expends a certain amount which contributes to the internal security; such figures are also not represented in these estimates.

- C. An analysis of the extent to which the recommended internal security program will meet the needs of national security, including a statement of limiting factors.

The internal security program set forth herein will, if implemented, contribute substantially to the attainment of the objective outlined in A. above.

The basic limiting factors affecting the attainment of this internal security program would include lack of funds and manpower, lack of adequate foreign intelligence relating to internal security, and lack of adequate legislation.

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September 1, 1951

THE INTERNAL SECURITY PROGRAM
(Prepared by the Interdepartmental Intelligence Conference)

A. A statement of the objectives and minimum tasks which the internal security program is designed to fulfill.

The objective and minimum task of the internal security program is to provide an internally secure United States, free from the over-all threat of the Communist, or other subversive movement and more particularly free from the dangers of espionage, sabotage, and other disruptive tactics generally employed by such subversive movements and other enemies of our country.

B. Description of the nature, magnitude, and timing of the internal security program designed to meet the above objectives and tasks.

As sabotage, espionage, and subversion within the United States can cause the loss of American lives and the loss of battles anywhere in the world, the internal security of the United States is an integral and vital element of our security as a nation. Accordingly, the plans for our national security must include plans for maintaining and increasing as needed the domestic forces safeguarding our internal security.

The program for defending our internal security is a continuing one and the necessity for intensification and acceleration will not be lessened by any factors in the foreseeable future. The program envisioned is predicated on a continuation of the present international situation creating an emergency situation domestically which will not be changed by a successful conclusion of peace negotiations in Korea. The program is not timed or predicated on possible general hostilities, but such would, of course, materially change the activities designed to effect a secure United States internally. The program outlined to meet the above-described objectives is as follows:

1. Elements comprising the program.

a. Domestic intelligence and counterintelligence coverage - The combatting of the Communist and related programs within the United States necessitates extensive coverage of the activities of individuals and organizations whose aims are to further the interests of Communism and of Soviet Russia and its satellites. Due to the underground-type operation presently used by the Communist Party in the United States and the increased security measures, as well as greater precautions, taken by the Soviet espionage organization, its diplomats, and other representatives, the maintenance of this coverage is becoming increasingly difficult and requires the expenditure of additional manpower and effort.

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In addition to the coverage maintained, established and contemplated on actual Communist and Communist front organizations and other organizations active on behalf of Soviet Russia, a program has been instituted for the development of confidential plant informants for the purpose of insuring prompt receipt of information pertaining to espionage, sabotage, or subversive activities in certain types of facilities connected with the national defense and economy. These informants have been developed in the following types of facilities:

(i) Vital facilities designated by the Secretary of Defense as of great importance to the defense effort and which are operated by civilians. Those plants have been designated which are absolutely necessary to the conduct of a war even though not all presently are engaged in defense work. All individuals listed in the Security Index of the FBI who are employed in these facilities have been identified, and all interested agencies have been advised of the employment of these individuals in the various facilities.

(ii) Facilities holding classified contracts awarded by the Army, Navy, Air Force and other Government agencies in connection with the defense effort.

(iii) Facilities designated by the Atomic Energy Commission. These facilities are in three categories, according to priority and importance. Class "A" facilities include such sites as Los Alamos, New Mexico; Oak Ridge, Tennessee; and Hanford, Washington. The most important are given close attention by the FBI. The facilities labeled Class "B" and Class "C" are of lesser importance and although given lower priority ratings by the Atomic Energy Commission, informants also are developed in these facilities by the FBI.

(iv) The bases of the Strategic Air Command, at the specific request of the Air Force, are given special consideration in connection with this program. Confidential informants are being developed by the FBI among civilian personnel residing off of these bases, in order to insure prompt receipt of information relating to possible riots and disturbances, as well as espionage, sabotage and subversive activities in connection with them. This is in addition to, and supplements the informant coverage normally maintained by the Office of Special Investigations, Department of the Air Force.

(v) Since August, 1950, American Legion national and departmental officers and members throughout the country have been contacted for the purpose of soliciting their assistance by furnishing information pertaining to espionage, sabotage and subversive activity, especially those members employed in vital industry and acquainted in foreign language groups.

