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June 18, 1954

MEMORANDUM

SUBJECT: Discussion at the 202nd Meeting  
 of the National Security Council,  
 Thursday, June 17, 1954

The following were present at the 202nd meeting of the Council: The President of the United States, presiding; the Vice President of the United States; the Secretary of State; the Secretary of Defense; the Director, Foreign Operations Administration; and the Director, Office of Defense Mobilization. Also present were the Secretary of the Treasury; the Attorney General (for Item 3); Assistant Secretary Anderson for the Secretary of Commerce (for Items 1 and 2); Assistant Secretary Siciliano for the Secretary of Labor (for Item 5); the Director, Bureau of the Budget; Assistant Attorney General Barnes (for Item 3); Assistant Secretary of Defense Hannah (for Item 5); Walter S. DeLany, Foreign Operations Administration; Assistant Secretary of the Army Milton (for Item 5); Herbert N. Blackman, Department of Commerce (for Items 1 and 2); Irving Kramer, Foreign Operations Administration (for Items 1 and 2); General Twining for the Chairman, Joint Chiefs of Staff; the Chief of Naval Operations; the Director of Central Intelligence; Robert Cutler, Special Assistant to the President; the Deputy Assistant to the President; the White House Staff Secretary; Bryce Harlow, Administrative Assistant to the President; the Executive Secretary, NSC; and the Deputy Executive Secretary, NSC.

There follows a summary of the discussion at the meeting and the chief points taken.

1. DISAGREED ITEMS IN COCOM NEGOTIATIONS

(Memo for NSC from Executive Secretary, same subject, dated June 11, 1954; NSC 152/3; NSC Actions Nos. 1121 and 1130)

After Mr. Cutler's briefing of the Council, Governor Stassen called on Admiral DeLany to present his report on the status of the current COCOM negotiations. As Admiral DeLany was concluding his report, the President, who had been delayed, entered the meeting and took the chair from the Vice President.

Governor Stassen then pointed out his intention to make a further effort to refine the area of disagreement with the British and French, but to hold firmly to the control of such items as the United States believed it essential to avoid building up the war potential of the Soviet Union. He indicated that he would attempt to

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induce the other COCOM nations to agree to retain these hard-core items on the International Lists for export control and, failing this, to persuade them at least not to delete any of these hard-core items at the present time. Governor Stassen said the task would be difficult, and it might be helpful if the President would speak to his "distinguished guests" of next week" on the problem.

The President directed his first questions to the announced intention of the United States to retain high octane gasoline, jet fuel, and certain other petroleum products on the embargo list. If, said the President, the Soviets are in a weak position on these petroleum products, the more of them they use up in time of peace the better it would be for the free world, always provided that the Soviets are unable to import so much of these products that they can be stored up for use in a future war. The President doubted whether the Soviets could store any great amount of these products.

Governor Stassen pointed out that if you exported to the Soviet bloc all the high octane gas and all the jet fuel that the bloc desired, you would permit the bloc to build up its air forces without diminishing the bloc's own domestic supply. The President argued that any nation that depended on imports from abroad to maintain its air force would be in very tough shape in the event of war, since you used up fuel so fast in modern war. Accordingly, if the Soviets are obliged to import petroleum, they must be in considerable difficulties, and he would be inclined to increase these difficulties by letting them have petroleum products.

Governor Stassen replied that the mere fact that the free world permitted such fuels to be exported to the Soviet Union would not mean that the Soviets would not continue to explore and drill for petroleum in territories which they controlled. Secretary Wilson expressed agreement with Governor Stassen, and said that if these imports were permitted the Soviets might well put their established oil fields on half rations. The President, however, remained unconvinced, and asserted again that if you can get an enemy in a position of dependence on outside sources for scarce and vital commodities, it would obviously be advantageous to continue and make more acute this dependence on imports.

