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1955-1957

VOLUME IV

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# Foreign Relations of the United States, 1955–1957

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Volume IV

## Western European Security and Integration

*Editor in Chief* William Z. Slany

*Editors* Nancy E. Johnson  
Robert J. McMahon  
Sherrill B. Wells



DEPARTMENT OF STATE PUBLICATION 9453

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# Preface

The publication *Foreign Relations of the United States* constitutes the official record of the foreign policy of the United States. The volumes in the series include, subject to necessary security considerations, all documents needed to give a comprehensive record of the major foreign policy decisions of the United States together with appropriate materials concerning the facts which contributed to the formulation of policies. Documents in the files of the Department of State are supplemented by papers from other government agencies involved in the formulation of foreign policy.

The basic documentary diplomatic record printed in the volumes of the series *Foreign Relations of the United States* is edited by the Office of The Historian, Bureau of Public Affairs, Department of State. The editing is guided by the principles of historical objectivity and in accordance with the following official guidance first promulgated by Secretary of State Frank B. Kellogg on March 26, 1925.

There may be no alteration of the text, no deletions without indicating where in the text the deletion is made, and no omission of facts which were of major importance in reaching a decision. Nothing may be omitted for the purpose of concealing or glossing over what might be regarded by some as a defect of policy. However, certain omissions of documents are permissible for the following reasons:

- a. To avoid publication of matters which would tend to impede current diplomatic negotiations or other business.
- b. To condense the record and avoid repetition of needless details.
- c. To preserve the confidence reposed in the Department by individuals and by foreign governments.
- d. To avoid giving needless offense to other nationalities or individuals.
- e. To eliminate personal opinions presented in despatches and not acted upon by the Department. To this consideration there is one qualification—in connection with major decisions it is desirable, where possible, to show the alternative presented to the Department before the decision was made.

Documents selected for publication in the *Foreign Relations* volumes are referred to the Department of State Classification/Declassification Center for declassification clearance. The Center reviews the documents, makes declassification decisions, and obtains the clearance of geographic and functional bureaus of the Department of State, as well as of other appropriate agencies of the government.



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The Center, in coordination with the geographic bureaus of the Department of State, conducts communications with foreign governments regarding documents or information of those governments proposed for inclusion in *Foreign Relations* volumes.

The then Deputy Historian and General Editor, William Z. Slany, supervised the planning of this volume. Compilation and final review were directed by Charles S. Sampson, Neal H. Petersen, and John P. Glennon. Sherrill B. Wells prepared the compilation on NATO, Robert J. McMahon that on European Integration, and Nancy E. Johnson that on the Ambassadorial Meetings. Kay Herring prepared the lists of names and abbreviations.

The Documentary Editing Section under the supervision of Rita M. Baker performed technical editing in the Publishing Services Division (Paul M. Washington, Chief). Max Franke prepared the index.

**William Z. Slany**

*The Historian  
Bureau of Public Affairs*

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The principal source of documentation for this volume was the indexed central (decimal) files of the Department of State. Documents from the central files have been supplemented by materials from decentralized office files, the "lot" files of the Department of State. The editors also examined the record collections maintained at the Dwight D. Eisenhower Library in Abilene, Kansas, and the daily appointment books in the John Foster Dulles Papers at the Princeton University Library in Princeton, New Jersey. Documents from all sources are identified in this volume by a file description in the first footnote to each document. Here follows a list of the unpublished sources, not including Department of State central files, used in the preparation of this volume.

## Department of State

### Atomic Energy Files, Lot 57 D 688

Consolidated collection of documentation in the Department of State on atomic energy policy for the years 1944–1962, as maintained principally by the Special Assistant to the Secretary of State on Atomic Energy Affairs but also by other offices of the Department of State. (202 cubic feet)

### Conference Files, Lot 60 D 627

Collection of documentation on official visits by heads of government and foreign ministers to the United States and on major international conferences attended by the Secretary of State for the period 1953–1955, as maintained by the Executive Secretariat of the Department of State. (25 cubic feet)

### Conference Files, Lot 62 D 181

Collection of documentation on official visits by heads of government and foreign ministers to the United States and on major international conferences attended by the Secretary of State for the period 1956–1958, as maintained by the Executive Secretariat of the Department of State. (8 cubic feet)