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b. Investigations, prosecutions, and related programs - Prosecutions based on the information obtained through investigations in the internal security field have been vigorous and successful. The conviction in New York of the eleven Communist Party members for advocating the overthrow of the United States Government by force and violence and for conspiracy to overthrow the government of the United States has made possible the prosecution of other important Communist Party officials. Extended investigations have been necessary and will be necessary in the future to prepare these cases for successful prosecution. Investigations of an espionage character have already resulted in successful prosecutions and exposure of Soviet espionage efforts. Notable among these cases was the Dr. Emil Klaus Fuchs case, which revealed that Fuchs, a British scientist, had given atomic secrets of this country to Russia. As an outgrowth of this case, a number of other successful prosecutions have resulted. Confidential information indicates, however, that the Soviet Intelligence Services feel that counterespionage has improved in the United States and consequently added security measures are being taken by the Soviet Intelligence Services in their operations in the United States. The Communist Party has, in large part, gone underground principally due to these successful prosecutions. Investigations have necessarily become more complex and further intensification of investigative efforts are necessary in view of the security measures invoked by the Communist Party and the Soviet Espionage Service.

A further prosecutive program has developed as an outgrowth of the Loyalty of Government Employees Program, the extensive hearings conducted by the various federal legislative committees, and the prosecution of the Communist Party leaders. There are an increasing number of prosecutions for such subsidiary violations as Fraud Against the Government, Perjury, and Citations for Contempt. The Federal Bureau of Investigation and the Immigration and Naturalization Service are collaborating on cases involving the deportation of subversive aliens and denaturalization and deportation of naturalized citizens who fraudulently procured their citizenship by denying their subversive affiliations. The registration provisions passed with the Internal Security Act of 1950, and which in effect compel the public registration of those who have knowledge of or have received instruction or assignment in espionage or sabotage for a foreign government should also result in increased exposure and prosecutions.

Security indices listing persons considered dangerous to the national defense and public safety have been established by member agencies of the Interdepartmental Intelligence Conference. These indices are designed to permit action in the event of war or other emergencies indicating the necessity for such. The FBI security indices would make possible the apprehension and detention of individuals considered dangerous. These indices would also enable military agencies to detain, discharge, or transfer to non-critical positions the persons considered dangerous within the Military Establishment. Extensive, continuous, and vigorous investigations are necessary to keep these indices in a current condition ready for instant use. The problem of keeping tab on the whereabouts of these individuals has

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been tremendously enhanced by the Communist Party going underground and the security measures which the Communist Party - USA has invoked to conceal its operations.

The Loyalty of Government Employees Program and various personnel security measures are designed to eliminate from governmental employment or to prevent access to classified information of persons who are disloyal or are security risks for other reasons. Extensive investigations are being performed in carrying out the responsibilities of the member agencies of the Interdepartmental Intelligence Conference in the field of loyalty and security of governmental employees. Also, name checks of the indices of the investigative agencies involve a tremendous volume of work. For instance, the Federal Bureau of Investigation is presently making checks of its indices in connection with such matters at the rate of well over two million per year. Similarly, background investigations required in connection with employment in various phases of national defense efforts require an expenditure of tremendous investigative effort. The investigations required of the Federal Bureau of Investigation by statute in connection with employment on the Atomic Energy Program are being handled at the rate of over ninety thousand per year. A streamlined program is being maintained within the military defense agencies for the acceleration of the personnel security program, including standardization of investigative and clearance procedures in order to assure protection from subversive infiltration.

c. The Coordination of Internal Security Matters - On March 23, 1949, the National Security Council and the President approved NSC, 17/4 which established the Interdepartmental Committee on Internal Security (ICIS), composed of representatives from the Departments of State, Treasury, and Justice and the National Military Establishment under the National Security Council. The same directive formally reconstituted under the National Security Council the Interdepartmental Intelligence Conference (IIC), composed of the Directors of the Intelligence Division of the Army, Office of Naval Intelligence, Federal Bureau of Investigation, and Office of Special Investigations of the Air Force. This marks the first time that the responsibility for the coordination for the entire and complex field of internal security has been definitely fixed and as now operating these two committees are jointly responsible for coordinating this complex field. IIC is responsible for Coordination of all investigation of domestic espionage, counterespionage, sabotage, subversion, and other related intelligence matters affecting internal security. Coordination of all other matters in the internal security field is the responsibility of ICIS.

In order to assure proper coordination between internal security and domestic and foreign intelligence, a representative of the Federal Bureau of Investigation was designated a member of the Intelligence Advisory Committee on July 7, 1949, which is concerned principally with foreign intelligence.

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A further step in the coordination of internal security matters was taken on March 21, 1950, on which date the Federal Bureau of Investigation was made a member of the U. S. Communications Intelligence Board, thereby assuring the coordination of internal security matters in the highly important field of communications intelligence.

d. Miscellaneous elements - An adequate internal security program will necessitate action in addition to that already being taken by the member agencies of the Interdepartmental Intelligence Conference. A need for an increased internal security program will increase in proportion to the increased intensification of the urgent emergency situation prevailing under cold war conditions and under the steps taken to accelerate other vital programs necessary to achieve United States objectives. Among the important elements affecting the internal security program which require action outside the Interdepartmental Intelligence Conference are those which follow:

(i) An adequate legal basis for insuring the nation's internal security should be provided through both statutory and regulatory means.