Secretary Dulles inquired about the status of nickel, which was in such short supply in the free world, and was assured by Governor Stassen that this commodity had been kept on the hard-core list for embargo. He said that he was at a loss to explain the British desire to remove nickel from the embargo list, and added that we were also insistent that copper be embargoed. Of the remaining commodities in disagreement, Governor Stassen stated that the United States had reached a point in the negotiations where it felt that it must hold the line, and repeated his hope that the President would make this

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clear to Sir Winston Churchill. The President replied that he would speak to the Prime Minister, but that he wanted to be sure that when he did so his position was logical. Would it be possible, he added, to get the British to agree to continue the embargo on nickel if we deleted the petroleum products?

Governor Stassen replied that petroleum would pose a difficult issue in Congress. If we were to agree to release jet fuel for export to the Soviet Union, the Administration would almost certainly meet defeat on this point in Congress. He felt it was important that Sir Winston Churchill should know that the United States has decontrolled as many disagreed items as possible, from the point of view both of its strategic interests and the attitude of Congress.

The President said that he realized the seriousness of the domestic political considerations, but he was very skeptical indeed of the validity of our embargo program as a means of protecting our strategic interests. Governor Stassen defended the effectiveness of the export control program from the strategic point of view, and was strongly supported by Secretary Wilson, who feared that any further relaxation of the controls on exports from the free world to the Soviet bloc would put us in the position of actually building up Soviet war potential. He added that as far as he could see, the free world countries got very little that was useful in return for the goods they shipped to the Soviet bloc. The real concern of the free world countries was simply to make money in their transactions with the Soviet bloc.

Governor Stassen indicated disagreement with Secretary Wilson's last point, and gave as an example the fact that the Norwegians obtained manganese from the Soviet Union in return for the fish that they sent to Russia. The President also disagreed with Secretary Wilson, and said that while our export controls could not actually prevent the build-up of the Soviet war potential they could at least slow up this process. He went on to point out, apropos of the sale of tankers to Russia by Denmark, that these small countries had got to make a living, and in our consideration of export controls we could not ignore the fact of "how do our friends live?" The President also cited the case of Japan and the difficulties that the Japanese were going to experience in earning their living if they were excluded from Southeast Asia and prevented from trading with Communist China. Accordingly, the President concluded that we would have to find out what impact our export control program would have on the free world as a whole. We must recognize the fact that many of these nations live on trade, and we cannot adopt a policy which compels them to remain "cold and hungry".

Mr. Cutler pointed out that it was the President's point of view, as just expressed, which had in fact led the United States delegation to agree to delete a considerable number of items from the

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lists for control. He then asked the Council if it would agree to support the recommendations which were made in paragraphs 11(a), (b), (c) and (d) of Governor Stassen's written report. The Council agreed to accept these recommendations.

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Governor Stassen then said that there remained the problem of timing an announcement of the relaxation in the International Lists for export control, particularly in view of the serious situation in Indochina. Mr. Cutler pointed out that this issue was specifically raised in the next item on the agenda, and suggested that it be discussed at that point.

The National Security Council:

- a. Discussed the report on the subject transmitted by the reference memorandum, in the light of an oral briefing by Admiral DeLany.
- b. Agreed that the United States should proceed for the present along the general lines set forth in paragraph 11(a), (b) and (c) of the report.
- c. Noted that, if the results of the ministerial tripartite consultation present a remaining area of disagreement too great for the U. S. to accept, the Director, Foreign Operations Administration, would request the Council to consider further alternative courses of action, including those set forth in paragraph 11(d).

NOTE: The actions in b and c above subsequently transmitted to the Director, Foreign Operations Administration, for implementation.

2. UNITED STATES SECURITY EXPORT CONTROLS

(Memos for NSC from Executive Secretary, same subject, dated June 11 and 16, 1954; NSC 152/3; NSC Actions Nos. 1121 and 1130)

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After Mr. Cutler had briefed the Council very thoroughly on the contents of the report and had called attention to the views of the Joint Chiefs of Staff, he asked Assistant Secretary Anderson to present the views of the Department of Commerce.

Secretary Anderson said that he could do this very briefly. Commerce favored adoption of Alternative B because of its view that to maintain export controls over products made in the United States which were also freely available to the USSR from the other free world countries, was contrary to the philosophy of the Eisenhower Administration.