### Conference Files, Lot 63 D 123

Collection of documentation on official visits by heads of government and foreign ministers to the United States and on major international conferences attended by the Secretary of State for the period 1955–1958, as maintained by the Executive Secretariat of the Department of State. (18 cubic feet)

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### E-CFEP Files, Lot 61 D 282A

Documents of the Council on Foreign Economic Policy for the years 1955-1960, as maintained by the Bureau of Economic Affairs. These files are part of Federal Records Accession No. 62 A 624. (5 cubic feet)

### G/PM Files, Lot 68 D 349

Subject files maintained by the Office of the Deputy Assistant Secretary of State for Politico-Military Affairs for the years 1950-1967. (7 cubic feet)

### INR Files

Files retained by the Bureau of Intelligence and Research.

### MAP Files, Lot 59 D 448

Files on the Military Assistance Program for fiscal years 1953 to 1956. (2 cubic feet)

### Martin Files, Lot 74 D 484

Documents from the files of Ambassador Edwin M. Martin for the period February 1947 to January 1974. (1 cubic foot)

### NAC Files, Lot 60 D 137

Master file of the documents of the National Advisory Council on International Monetary and Financial Problems for the years 1945-1958, as maintained by the Office of Near Eastern Affairs, Bureau of Economic Affairs, Department of State. (15 cubic feet)

### NEA Files, Lot 59 D 518

Top Secret records pertaining to the Middle East for the years 1954-1957, as maintained by the Office of Near Eastern Affairs, Bureau of Near Eastern, South Asian, and African Affairs. (8 cubic feet)

### OCB Files, Lot 61 D 385

Master set of the administrative and country files of the Operations Coordinating Board for the years 1953-1960, as maintained by the Operations Staff of the Department of State. (25 cubic feet)

### OCB Files, Lot 62 D 430

Master files of the Operations Coordinating Board for the years 1953-1960, as maintained by the Executive Secretariat of the Department of State. (17 cubic feet)

### PPS Files, Lot 66 D 70

Subject files, country files, chronological files, documents, drafts, and related correspondence of the Policy Planning Staff for the year 1955. (7 cubic feet)

### PPS Files, Lot 66 D 487

Subject files, country files, chronological files, documents, drafts, and related correspondence of the Policy Planning Staff for the year 1956. (3 cubic feet)

## Presidential Correspondence, Lot 64 D 174

Exchanges of correspondence between President Eisenhower and heads of foreign governments, excluding the United Kingdom, France, Germany, and the Soviet Union, for the years 1953–1960, as maintained by the Executive Secretariat of the Department of State. (4 cubic feet)

## Presidential Correspondence, Lot 66 D 204

Exchanges of correspondence between President Eisenhower and heads of foreign governments for the years 1953–1964, as maintained by the Executive Secretariat of the Department of State. (9 cubic feet)

## Presidential Memoranda of Conversation, Lot 66 D 149

A chronological record of cleared memoranda of conversation with foreign visitors for the years 1956–1964, as maintained by the Executive Secretariat of the Department of State. (1 cubic foot)

## RA Files, Lot 58 D 374

Subject files relating mostly to European economic organizations and integration for the years 1950–1956, as maintained by the Division of Economic Organization Affairs, Office of European Regional Affairs. (5 cubic feet)

## RA Files, Lot 58 D 455

Subject files relating mostly to European economic organizations and integration for the period 1954–1957, as maintained by Stanley M. Cleveland in the Division of Economic Organization Affairs, Office of European Regional Affairs. (3/4 cubic foot)

## RA Files, Lot 58 D 546

Consolidated subject files of the Deputy Director of the Office of European Regional Affairs, Joseph Palmer, II, for the period 1952–1956. (1 cubic foot)

## RA Files, Lot 61 D 252

General correspondence, including official informal letters and memoranda, from the Director of the Office of European Regional Affairs for the period 1955–1959. (1/2 cubic foot)

## S/P–NSC Files, Lot 62 D 1

Serial and subject master file of National Security Council documents and correspondence for the years 1948–1961, as maintained by the Policy Planning Staff. (43 cubic feet)