(ii) The internal security of the nation is, at least in large part, dependent upon the amount of manpower available to the agencies charged with the responsibility for internal security.

(iii) The acceleration of the development and distribution of foreign intelligence as it relates to the internal security of the United States is of vital importance to an adequate internal security program. The Communist conspiracy is directed from abroad and the best sources concerning its plans are outside the United States. Experiences during World War II demonstrated that saboteurs and espionage agents were sent to this country and the Internal Security Agencies had no advance notice. Only through an adequate foreign coverage will the Internal Security Agencies be able to discharge their responsibilities to the maximum degree.

2. Assumptions and policies upon which the program is based.

The Communist forces exist in substantial numbers in the United States and are actively promoting the aims and objectives of Soviet Russia to the detriment of our internal security. They have available not only the members of the Communist Party, but also a substantial force composed of the members of front organizations, sympathizers, and followers of the Communist Party line. They have trained espionage and sabotage forces already existing for future potential use, and have penetrated vital industry.

The International Communist movement through the journal of the Communist Information Bureau proclaims the world is divided into two irreconcilable camps; one led by the U.S.S.R. as the Communist fatherland, the other led by the United States as a bulwark of "imperialistic capitalism." World Communism

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is organized to subvert all non-Communist social orders and the powers of its apparatus - both open and secret - are directed to that end. The United States long has been considered the principal stronghold of Democracy to be overthrown before world domination by Communism can be achieved. William Z. Foster, National Chairman, and Eugene Dennis, General Secretary of the Communist Party - USA, as early as March 2, 1949, declared that in the event of war between the United States and the Soviet Union, the Communist Party would take immediate steps to bring such a war to a speedy conclusion. The major threat today to the internal security of the United States is that of sabotage, espionage, and subversion by the Communist Apparatus in this country. Every loyal Communist Party member and sympathizer in the United States is a potential saboteur. This potential sabotage force is spear-headed by graduates of the Lenin School in Moscow, Veterans of the Abraham Lincoln Brigade, which fought in Spain, Communist veterans of World Wars I and II and other individuals who have received guerrilla or other specialized training.

Communist subversive elements have penetrated the United States industries, key targets being such basic industries as electrical, steel, fuel, chemical, transport, maritime, automotive, aviation, and communications.

There are an estimated 37,000 registered Communist Party members in the United States at the present time. Also there are an estimated 1,000 members of the Socialist Workers Party and the Independent Socialist League, Trotskyite splinter groups. The strength of the movement cannot be judged by actual membership, however, as a few Communists can dominate and direct a Moscow-inspired Communist "front" organization, thus utilizing a large number of people to further Communist aims. Hundreds of mass and "paper-type front" organizations have been utilized by the Communist Party of the United States in an effort to influence its foreign and domestic policies, weaken its military capabilities and undermine its economy. Large numbers of deceived citizens have joined these "fronts" and their energy has been used to subvert their own government. In addition, for every Communist member there are a number of sympathizers who are not Party members but who can be depended upon to further Communist aims.

Membership in Communist "front" organizations ranges from 162,000 in the International Workers Order to no actual membership at all in the "paper-type" organizations which consist solely of a few executive officers and serve as propaganda outlets, leading campaigns in matters of interest to the Communist Party.

The Communist Party - USA and its numerous "front" organizations today turn out mass propaganda in books, pamphlets, magazines, newspapers, bulletins, fliers, plays, motion pictures, radio and television programs and formal school courses, as well as organize mass rallies and make public speeches. For example, the New Century Publishers, a Communist publishing house, claims to have published in 1948, thirty pamphlets in editions totalling more than three million pieces of which two million were distributed free.

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It has been reliably reported that the Soviet Intelligence Services are considering expanding and reorganizing their operations in the United States. This would appear to be based partly on the fact that recent prosecutions have disrupted operating networks. It may also be based on the Soviet plans for operations in the event of hostilities. It is estimated that the Soviets have plans on an expanding scale to utilize "illegal networks" in conjunction with their operations at the present through Soviet and satellite diplomatic establishments.

Because of the recent Supreme Court decision upholding the conviction of the eleven national Communist Party leaders, the enactment of the Internal Security Act of 1950, and the arrests of Communist Party leaders in New York, Maryland, California, Hawaii and Pennsylvania for violation of the Smith Act, a large number of Party members have gone underground and the Party has taken stringent security measures, such as destroying records, meeting only in small groups, if at all, and ceasing open activities. In addition, the Party has ceased recruiting almost entirely and has screened its membership for "loyalty."