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Secretary Wilson said that he belonged, along with the Joint Chiefs, to the group which believed that we should continue to adhere to the strictest possible control of exports to the Soviet bloc from any free world country. If in practice, however, we could not get our allies to go along with us on this strict basis, we certainly ought to observe the same standards as the rest of our allies. If we maintained stricter controls than our allies, we would appear to stand out as the special enemy of the USSR, and this would of course cause difficulties between us and our allies. We did not want to create a situation where it would look as though our allies were friendlier and more reasonable to the Soviet bloc, while the United States adopted or maintained a particularly tough attitude.

Secretary Humphrey also expressed the view that the United States should be in a position to sell to the Soviets any commodities that the British were permitted to sell them. We should adopt the principle "whatever they sell we will too." Accordingly, Secretary Humphrey expressed a preference for Alternative B.

The Secretary of State commented that the various philosophies which underlay the arguments he had listened to remained obscure to him. If it was our theory that we tell Congress that we are going to get more from the Russians than we give, this was palpably false. If it is our theory that we are going to relax on East-West trade controls because our allies need to trade with the Soviet bloc in order to make a living, Secretary Dulles said he couldn't understand the argument that the United States should likewise feel free to trade and possibly to out-trade our allies vis-a-vis the Soviet Union.

Governor Stassen said that there was certainly a great variety of differing philosophies in support of reducing the number of items on the International Lists, and you could never hope to get agreement on any one of them. He pointed out, however, that if the United States itself refrained from taking advantage of the reduced lists and permitted our allies alone to benefit from the relaxation, we could almost certainly expect them to clamor for still further reductions in the controlled items.

Secretary Wilson commented that he hoped in any case our allies were not going to finance this trade with the Soviet Union on the basis of credits offered to them by the United States. He repeated his view that the United States should retain the right to trade with the Soviet bloc in all the commodities that our allies traded in.

The President said we should put it this way: We will go as far in making concessions as we are required in order to allow our allies to make a living. That much of a concession we must certainly make. But beyond that the United States itself does not want to make profits out of commerce with the Soviet bloc. The President added

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that the whole problem was so complicated and had so many aspects that he was not really sure precisely where he stood on it.

Secretary Humphrey agreed that concessions must be made to our allies in this matter of East-West trade, and we should try to limit such trade to the maximum feasible extent consistent with the needs of our allies. When that had been agreed upon, however, the United States should trade to the same extent as its allies, if for no other reason than to forestall further attempts on the part of the free world nations to delete further commodities from export control.

Mr. Cutler said that the consensus appeared to favor Alternative B.

Secretary Dulles inquired about the category of commodities which the United States would continue to embargo because they raised domestic political problems. Why, for example, were anti-biotics included in this category? Was this a heated issue in the Congress? Secretary Anderson explained that there was considerable emotion on this subject in Congress. While, he pointed out, nothing in the present paper permitted the sale of anti-biotics or any other strategic items to Communist China, there was very little doubt that the USSR was transshipping to Communist China anti-biotics obtained from free world sources.

Mr. Cutler then raised the question of the appropriate timing of an announcement of the relaxation in export controls. In response to statements by the President indicating a belief that no public announcement on relaxation should be made, Secretary Anderson agreed that it would be possible for the United States to employ a "certain vagueness" respecting the relaxation. No specific announcement would be required, and controls or decontrols could be handled by means of the Department of Commerce licensing system. The President said he thought very well of this proposal, but Mr. Cutler pointed out that it did not, of course, cover the cutting down of the lists for international control. The President said that we could not control what other nations did, although we could take care of our own announcements.

Secretary Dulles expressed himself as strongly opposed to any announcement of relaxation of trade controls with the Soviet bloc at a time when the French were in such serious trouble in Indochina. Mr. Cutler said he took this to mean that Secretary Dulles opposed any public announcement until such time as the situation in Indochina was clarified. He pointed out that this was the recommendation in paragraph 10 of the report. Secretary Dulles said that paragraph 10 did not quite cover his problem, since it placed implementation of the relaxed controls and announcement of the relaxation of the controls in the same category. It might prove necessary for the United States to agree to implement the new program of relaxed controls prior to any settlement in Indochina. At least, however, it was not necessary to present any formal announcement that this implementation had begun.