## S/S Files, Lot 66 D 123

Chronology of original documents on Project GAMMA, Joint U.S.–U.K. Working Group on Near East Policy and Operations, for the period August 1957 to February 1958, as maintained by the Executive Secretariat of the Department of State. (1 cubic foot)

## S/S–NSC Files, Lot 63 D 351

Serial file of National Security Council documents and correspondence and related Department of State memoranda for the years 1947–1961, as maintained by the Executive Secretariat of the Department of State. (20 cubic feet)



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### S/S-NSC (Miscellaneous) Files, Lot 66 D 95

Administrative and miscellaneous National Security Council documentation, including NSC Records of Action for the years 1947-1963, as maintained by the Executive Secretariat of the Department of State. (9 cubic feet)

### Secretary's Memoranda of Conversation, Lot 64 D 199

Chronological collection of the Secretary of State's memoranda of conversation and the Under Secretary of State's memoranda of conversation for the years 1953-1960, as maintained by the Executive Secretariat of the Department of State. (7 cubic feet)

### WE files, Lot 58 D 132

Subject files of the officer in charge of French-Iberian affairs, Office of Western European Affairs, for the years 1940-1957. (1 cubic foot)

### WE files, Lot 59 D 645

Subject files of the officer in charge of French-Iberian affairs, Office of Western European Affairs, for the period 1957 to June 1958. (1/6 cubic foot)

## **Princeton University Library, Princeton, New Jersey**

### The Papers of John Foster Dulles

Daily Appointment Books, 1953-1959

## **Dwight D. Eisenhower Library, Abilene Kansas**

### CFEP Records

Records of the United States Council on Foreign Economic Policy, 1955-1961.

### CFEP Chairman Records

Records of the Office of the Chairman, United States Council on Foreign Economic Policy (Joseph M. Dodge and Clarence B. Randall), 1954-1961.

### Dulles Papers

Papers of John Foster Dulles, 1952-1959.

### Project Clean Up

Project "Clean Up" collection. Records of Gordon Gray, Robert Cutler, Henry R. McPhee, and Andrew J. Goodpaster, 1953-1961.

### Whitman File

Papers of Dwight D. Eisenhower as President of the United States, 1953-1961, as maintained by his personal Secretary, Ann C. Whitman. The Whitman File includes the following elements: the Name Series, the Dulles-Herter Series, Eisenhower Diaries, Ann Whitman (ACW) Diaries, National Security Council Records, Miscellaneous Records, Cabinet Papers, Legislative Meetings, International Meetings, the Administration Series, and the International File.

### Clarence Francis Papers

Papers of Clarence Francis, Special Consultant to the President and Chairman, Inter-Agency Committee on Agricultural Surplus Disposal, 1954-1960.

# List of Abbreviations and Symbols

- AB**, *Aktiebolaget* (company)  
**ACEP**, Advisory Committee on Export Policy  
**ADC**, Air Defense Command  
**ADTC**, Air Defense Technical Command; Allied Defense Tactical Communications  
**AE**, atomic energy  
**AEC**, Atomic Energy Commission  
**AF**, Air Force  
**AFHQ**, Allied Forces Headquarters  
**AFI-CIO**, American Federation of Labor-Congress of Industrial Organizations  
**AFNE**, Allied Forces Northern Europe  
**AFOAT**, Air Force Office of Atomic Energy  
**AGIP**, *Azienda Generale Italiana Petroli* (Italian General Petroleum Agency)  
**ALN**, *Armée de la Libération Nationale* (Army of National Liberation)  
**Amb**, Ambassador  
**AOC-ADC**, Air Officer Commanding, Canadian Air Defense Command  
**ARA**, Bureau of Inter-American Affairs, Department of State  
**Aramco**, Arabian American Oil Company  
**ARS**, *Action Républicain, et Sociale* (French)  
**ASEA**, *Allmänna Svenska Elektriska Aktiebolaget* (German Swedish Electric Company)  
**AWX**, All weather aircraft interceptor (fighter plane)  
**BADGE**, Basic Air Defense Ground Environment  
**BEM D**, Bermuda Document  
**Benelux**, Belgium, Netherlands, and Luxembourg  
**BNA**, Office of British Commonwealth and Northern European Affairs, Bureau of European Affairs, Department of State  
**BOAC**, British Overseas Airways Corporation  
**BOMARC**, Boeing-Michigan Aeronautical Center (area defense surface-to-air missile)  
**BOT**, Board of Trade; Board of Transport (NATO); balance of trade  
**BP**, Baghdad Pact  
**B/P**, balance of payments  
**CA**, circular airgram  
**CADIZ**, Canadian Air Defense Identification Zone  
**CAGE**, Combined Air Defense Ground Environment System  
**CARE**, Cooperative for American Remittances to Everywhere  
**CD**, Christian Democratic Party  
**CDA**, Combined Development Agency  
**CDU**, *Christlich-Demokratische Union* (Christian-Democratic Union); Coastal Defense Radar (for detecting U-boats)  
**CE**, Council of Europe; Corps of Engineers, U.S. Army  
**CFEP**, Council on Foreign Economic Policy  
**CGIL**, *Confederazione Generale Italiana del Lavoro* (Italian General Confederation of Labor)  
**CGT**, *Confédération Générale du Travail* (General Confederation of Labor)  
**ChiCom**, Chinese Communist  
**CHINCOM**, China Committee of the Paris Consultative Group  
**CIA**, Central Intelligence Agency