As a result of the above, the investigation of Communist activities has been made increasingly difficult, as has the development of confidential informants within the Communist Party to take the place of those uncovered in the Communist trials and those detected by the Party.

Due to the loss of confidential informants as a result of the trials previously mentioned, because the Party has ceased recruiting, and because of the urgent necessity for greatly increasing the number of informants within the Party due to its underground status and its increased security measures, greatly increased manpower must be assigned to the development of new informants and the supervision of those in operation.

3. Estimated costs of the program.

For the Department of the Army (G-2)

Fiscal Year 1953 - \$31,339,166.99
Fiscal Year 1954 - \$31,407,590.05

This estimated cost includes:

a. All administrative costs in connection with security program throughout Zone of Interior Armies to include posts, camps and stations.

b. Pay and allowances to support a Counter Intelligence Corps of 2946 spaces for 1953 and 3093 spaces for 1954.

c. Permanent Change of Station travel.

d. Operational expenses.

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e. Logistical support.

NOTE: An additional amount of \$56,811,138.00 will be required for the National Censorship Program if, and when, directives are issued to implement that program.

For the Department of the Navy (ONI)

Fiscal Year 1953 - \$10,314,800.00
Fiscal Year 1954 - \$10,314,800.00

This estimated cost includes the estimated salaries of officer, enlisted, professional and clerical personnel working full time on counterintelligence projects, training costs, costs of equipment, communications and travel.

For the Department of the Air Force (OSI)

Fiscal Year 1953 - \$20,558,271.00
Fiscal Year 1954 - \$20,126,180.00

This estimated cost includes pay and allowances, travel, movement of household goods, operational expenses and equipment.

These estimated figures for G-2, ONI and OSI include only those expenditures necessary for the operation of the program within the United States.

For the Federal Bureau of Investigation

Fiscal Year 1953 - \$21,956,774.00
Fiscal Year 1954 - \$22,493,243.00

These estimated figures contemplate the continuance of the Bureau's present accelerated internal security program and do not include any costs of new programs incidental to national defense that may arise. The amount shown for Fiscal Year 1953 is presently in the FBI budget for 1953, and the amount shown for Fiscal Year 1954 is the amount which will be requested for the accelerated portion of the internal security program for that year. The figures represent only the acceleration of the internal security program inasmuch as the operational procedures of the FBI are such as to make it virtually impossible to divide the internal security portion of the work from the other work and thereby arrive at an over-all lump sum figure for the internal security program.

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- C. An analysis of the extent to which the recommended internal security program meets the needs of national security, including a statement of any factors which may have limited the recommended program.

The elements of the program outlined will at its maximum peak of effectiveness meet the needs of national security. There are, however, as noted in the program, certain factors outside the control of the IIC, such as adequate legislation, foreign intelligence and supply of manpower, which will affect reaching maximum effectiveness.

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September 10, 1951

THE INTERNAL SECURITY PROGRAM

(Prepared by the Interdepartmental Committee on Internal Security)

A. Objectives and Minimum Tasks of the Internal Security Program.

1. The objectives of the internal security program are to neutralize the threat to the internal security of the United States which is presented: (1) through the existence of a Communist Party completely subservient to and dominated by the USSR and of that segment of our population which, although not deliberately subversive, contributes to the effectiveness of the Communist program as a result of exploitation of Communist doctrines and ideologies; (2) through the action within the United States of other agents of the Soviet Union and Soviet Bloc nations who, working either independently or in conjunction with the Communists, can be expected to use every means of sabotage, espionage and subversion either of a direct or indirect nature, including unconventional methods of attack; and (3) through the actions of other totalitarian groups which seek to overthrow democratic processes and institutions.

2. The minimum tasks which the internal security program is designed to fulfill are to furnish the means by which the activities of agents of the Soviet Union and Soviet Bloc nations, including the Communist Party and its subservient elements, can be neutralized and to furnish the means by which the United States can counter or reduce the damage which these Soviet agents can cause through subversive operations, sabotage and civil disturbances

B. The Nature, Magnitude and Timing of the Internal Security Program to Meet these Objectives and Tasks.

1. Elements Comprising the Program.

a. The prosecution and detention of persons guilty of violations of laws against treason, espionage, sabotage, subversion and subversive activities in general.

b. The establishment of minimum standards for security clearance for access to classified data of personnel in the executive departments and agencies of the Federal Government.

c. The study of procedures and standards to assure uniform administration of provisions relating to persons under question as security risks.

d. Protection of critical governmental, industrial, and other installations and facilities, including telecommunications, airports, ports and harbors; security clearance of management and employees of private industry engaged in defense production.