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The President suggested that the problem might be met by an announcement of the commodities which remained embargoed, but no reference to the items which were to be decontrolled. Secretary Anderson warned that it would be very difficult to persuade the British to refrain from public announcement of the new policies.

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The National Security Council:

- a. Discussed the report on the subject transmitted by the reference memorandum of June 11.
- b. Adopted the proposed amendments to paragraphs 21 and 23 contained in paragraph 17 of the report, subject to the following changes:
  - (1) Paragraph 21-a-(1): Change "list" to "lists".
  - (2) Paragraph 21-a-(2): Delete the words "and which meet the following criterion: Strategic commodities".
  - (3) Paragraph 21-a-(4): Delete.
- c. Agreed that it is in the U. S. interest that no implementation or, if implementation becomes inescapable, no formal announcement of a relaxation of international, and subsequently U. S., controls should occur until the situation with respect to Indochina becomes more clear.

NOTE: Revised pages for NSC 152/3 incorporating the above amendments, as approved by the President, subsequently circulated to all holders of NSC 152/3. The action in c above, as approved by the President, subsequently transmitted to the Director, Foreign Operations Administration, for appropriate implementation.

3. EFFECT ON NATIONAL SECURITY INTERESTS IN LATIN AMERICA OF POSSIBLE ANTI-TRUST PROCEEDINGS  
(NSC Action No. 805; Memo for NSC from Executive Secretary, same subject, dated June 1, 1953)

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Mr. Cutler reminded the Council that by its action a year previously the Department of Justice had refrained from instituting its anti-trust suit against the United Fruit Company, on the grounds of national security. The year had now elapsed, and as the Council had directed, the Attorney General was again raising the problem. Mr. Cutler called on the Attorney General to give his views, and then asked to be excused from participation in the Council's consideration of this subject in view of the connections of the Old Colony Trust Company with the United Fruit Company.

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The Attorney General then asked Judge Stanley Barnes to read to the Council a letter on this subject addressed to it through Mr. Cutler (copy filed in the minutes of the meeting). This letter described in some detail a series of conferences between representatives of the Department of Justice and representatives of the United Fruit Company. The letter also set forth the terms of a proposed settlement of the issue by a consent decree. The United Fruit Company, however, still insisted that it was not guilty of any violations of the anti-trust laws, and had refused to consider a solution by consent decree unless the Government revealed in advance the evidence it possessed of violations by the United Fruit Company of the anti-trust laws. The letter ended by raising the question whether the Department of Justice should or should not now proceed to institute proceedings against the United Fruit Company. The Attorney General added that the Department of Justice wished to go ahead with the suit if the Council had no objections on grounds of national security.

Secretary Dulles said that the Department of State saw no reason why the Department of Justice should not proceed forthwith to institute the suit. Secretary Wilson questioned Judge Barnes as to the precise violations of the law allegedly committed by the United Fruit Company, and Judge Barnes provided several illustrations. While Secretary Wilson still doubted the advisability of proceeding with the suit at the present time, the President expressed the opinion that the suit should be instituted if, as seemed to be the case, the United Fruit Company had violated the law. Secretary Dulles repeated his similar view, and added that on balance it might be positively advantageous to U. S. policy in Latin America if the suit were instituted. Many of the Central American countries were convinced that the sole objective of United States foreign policy was to protect the fruit company. It might be a good idea to go ahead and show them that this was not the case, by instituting the suit. The only concern he had, said Secretary Dulles, was whether the institution of the suit would interfere with certain activities of the Central Intelligence Agency.

Mr. Allen Dulles said that given a little more time, the Central American states would do Justice's job for it. While he feared that if the Department of Justice announced the suit in the next few days the results might tend to support the position which President Arbenz had taken in Guatemala, this would probably not be so a month from now, by which time the situation in Guatemala would have been clarified.