## XII List of Abbreviations and Symbols

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- CINCCHAN**, Commander in Chief, Channel Command (NATO)  
**CINCEUR**, Commander in Chief, Europe  
**CINCNE**, Commander in Chief, Northeast Command  
**CINCNORAD**, Commander in Chief, North American Air Defense Command  
**CINCNorth**, Commander in Chief, North  
**CINCONAD**, Commander in Chief, Continental Air Defense Command  
**CISL**, *Confederazione Italiana dei Sindacati Lavoro* (Italian Confederation of Labor Unions)  
**CL**, light cruiser  
**CLAA**, anti-aircraft light cruiser  
**COCOM**, Coordinating Committee, a subordinate body of the Paris Consultative Group  
**CODAR**, Low frequency broad band acoustic radar  
**Colux**, series indicator for telegrams for the United States Mission to the European Coal and Steel Community  
**COM**, Chief of Mission  
**COMISCO**, Committee of the International Socialist Conference  
**CP**, Communist Party  
**CRO**, Commonwealth Relations Office  
**CSC**, Coal and Steel Community  
**CSUSA**, Chief of Staff, United States Army  
**CT**, country team  
**CVL**, small aircraft carrier  
**CY**, calendar year  
**DA**, Defense Attaché, Department of the Army  
**DC**, *Democrazia Cristiana* (Christian Democratic Party)  
**DD**, destroyer; Department of Defense  
**DD/P**, Office of Programs and Planning, International Cooperation Administration  
**DDE**, destroyer escort  
**DE**, destroyer escort  
**DEFREPNAME**, series indicator for telegrams from the Defense Adviser to USRO and Naval and Military Attachés  
**Depcirtel**, Department of State circular telegram  
**Dept**, Department  
**DEPTAR**, Department of the Army  
**Depotel**, Department of State telegram  
**DEW**, Distant Early Warning  
**DLF**, Development Loan Fund  
**DM**, Deutschemark  
**DOD**, Department of Defense  
**DOT**, dependent overseas territory  
**DRW**, Division of Research for Western Europe, Department of State  
**Dulte**, series indicator for telegrams from Secretary of State Dulles while away from Washington  
**E**, Office of the Assistant Secretary of State for Economic Affairs, Department of State; Bureau of Economic Affairs, Department of State  
**ECA**, Economic Cooperation Administration  
**ECAFE**, Economic Commission for Asia and the Far East  
**ECE**, Economic Commission for Europe  
**EconAd**, Economic Adviser  
**EDC**, European Defense Community  
**EFTA**, European Free Trade Area  
**EM**, European Movement; Emergency Movement  
**Embtel**, Embassy telegram  
**EMH**, falling mass hazard  
**ENI**, *Ente Nazionale Idrocarburi* (National Hydrocarbon Trust)  
**EOKA**, *Ethniki Organosis Kypriou Agoniston* (National Organization of Cyprus Fighters)  
**EPA**, European Productivity Authority  
**EPU**, European Payments Union  
**ETW MC**, Eden Talks Washington, Memorandum of Conversation  
**EUCOM**, European Command, United States Army  
**EUR**, Bureau of European Affairs, Department of State  
**EURATOM**, European Atomic Energy Community  
**EXIM Bank**, Export-Import Bank  
**FAP**, Foreign Air Program  
**FB**, fighter bomber  
**FDR**, *Freie Demokratische Republik* (Free Democratic Republic)  
**FE**, Assistant Secretary of State for Far Eastern Affairs; Bureau of Far Eastern Affairs, Department of State  
**FEC**, Far Eastern Commission  
**FedRep**, Federal Republic of Germany  
**FLN**, (Algerian) National Liberation Front  
**FOA**, Foreign Operations Administration  
**FonMin**, Foreign Minister