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e. Measures designed to afford preventive security against unconventional attack including atomic, chemical, biological and radiological.

f. Measures to implement appropriate action with respect to foreign official and diplomatic personnel in the event of conditions so requiring.

g. More effective controls to prevent the entry or departure from the United States of persons potentially dangerous to the internal security; more effective controls over the importation and exportation of materials, the entry or exit of which would endanger the national security

h. Procedures designed to protect classified government information and for determining the eligibility of representatives of foreign governments to receive United States classified data.

i. Procedures for the voluntary restriction of the dissemination within the United States of unclassified technological information, the release of which may endanger the national security, and for adequate screening prior to publication of unclassified government information, including statistics of possible strategic intelligence value in government publications; and planning for censorship in the event of war.

j. Evaluating the responsibilities of various departments and agencies for specific internal security measures; coordinating, planning and reviewing progress thereunder and resolving differences between such agencies in the interest of preventing duplication of effort and lack of coverage.

k. Coordinating the provisions of projected emergency legislation and regulations pertaining to internal security matters.

2. Assumptions and Policies Upon Which the Internal Security Program is Based.

a. A nationally secure United States presupposes an internally secure United States.

b. The subversive forces of Communism and other agents of the Soviet Union and Soviet Bloc nations constitute the major threat to the internal security.

c. The continuing aggravated world situation indicates that the acute threat of Soviet aggression may reach its maximum peak as early as 1953.

d. The internal security program contemplates a condition of immediate danger short of a declared war.

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3. Estimate of the Cost of the Programs for Fiscal Year 1953 and Fiscal Year 1954.

The Interdepartmental Committee on Internal Security and the Interdepartmental Intelligence Conference are the two coordinating committees of the National Security Council in the field of internal security. Through this NSC mechanism the activities of the agencies responsible for carrying out internal security measures have been coordinated in an effort to effect a state of internal security adequate to meet the danger of Soviet aggression. The ICIS and the IIC operate with the support of existing agencies and do not have independent appropriations. The cost estimates presented herein are, therefore, the estimates for the departments and agencies of the Federal Government or their appropriate subdivisions operating in the field of internal security.

The cost estimates presented herein are, wherever, possible, represented departmentally. In the case of certain programs, however, a departmental breakdown at the present time is not possible and, accordingly, the estimates appear programwise. In certain other instances the impact of added internal security measures upon the budgets of the various departments and agencies cannot be estimated with sufficient precision to warrant their inclusion herein. It must be pointed out further that several programs in the executive branch of the Federal Government, while not primarily directed toward strengthening the internal security of the Nation, have an incidental effect thereon. Other programs, while relating to the national security, do thereby strengthen the internal security. The Department of State advises, for example, that it cannot at this time estimate the additional budgetary requirements of the Passport and Visa Divisions, the objectives of which include the national security but which are also taking certain measures directly related to the internal security.

Furthermore, each department and agency which maintains a security division necessarily expends a certain amount which contributes to the internal security. Such figures are not represented in these estimates.

a. The prosecution and detention of subversives. The responsibility for the enforcement of the laws against treason, espionage, sabotage, sedition, and, in general, all laws relating to subversive activities, the criminal provisions of the Atomic Energy Act, the Neutrality Act, the Selective Service Act, and the registration provisions of the Subversive Activities Control Act of 1950, the Emergency Detention Act, and the Foreign Agents Registration Act, is lodged in the Internal Security Section of the Criminal Division of the Department of Justice. The program for the detention of subversives in accordance with the Emergency Detention Act is also a responsibility of the Bureau of Prisons of the Department of Justice. The Subversive Activities Control Board was created by the Internal Security Act of 1950 to hear and rule on petitions of the Attorney

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General for the registration of Communist organizations. The cost estimates of these three agencies are:

	<u>FY 1953</u>	<u>FY 1954</u>
Department of Justice		
Internal Security Section	\$996,559.20	\$996,559.20
Bureau of Prisons	\$510,000.00	\$510,000.00
Subversive Activities Control Board	\$452,425.00	\$452,425.00

b. Protection of critical installations and facilities. This element of the internal security program is subdivided into many component parts.