The National Security Council:

- a. Discussed the subject on the basis of a report by the Attorney General pursuant to NSC Action No. 805-b on the results of his negotiations for the elimination of practices deemed inconsistent with U. S. anti-trust laws.

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- a. Agreed that considerations of national security do not justify further postponement of the proposed anti-trust proceedings beyond the period (estimated at about a month) required to prepare the actual filing of this suit.

NOTE: The action in b above, as approved by the President, subsequently transmitted to the Attorney General.

4. FIVE-POWER EXAMINATION OF THE MILITARY SITUATION IN SOUTHEAST ASIA  
(INCLUDING INDOCHINA)  
(NSC Action No. 1112)

Before giving his report, Admiral Carney alluded to the terms of reference of the Five-Power staff conversations and his instructions from the Joint Chiefs of Staff with respect to the objectives he should pursue in the conversations. Admiral Carney next gave high praise to the participants in the conversations for their efforts to be cooperative. There was a wide range of agreement in the course of the discussions.

Admiral Carney then proceeded to give an oral report on the major fields explored in the course of the conversations. The first of these was an intelligence survey of the situation in Southeast Asia. Unanimous agreement was reached on all aspects of this survey except on the question of the attitude of Soviet Russia in the event that the United States and its allies became embroiled with the Chinese Communists. The British and French delegates expressed the view that in this contingency the Soviets would come to the assistance of the Chinese Communists and World War III would ensue. The U. S. position, said Admiral Carney, was that the behavior of the Russians was problematic rather than probable. The general intelligence survey was followed by a presentation by General Valluy on the situation in the Tonkin Delta.

Thirdly, said Admiral Carney, there was a report on military courses of action in Indochina, with special reference to the Tonkin Delta. Here the consensus was that if the Delta were lost to the Communists it would be extremely difficult to draw any other defense line in Indochina. The "least bad" of such possible lines was thought to be at the narrow waist of Annam, which would run roughly from Thakhek to Dong-Hoi. All the conferees agreed on the vital importance of strengthening the internal security of the remaining Southeast Asian countries.

The fourth area of investigation dealt with the defense of Southeast Asia in the event of overt Chinese Communist aggression. It was generally agreed that the broad strategy in this contingency would be to fight as far to the north as possible. If we fail to halt the

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Communists in the north, the best bet was to halt them at the Kra Isthmus. It was also the unanimous opinion of the participants that if the Chinese Communists overtly aggressed and an air offensive were initiated, our side should make use of atomic weapons. Admiral Carney observed that he was surprised that this view had unanimous acceptance.

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The next discussion centered on military problems which could be anticipated in the event of a cease-fire in Indochina. The conference agreed that the subject was rather academic, but such ideas as emerged were largely based on experience with the Communists in Korea.

Admiral Carney then said that these separate reports were followed by a summary and conclusions. The following were the most important: First, all agreed that the Tonkin Delta was the key to the strategic situation in Southeast Asia. There was no dissent from this view. Second, there was agreement that the French Union forces in the Delta would be subject to increasing attack this month. The French delegate had initially made plain to the others the fact that the French were resigned to defeat. Subsequently, however, he changed his view to entertain the possibility that the French Union forces could hold out for a time at least. Third, there was agreement that by September the Vietminh would be ready to launch a heavy coordinated attack in the Delta. If the French Union forces had not in the meantime been heavily reinforced, they would probably suffer a major defeat. Admiral Carney indicated that General Valluy had privately expressed to him the view that if the French Union forces suffered such a defeat in the Tonkin Delta, the fighting would cease everywhere else in Indochina. Fourth, it was agreed that if the military situation in the Delta were to be stabilized, three fresh divisions as a minimum would have to be in place before the attack began in September. Although the record does not show it, Admiral Carney indicated that the French expected these divisions to be supplied by the United States. Fifth, with respect to the situation if and when the Delta were lost, there was an agreement on the possibility of establishing a new defense line at the narrow waist of Annam. This would require four divisions for static defense, some of which might be supplied out of French forces extricated from the Delta. If sufficient forces could not be extricated from the Delta, the participants agreed that it would be hopeless to try to hold this new line. If an effort were made to obtain the needed forces from southern Indochina, the result would be a collapse of security in the rear of the defense line. There were insufficient forces to do both jobs. If it proved impossible to defend at the Annam waist-line, it was agreed that there was no other suitable defense terrain in Thailand or southern Indochina. The next point of defense would therefore have to be the Kra peninsula.