- FonOff**, Foreign Office  
**FPC**, Federal Power Commission  
**FTA**, Free Trade Association  
**FY**, financial or fiscal year  
**FYI**, for your information  
**G**, Office of the Deputy Under Secretary of State  
**GA**, General Assembly of the United Nations  
**GATT**, General Agreement on Tariffs and Trade  
**GDR**, German Democratic Republic  
**GEORG**, *Gemeinschaftsorganisation* (Community Organization)  
**GER**, Office of German Affairs, Department of State  
**GFR**, German Federal Republic  
**GNP**, gross national product  
**GOS**, Government of Spain  
**GTI**, Office of Greek, Turkish, and Iranian Affairs, Department of State  
**H**, Office of the Assistant Secretary of State for Congressional Relations  
**HA**, High Authority  
**HG**, Head(s) of government  
**HMG**, Her (His) Majesty's Government  
**Hq**, headquarters  
**H.R.**, House Resolution  
**IAEA**, International Atomic Energy Agency  
**IBRD**, International Bank for Reconstruction and Development  
**ICA(W)**, International Cooperation Administration (Washington)  
**ICBM**, intercontinental ballistic missile  
**ICFTU**, International Confederation of Free Trade Unions  
**IJC**, International Joint Commission  
**ILC**, International Law Commission  
**ILO**, International Labor Organization  
**IMF**, International Monetary Fund  
**INI**, *Instituto Nacional de Industria* (National Institute of Industry)  
**IPC**, International Petroleum Corporation  
**IRBM**, intermediate-range ballistic missile  
**IRD**, International Resources Division, Bureau of Economic Affairs, Department of State  
**IRI**, *Instituto per la Ricostruzione Industriale* (Institute for Industrial Reconstruction)  
**ISA/MDAP**, International Security Affairs/Mutual Defense Assistance Program  
**ITR**, Office of International Trade and Resources, Bureau of Economic Affairs, Department of State  
**JCS**, Joint Chiefs of Staff  
**JIMCO**, Joint Industrial Mobilization Committee  
**JMAAG**, Joint Military Assistance Advisory Group  
**JSC**, Joint Service Chiefs  
**JUSMAG**, Joint United States Military Advisory Group  
**loc**, line of communication  
**LOFAR**, Low Frequency Acquisition and Ranging; Low Frequency Analysis and Recording  
**Luxco**, series indicator from telegrams to the European Coal and Steel Community  
**M+30**, Mobilization Day + 30  
**MA**, Military Attaché  
**MAAG**, Military Assistance Advisory Group  
**MAP**, Military Assistance Program  
**MB**, missile bomber  
**MC**, Military Committee (NATO)  
**MDA(P)**, Mutual Defense Assistance (Program)  
**ME**, Middle East  
**MEDO**, Middle East Defense Organization  
**MEEC**, Middle East Emergency Committee  
**METO**, Middle East Treaty Organization  
**MFN**, most favored nation  
**MNA**, *Mouvement National Algérien* (Algerian National Movement)  
**MOD**, Ministry of Defense  
**MP**, Member of Parliament  
**MRP**, *Mouvement Républicain Populaire* (Popular Republican Movement)  
**MSA**, Mutual Security Act, Mutual Security Assistance  
**MSC**, coastal mine sweeper  
**MSI**, *Movimento Sociale Italiano* (Italian Social Movement); inshore mine sweeper  
**MSO**, ocean mine sweeper  
**MTW MC**, Macmillan Talks Washington, Memorandum of Conversation  
**MWDP**, Mutual Weapons Development Program  
**NA**, Naval Attaché  
**NA**, North Africa