(1) Protection of governmental installations and facilities. In this category are the expenditures of the General Services Administration which proposes to expend certain additional sums in fiscal years 1953 and 1954 directly related to the internal security in addition to its regular expenditures for the protection of governmental installations and facilities:

	<u>FY 1953</u>	<u>FY 1954</u>
General Services Administration	\$670,000	\$645,000

The Department of Defense in protecting its posts, camps, and stations, proposes the following as the internal security element of its protective program:

	<u>FY 1953</u>	<u>FY 1954</u>
Department of Defense	\$206,029,284	\$200,776,734

(2) Industrial security. Consequent upon detailed study by ICIS there were established by action of the National Security Council and direction of the President the Industry Evaluation Board and the Facilities Protection Board on January 6, 1951, and May 4, 1951, respectively. The former is responsible to the Secretary of Commerce and the latter, though situated in and administered by the Department of Commerce, is responsible to the ICIS. The Industry Evaluation Board, an interdepartmental group, is undertaking the screening of industry and the supporting economic resources in order to identify those elements vital to defense and is responsible for selecting the critical points, rating each as to its relative importance to the other, communicating such determinations to the agencies concerned, reviewing such determinations periodically, and, for the purpose of security guidance or supervision, assigning each such critical facility to the Federal agency having paramount interest. The Facilities

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Protection Board is charged with developing or giving central direction to the establishment of definitions, policies, criteria, and maximum and minimum standards for protective programs of facilities rated by the Industry Evaluation Board and, in like manner, to develop or give central direction to the establishment of protective programs for those segments of essential industry not rated by the Industry Evaluation Board; the Facilities Protection Board is also charged with evaluating vital protective programs now in existence or to be developed, for the purpose of determining their adequacy and the elimination of inconsistencies, duplications, and non-essential features.

The estimate of the Federal cost of the industrial security program as prepared by these two boards and designed to protect American industry against internal security hazards is limited to those industrial facilities rated or to be rated by the Industry Evaluation Board and does not include the hidden or indirect costs of industrial security measures undertaken in facilities not so rated but which may call for internal security measures to meet with the requirements of contractual agreements. It is estimated that the Industry Evaluation Board will rate approximately 5,000 manufacturing and 4,000 non-manufacturing facilities. The Industry Evaluation and the Facilities Protection Boards estimate that the cost to the Federal Government of the industrial security program for fiscal years 1953 and 1954 will be \$171,400,000.

(3) Security of ports and harbors. Pursuant to Public Law 679, 81st Congress, and Executive Order 10173 of October 18, 1950, the Coast Guard is engaged in a limited program to safeguard vessels, harbors, ports, and waterfront facilities against destruction, loss, or injury from sabotage or other subversive acts, accidents, or other causes of similar nature. The cost estimates for Coast Guard administration of the program for fiscal years 1953 and 1954 is:

	<u>FY 1953</u>	<u>FY 1954</u>
Department of the Treasury		
Coast Guard	\$ 23,500,000	\$ 23,500,000

This figure assumes implementation of a port security study now before the National Security Council and presupposes certain acquisitions which it is expected will be made in fiscal year 1952. Should these acquisitions not be made until fiscal year 1953 the estimate for that year might be increased to \$35,100,000.

(4) Security of airports. In accordance with the Act of Congress of September 9, 1950, (49. USC 701ff), the President has been given the authority in the interest of national security to direct the Secretary of Commerce to establish zones or areas in the air spaces

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above the United States and to promulgate rules and regulations restricting the flights of aircraft in certain circumstances in the interest of national security. For the administration of its airport security program the Department of Commerce estimates that in fiscal years 1953 and 1954 it will seek \$907,600.

(5) Telecommunications security. The Federal Communications Commission will request in its 1953 budget the addition of personnel for the purpose of its Field Engineering and Monitoring Division in the interest of internal security and, more specifically, to provide for improved coverage for the immediate apprehension of clandestine stations engaged in subversive activities. In order to effect this monitoring service an increased fund will be requested for the modernization of direction finders and other equipment used in monitoring stations. The modernization program will occur chiefly in fiscal year 1953, thus accounting for the decrease of the FCC request in fiscal year 1954.

	<u>FY 1953</u>	<u>FY 1954</u>
Federal Communications Commission	\$155,600	\$131,000

c. Procedures for adequate screening of technical data and for the voluntary restriction of the dissemination of technological information. In pursuing a policy of denying to Communist countries, as far as possible, any technical data that would be useful to them for war production or indirectly increase their military potential by contributing to the more efficient operation of any important industry, the United States has been mindful of the importance of insuring the exchange of information among free nations to serve the needs of scientific and industrial progress and of mutual defense. Consistent with this policy a program has been established whereby industry and the public may obtain advisory opinions from the Department of Commerce as to the desirability of publishing unclassified information and as to the distribution such information should be given, thus assisting publishers, editors and the public to guard voluntarily against the harmful publication or disclosure of technical information even though such data are not subject to formal security restrictions. The following are the cost estimates for the administration of this program:

	<u>FY 1953</u>	<u>FY 1954</u>
Department of Commerce Office of Technical Service	\$18,474	\$18,975

A statistical control program has been established under the Bureau of the Budget to review governmental statistical information and avoid publication of strategic statistical data when such action is deemed to be in