In his comments on these conclusions, Admiral Carney indicated that there had been very little optimism as to organizing the defense of the remainder of Indochina if the Delta were lost. Very



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little had been said about Burma, although the British delegate, Harding, pointed out that after having quite a whirl with their new-found independence, the Burmese were beginning to sober up and once again to seek advice from the British. Harding therefore thought that the Burmese might gradually be induced to take an interest in defense arrangements in Southeast Asia.

General Valluy, said Admiral Carney, had proposed to follow up the conclusions of the report with a statement which he had composed, pleading for solidarity among the five nations participating in the conference. While Valluy's text was not accepted, a revision by Harding was. With respect to future Five-Power staff agency conversations, Admiral Carney made it clear that the United States was reserving its position for the present. We had agreed, however, to participate in an Intelligence Conference scheduled for July at Singapore. On the other hand, we had not committed ourselves to attend a meeting of the military planners of the five powers scheduled for Melbourne in September.

At the conclusion of Admiral Carney's report, the President expressed surprise at the pessimistic views as to the results of a Vietminh attack in the Delta, even though such an attack did not involve overt Chinese support. Admiral Carney could only repeat to the President that initially General Valluy had had nothing hopeful to offer with respect to this contingency, but that he did subsequently modify the view that such an attack would result in the quick collapse of the French Union forces in the Delta.

The President reiterated that this current pessimism was in marked contrast with the earlier desire of the French Union forces to confront the enemy in a pitched battle.

Mr. Cutler inquired of Admiral Carney whether the conference had discussed the question of using any ROK divisions. Admiral Carney replied that while the record contained no reference to this subject, it had in fact been discussed. The French view had been that ROK forces would not be acceptable. Secretary Dulles added the comment that as he understood it, the French were insulted at the very idea of enlisting aid from the Republic of Korea.

Mr. Allen Dulles commented briefly on the increasing rate of desertions among the Vietnamese forces. The problem of morale and the will to fight was still unsolved. In commenting on this point, Admiral Carney said that General Valluy insisted that the loss of Dien Bien Phu had radically altered the military balance in Indochina in favor of the Vietminh. This was not merely a matter of numbers, but derived from the fact that the troops lost at Dien Bien Phu constituted the flower of the French Expeditionary Corps. Also of great significance were the psychological repercussions of the defeat on the Vietnamese troops.

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All this, said the President, simply went to prove that the native populations of these states regarded this whole business as a colonial war. Agreeing with the President, Secretary Dulles commented that from time to time he thought it best to let the French get out of Indochina entirely and then to try to rebuild from the foundations.

The President stated that in any event all this proved that it was impossible for the United States to intervene in Indochina and accomplish anything until the native peoples agreed on a political objective for which they were willing to fight. There was certainly no sign of this at present.

Secretary Wilson expressed great concern about the vast amount of equipment which the United States had shipped to Indochina. If the French Union forces were badly defeated, the Vietminh would get possession of much of this equipment, and as a result their army would be among the best equipped in Asia.

Governor Stassen inquired of Admiral Carney as to the real feasibility of establishing and holding at the waist-line of Annam. Could such a line be held if the Chinese Communists refrained from intervention? Admiral Carney replied that he personally was doubtful if such a line could long be maintained, even against the Vietminh alone. Secretary Dulles, however, expressed the opinion that such a line was not likely to be frontally attacked if it was manned by forces representative of the coalition. The Vietminh would prefer to use tactics of subversion rather than to attack these allied forces directly. Whether in the meantime you could succeed in building real military strength south of the line was problematic, since political factors would play an important role. Governor Stassen thought it important to emphasize that choice of a defense line at the waist of Annam would very probably obviate the likelihood of overt Chinese Communist intervention, since the Chinese Communists would have succeeded in creating a buffer state in northern Indochina.