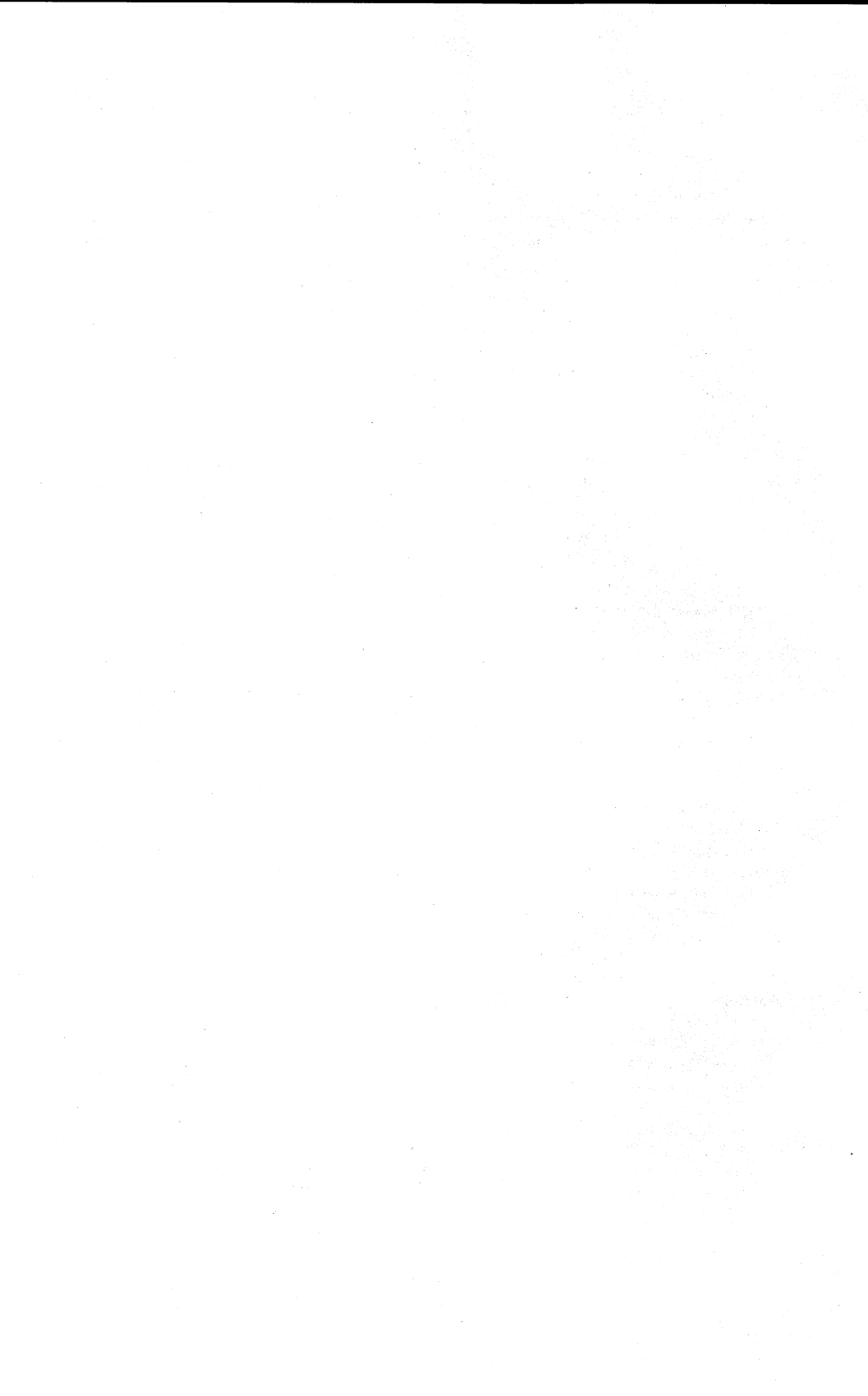
## XIV List of Abbreviations and Symbols