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the national interest. This program is carried on by an interdepartmental advisory group, the Committee on Statistical Security, under the chairmanship of the Bureau of the Budget. By authority of the Export Control Act of 1949 the Secretary of Commerce has jurisdiction over all exports from the United States, including industrial and other technological information. Pursuant to this authority a general license for the export of unclassified technical data does not affect the existing prohibition of the export to the Soviet Bloc of technical data not generally available to the public. The ICIS is at the present time conducting a detailed study of this matter.

d. In carrying out all of its functions relating to internal security, including the Visa and Passport Divisions, and the Foreign Service, the Department of State estimates that its costs chargeable to internal security for fiscal year 1953 and fiscal year 1954 will be \$5,014,234.

e. Procedures and statutes to assure uniform administration of provisions relating to security risks. Pursuant to the directions of the National Security Council in accordance with the request of the President of July 14, 1951, there was established an Ad Hoc Group in the ICIS to investigate the administration of the provisions of existing law which authorizes the heads of the various departments and agencies to discharge government employees or to refuse government employment to applicants on the ground that they are poor security risks and to recommend changes in the program which, as a result of its investigation, the Group believes to be required. Although the Group is meeting regularly and conducting extensive investigation into the problem, it is impossible for it to forecast its recommendations at this time and, therefore, impossible to estimate the possible budgetary implications of any recommendations which it may make.

f. Procedures to protect classified government information. An Executive Order promulgating regulations establishing minimum standards for the classifying, handling and transmission of official information relating to the security of the nation was prepared by ICIS and has been approved by the National Security Council and on July 12, 1951, by the President at whose direction it was transmitted to the Bureau of the Budget for issuance. The promulgation of this Executive Order will necessarily require increased expenditures by those agencies whose present security regulations do not fulfill the minimum requirements set forth in the Executive Order. It has been impossible to estimate the number of agencies so affected or the increased costs which may be attributed by those agencies as incident to the requirements of the Executive Order.

A draft of the proposed set of regulations establishing, and procedures for determining, eligibility of certain representatives of foreign governments to receive U.S. classified data within the United States has been recommended by the ICIS and is under consideration by the National Security Council. The timing of the promulgation of these regulations is predicated upon negotiations currently in progress looking toward the adoption

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of somewhat similar regulations in the North Atlantic Treaty Organization so as not to prejudice their consummation. It can be anticipated that these regulations will be in effect by fiscal year 1953 but it is impossible to estimate the possible implications of these regulations upon the cost estimates of such departments and agencies as may be affected by it.

The total budgetary implications of the adoption of regulations establishing minimum standards for the handling and transmission of classified government data and for establishing eligibility of representatives of foreign governments to receive classified data will in any event undoubtedly be relatively negligible items in the budgets of the departments and agencies affected.

g. Minimum standards for security clearance for access to classified data. The draft Executive Order promulgating regulations to establish minimum standards for security clearance of personnel in the executive departments and agencies for access to classified security information has been approved by the National Security Council and by the President on July 12, 1951, and at the President's direction was transmitted to the Bureau of the Budget for issuance. The budgetary implications of this program will vary from department to department depending upon the standards now in effect for security clearance for access to classified data. Any estimate of the effect of this program in all of the executive departments and agencies cannot be made at this time with any reliability.

h. Measures controlling the entry and exit of persons and materials. Increased security measures have been taken in this field consequent upon studies made by ICIS. These measures include sponsoring of legislation to prevent illegal entry of aliens; to control the discharge of alien seamen in U.S. ports and to extend the statute of limitations relating to passport frauds; the abolition of crew list visas; reexamination of the proposed boundaries of the Headquarters Site Agreement with the United Nations Organization; revision of Regulations governing the control of persons entering and leaving the United States in wartime; and the establishing of a system whereby government agencies will furnish the Passport Division of the State Department information appropriate to its activities. The normal functions of the Passport and Visa Divisions of the Department of State, of the Immigration and Naturalization Service of the Department of Justice, and of the Bureau of Customs of the Department of the Treasury, contribute, of course, to the national security.

The Department of State advises that it cannot at this time allocate any portion of its estimated internal security figure directly to internal security programs of the Passport and Visa Divisions.

The Treasury Department has estimated that in fiscal year 1953 and 1954 it will request approximately \$300,000 for each year for activities related directly to internal security in the Bureau of Customs.