The President observed that the worst feature of this Annam line was that it exposed Thailand and Burma to attack. Admiral Carney agreed with the President that the choice of such a line would leave the flank exposed. Governor Stassen pointed out, however, that both Thailand and Burma would be subject to a defense guaranty by the coalition powers. This should prevent a direct Communist attack on them, and, as regards internal subversion, these two countries were in better shape and were better able to resist subversion than any other area of Southeast Asia. Secretary Dulles agreed with Governor Stassen that if the allied powers could unite in defense of Southeast Asia on a line which would include Burma, Thailand, and Indochina south of the Annam waist-line, and if the powers asserted themselves to build up the armed forces of Thailand, it would perhaps be possible to establish a

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defense position which could withstand military assault and which would comprise an area that was economically viable. But, continued Secretary Dulles, for the United States or its allies to try to fight now in the Delta area was almost impossible, if for no other reason than that the French have no inclination to invite us in. They are desperately anxious to get themselves out of Indochina. Under these circumstances, Secretary Dulles thought it was probably best to let them quit.

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At this point the President suggested that the Council discuss the next item on the agenda.

The National Security Council:

- a. Noted and discussed an oral report by the Chief of Naval Operations on developments during the Five-Power examination of the military situation in Southeast Asia (including Indochina), conducted pursuant to NSC Action No. 1112.
- b. Noted oral remarks by the Director of Central Intelligence regarding the situation in Indochina with particular reference to the morale of Vietnamese units.

5. RESERVE MOBILIZATION REQUIREMENTS

(NSC 5420; Memos for NSC from Executive Secretary, same subject, dated June 2 and 10, 1954)

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After a few introductory remarks, Mr. Cutler suggested that Dr. Flemming open the discussion, in line with his responsibilities for coordinating manpower problems. Dr. Flemming, however, suggested that Assistant Secretary of Defense Hannah first present to the Council a summary report on the Defense plan (NSC 5420).

Secretary Hannah said that he wished to preface his report by stressing the vital importance of an effective reserve. It was essential, he said, for the United States to have a reserve which can promptly be called into active service. There was no likelihood that in future wars the United States would have an interval, as in the past, during which it could build up its armed forces virtually from scratch. Every one of our military leaders, including General Eisenhower himself, had constantly and over a long period emphasized the importance of a good reserve program. What we have now could certainly not be described as good. It was out of such thinking that the new reserve program, which he would shortly describe, had come into being. Secretary Hannah stressed the particular importance of the reserve plan to the Army and to the Air Force. The Army required a reserve

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force organized into units, whereas the Navy was content with being able to recall individuals into service. OK

Secretary Hannah said that if one were to read the comments of all the various agencies on the new Defense program for the reserve, one might be tempted to conclude that this new program had only been half thought through. This was not the case. This program had been studied for a very long time, and it came to the Council clearly as a well-developed presentation of the military point of view respecting the reserves. Doubtless there were other considerations, such as that of equity, which the Council would wish to entertain before making a decision. After these introductory remarks, Secretary Hannah, with the aid of a number of charts, gave the Council a very thorough and orderly analysis of the main features of the new Defense Department reserve program as contrasted with the existing program.

At the conclusion of his formal report, Secretary Hannah said that there were one or two related matters which he desired to emphasize. One of the most important problems involved the length of the term of service in the reserve. He expressed himself as convinced that the Air Force could not possibly operate on the basis of a two-year term of service. With General Twining's agreement, Secretary Hannah stated that a four-year term was absolutely essential if the United States was to maintain an effective Air Force. He was therefore very concerned lest we set up a reserve program which will not assure a term of service of at least four years. This was one of the reasons why the new plan called for restricting veterans' privileges to men who had served a period of four years.