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- NAC**, North Atlantic Council; National Advisory Council
- NAMA**, Naval Aeronautical Material Area
- NAMA**, Naval Attaché–Military Attaché
- NAMC**, North Atlantic Military Committee
- NAT**, North Atlantic Treaty; North Atlantic Treaty Economic and Military Assistance Affairs, Office of European Regional Affairs, Bureau of European Affairs, Department of State
- NATO**, North Atlantic Treaty Organization
- NEA**, Bureau of Near Eastern, South Asian, and African Affairs, Department of State
- NEACC**, Near Eastern Arms Coordinating Committee
- Niact**, night action, communications indicator requiring attention by the recipient at any hour of the day or night
- NIE**, National Intelligence Estimate
- Nike**, United States Army rocket propelled missile
- NIOC**, National Iranian Oil Company
- NORAD**, North American Air Defense Command
- Noforn**, no foreign distribution
- NSC**, National Security Council
- OAS**, Organization of American States
- OCB**, Operations Coordinating Board
- OCCE**, *Office Commun des Consommateurs de Ferraille* (Common/Central Office of Consumers of Scrap Iron)
- ODM**, Office of Defense Mobilization
- OEEC**, Organization for European Economic Cooperation
- OFD**, Office of International Financial and Development Affairs, Bureau of Economic Affairs, Department of State
- OIC**, officer in charge
- OIR**, Office of Intelligence and Research, Department of State
- OSD**, Office of the Secretary of Defense
- OSP**, offshore procurement
- OTC**, Organization for Trade Cooperation
- PJBD**, Permanent Joint Board on Defense
- P**, Office of the Assistant Secretary of State for Public Affairs
- PC**, submarine chaser
- PCE**, patrol escort
- PCF**, *Parti Communiste Française* (Communist Party of France)
- PCI**, *Partito Comunista Italiana* (Italian Communist Party)
- PF**, patrol frigate
- PL**, public law
- PLI**, *Partito Liberale Italiana* (Italian Liberal Party)
- PM**, Prime Minister
- PNM**, *Partito Nazionale Monarchico* (National Monarchist Party)
- POL**, petroleum, oil, lubricants
- PolAd**, Political Adviser
- Polto**, series indicator for telegrams from the United States Permanent Representative at the North Atlantic Council
- PSDI**, *Partito Socialista Democratico Italiano* (Social Democratic Party) (Italy)
- PSI**, *Partito Socialista Italiano* (Italian Socialist Party)
- QR**, quantitative restrictions
- RA**, Office of European Regional Affairs, Department of State
- RAF**, Royal Air Force
- reftel**, reference telegram
- RF**, reconnaissance fighter
- RGR**, *Rassemblement de la Gauche Républicaine* (Assembly of the Republican Left) (France)
- RNAF**, Royal Norwegian Air Force
- RPF**, *Rassemblement du Peuple Français* (Rally of the French People)
- RRP**, Refugee Relief Program
- S/AE**, Office of the Special Assistant to the Secretary of State for Atomic Energy Affairs
- SAC**, Strategic Air Command
- SACEUR**, Supreme Allied Commander, Europe
- SACLANT**, Supreme Allied Command, Atlantic
- SAGE**, Semi-Automatic Ground Environment System
- SAS**, Scandinavian Airways System
- SC**, Security Council of the United Nations; submarine chaser
- SCUA**, Suez Canal Users Association
- SDMICC**, State–Defense Military Information Control Committee
- SEATO**, Southeast Asia Treaty Organization
- Secto**, series indicator for telegrams to the Department of State from the