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In accordance with ICIS recommendations the number of patrol inspectors of the Immigration and Naturalization Service has been augmented along the principal seaports to guard against the landing of stowaways and crew members denied shore leave and along the land borders and gulf coasts to prevent illegal entry of aliens. In addition, the Immigration and Naturalization Service has had additional internal security responsibilities assigned to it by the Internal Security Act of 1950 and in accordance therewith has requested a supplemental appropriation of five million dollars. The Immigration and Naturalization Service has estimated that of its total budget the portion which can be said to bear upon internal security can be broken down as follows:

	<u>FY 1953</u>	<u>FY 1954</u>
*Border patrol	\$ 6,589,000	\$ 6,589,000
*Immigration inspection	10,127,000	10,127,000
*Investigation and Deportation of Subversives	321,000	321,000
Internal Security Act of 1950	<u>5,000,000</u>	<u>5,000,000</u>
Total	22,037,000	22,037,000

1. Preventive security against unconventional attack. The ICIS, through its Subcommittee on Defense Against Unconventional Attack, has stimulated the study of areas of vulnerability and appropriate counter-measures against other than military introduction of atomic, biological and chemical media as well as sabotage. Studies have been completed or are in varying stages of development by appropriate agencies of the government which have led or are to continue to lead to appropriate counter-measures being taken or planned for implementation as needed. Most of the cost estimates in this field of activity are reflected in budget estimates of the various departments and agencies concerned. Thus, for example, planning being done in the Department of Defense in relation to the introduction of atomic, biological, and chemical media is reflected in the military program although it bears upon internal security and civil defense. Similarly, studies are being conducted under the sponsorship of the General Services Administration to effectuate a system for the physical security and protection of government buildings, records, and personnel against unconventional attack. The Federal Communications Commission is leading a study in the field of telecommunication, including the effect of the dissemination of false information, the transmission of coded or hidden information, and the like. The Department of Agriculture is conducting studies affecting the impairment of the Nation's food supplies or of fires in forest and range lands which might result from sabotage or the introduction of unconventional attack media. The Department of Agriculture advises that it is impossible to

* These estimates, of course, are only a portion of the total budget requests in each of these three categories.

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estimate the portions of its budgetary requests in the Bureau of Animal Industry, the Bureau of Plant Industry, Soils, and Agricultural Engineering, the Bureau of Entomology and Plant Quarantine, the Forest Service, and the Production and Marketing Administration, which can be allocated with any reliability to the internal security aspects of its program although estimates of additional amounts required to provide for internal security aspects have been made but cannot be submitted because of budgetary ceilings.

The Public Health Service of the Federal Security Agency is studying the unconventional attack phases of the introduction and dissemination of human diseases; introduction of contaminants into biologics, vaccines, plasma, etc.; the destruction of vaccine and biological manufacturing installations and supplies; impairment and contamination of water supply; and methods of detecting biological agents and research on protective measures against attacks through the means of biological agents. In an effort to allocate its estimates for 1953 to matters primarily devoted to internal security, the Public Health Service estimates that it will seek budget allocations in the amount of \$5,172,690.

1. Recapitulation:

	<u>FY 1953</u>	<u>FY 1954</u>
Department of State	\$ 5,014,234	\$ 5,014,234
Department of the Treasury	23,800,000	23,800,000
Department of Defense	206,029,284	200,776,734
Department of Justice	23,543,559	23,543,559
Department of Commerce	926,074	926,575
General Services Administration	670,000	645,000
Subversive Activities Control Board	452,425	452,425
Federal Communications Commission	155,600	131,000
Federal Security Agency (Public Health Service)	5,172,690	5,172,690
Industrial Security Program	171,400,000	171,400,000

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C. Analysis of the Extent to Which the Recommended Internal Security Program meets with the Needs of National Security, Including a Statement of Limiting Factors.

1. The internal security program set forth herein will, if implemented, contribute substantially toward achieving its objectives of neutralizing the threat to the internal security presented through the Communist movement within the United States and the activities of agents of Soviet Bloc nations and of agents of other totalitarian groups against the security of the Nation by accomplishing the following:

a. Neutralizing the activities of subversive groups and individuals through their prosecution and the detention of persons found guilty of violating Federal statutes relating to subversive activities.

b. Increasing the protection afforded to the government with respect to personnel, records, and installations.

c. Affording greater protection to the Nation's strategic, industrial plants, airports and harbors, and related fields against sabotage, espionage, and other subversive missions.

d. Controlling the entry into and departure from the United States of persons in order to prevent subversive agents from executing espionage and sabotage missions.

e. Minimizing the possibility of clandestine introduction of unconventional attack media and the exportation of strategic materials and information.

f. Generally impeding the individual and collective will of subversive agents to act to the detriment of national security by increasing the physical hazards and the legal obstacles and penalties incident to the commission of such acts.

2. The basic limiting factor affecting the attainment of these objectives is the availability of funds and manpower necessary to implement the minimum tasks.

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