Thereafter, Secretary Hannah again repeated that the new Defense program was designed by military men primarily to serve military objectives. If the reserve is to be militarily effective, Secretary Hannah insisted that it must be composed of individuals with the kinds of skills and experience which could not be got from a mere six months of basic training. Such basic training was no substitute for actual military service, and any proposal which ignored this fact would be completely unacceptable to the Defense Department.

There was one other question which had been thoroughly debated in the course of the formulation of the new Defense reserve plan. This was what to do about the National Guard. Should the Guard divisions have an important place in the new reserve program? After lengthy debate on this question, said Secretary Hannah, the conclusion was reached that the Guard divisions could be made into an effective part of the total reserve, but that to do so would require new legislation and drastic change in the present form of the National Guard. It was certainly questionable whether such changes would be approved by the National Guard. But these were hurdles which must be overcome so that the National Guard divisions can be included as an integral part of the proposed new reserve program.

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At the conclusion of Secretary Hannah's report, Mr. Cutler called on Dr. Flemming for his comments.

Dr. Flemming indicated that he approved of much of the content of the new Defense proposal. The basic issue, as he saw it, was the contention in the report that the reserve forces must be built around a substantial proportion of prior service personnel having a high level of military competence. Such military competence can be attained only through extensive training and experience. Beyond this, Dr. Flemming commented along the lines of his memorandum dated May 28, 1954 (enclosure to the reference memorandum of June 2, 1954), and thereafter commented briefly on the views of the various other agencies on the Defense Department plan.

The President said that he would presently have to leave the meeting, but before he did so he had a couple of things to say on the basis of his long acquaintance with the problem of adequate reserve forces. His first conviction, he said, was that more money should go into the creation and training of reserve forces and less money should be spent on the active forces. Second, the hardest job of a commander in wartime is to convince a soldier why he is fighting and why he ought to fight. It was therefore absolutely essential that any reserve plan indicate clearly that non-veterans will not avoid some kind of service, and that the whole weight of reserve duty will not fall on combat veterans. Since every able-bodied man would be needed in the next war, the present program must clearly show that every able-bodied man would have to participate in some measure. The job of getting Congressional and public support for any reserve plan that puts all the obligations of service on the veteran and omits other categories, would be destined to failure.

His next point, said the President, related to the National Guard, about which, in its present form, he would have some very harsh comments to make. He said he would go along with Secretary Hannah's plan to incorporate the National Guard divisions, provided that the new legislation on the Guard made it crystal clear that this Guard was to be wholly controlled by the Federal Government. When the States are faced with the possibility of local attacks, the President predicted that they would insist on creating a Home Guard over and above their National Guard. Accordingly, the National Guard should be Federally controlled. Otherwise, we might just as well forget about the National Guard, which in its present form was little more than a political organization.

In order to meet the issue of equity of service, the President suggested that added weight be given to years of active service, so that veterans would complete their required term of service in the reserve in a shorter period than members of the reserve who were taken in directly from civilian life. The President also expressed strong

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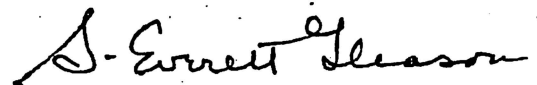
skepticism of any term of basic training of four to six months for individuals with no prior active service and who were inducted into the reserve.

In conclusion, the President stressed the very great importance of the points he had made, and pledged his wholehearted support for a really effective reserve program.

The National Security Council:

- a. Discussed the subject on the basis of NSC 5420 and the views with respect to NSC 5420 transmitted by the reference memoranda.
- b. Referred the proposed military reserve program contained in NSC 5420 to the Department of Defense and the Office of Defense Mobilization to consider revisions in the light of the oral and written comments, including the desirability of providing for service by all militarily eligible men and ensuring effective Federal control over the National Guard, as indicated by the President.
- c. Requested the Department of Defense and the Office of Defense Mobilization to report back to the Council on July 15 the results of b above, including cost estimates prepared with the assistance of the Bureau of the Budget.

NOTE: The actions in b and c above subsequently transmitted to the Secretary of Defense, the Director, Office of Defense Mobilization, and the Director, Bureau of the Budget, for implementation.



S. Everett Gleason