- Secretary of State (or his delegation)  
when at international conferences
- SETAF**, Southern European Task Force
- SFIO**, *Société Française de l'Internationale Ouvrière* (French Society of International Socialists)
- SG**, Standing Group of the Military Committee of the North Atlantic Council
- SGN**, Standing Group, NATO
- SHAFE**, Supreme Headquarters, Allied Forces, Europe
- SHAPE**, Supreme Headquarters, Allied Powers, Europe
- SKDL**, *Suomen Kansan Demokraattinen Liitto* (Finnish Peoples Democratic League)
- SOF**, status of forces
- SOSUS**, sound surveillance system
- Sov**, Soviet
- SPD**, *Sozialdemokratische Partei Deutschlands* (Social Democratic Party of Germany)
- SRS/DDI**, Special Research Staff, Deputy Director for Intelligence, Central Intelligence Agency
- SS**, submarine
- SUNFED**, Special United Nations Fund for Economic Development
- TA/CM**, trade area/common market
- TE**, technical exchange; table of equipment
- Tedul**, series indicator for telegrams to Secretary of State Dulles while he was away from Washington
- Todef**, series indicator for telegrams to the Defense Advisor to the United States Representative to European Regional Organizations
- Toica**, series indicator for telegrams to the International Cooperation Administration in Washington from its missions abroad
- Topol**, series indicator for telegrams to the United States Permanent Representative at the North Atlantic Council
- Tosec**, series indicator for telegrams from the Department of State to the Secretary of State (or his delegation) at international conferences
- U**, Office of the Under Secretary of State
- UDSR**, *Union Démocratique et Socialiste de la Résistance* (Democratic Socialist Resistance Union)
- UE**, unit equipment
- UFF**, *Union et Fraternité Français* (Union of French Brotherhood)
- UIL**, *Unione Italiana del Lavoro* (Italian Union of Labor)
- UK(G)**, United Kingdom (Government)
- UN(O)**, United Nations (Organization)
- UNEF**, United Nations Emergency Force
- UNESCO**, United Nations Educational, Scientific and Cultural Organization
- UNGA**, United Nations General Assembly
- UNISCAN**, United Kingdom and Scandinavia
- UNRRA**, United Nations Relief and Reconstruction Agency
- UNTCOK**, United Nations Temporary Commission on Korea
- UNTSO**, United Nations Truce Supervision Organization
- UP**, *Unité Populaire* (People's Unity Party) (France)
- USA**, United States Army
- USAF**, United States Air Force
- USCINCEUR**, United States Commander in Chief, Europe
- USDel**, United States Delegation
- USDel/MC**, United States Delegation, Memorandum of Conversation
- USEA**, United States European Agencies
- USIA**, United States Information Agency
- USIS**, United States Information Service
- USN**, United States Navy
- USNMAR**, United States National Military Representative
- USOM(/F)**, United States Operations Mission (in France)
- USRAF**, *Union pour le Salut et le Renouveau de l'Algérie française* (Union for the Safety and Resurrection of French Algeria)
- USRO**, United States Mission to the North Atlantic Treaty Organization and European Regional Organizations
- USUN**, United States Mission at the United Nations
- WE**, Office of Western European Affairs, Bureau of European Affairs, Department of State
- WEU**, Western European Union
- WG**, working group
- WPC**, World Peace Conference





# List of Persons

*Editor's Note.* The identification of the persons in this list is generally limited to circumstances and positions under reference in this volume. Historical persons alluded to, officials noted in documents but not actively participating in substantive discussions, and individuals only mentioned in passing are not identified here. All titles and positions are American unless indicated otherwise. Where no dates are given, the official held the position throughout the period covered by this volume.

- Achilles, Theodore C.**, Minister to France until May 1956
- Adenauer, Konrad**, Chancellor of the Federal Republic of Germany and, until May 1955, Minister of Foreign Affairs
- Aldrich, Richard**, Economic Counselor of the Embassy in Spain and Director, U.S. Operations Mission, ICA, from May 1956
- Aldrich, Winthrop W.**, Ambassador to the United Kingdom until February 1, 1957
- Alger, Frederick M., Jr.**, Ambassador to Belgium until March 27, 1957
- Anderson, Dillon**, Special Assistant to President Eisenhower for National Security Affairs, April 1955–September 1956; Consultant to the President from June 1957
- Averoff-Tossizza, M. Evangelos**, Greek Minister of Foreign Affairs from May 1956
- Barbour, Walworth**, Deputy Assistant Secretary of State for European Affairs until November 1955; Minister-Counselor of the Embassy in the United Kingdom, November 1955–February 1956; Deputy Chief of Mission thereafter
- Barnes, Robert G.**, Director of the Executive Secretariat, Department of State, August 1955–May 1956; Special Assistant to the Under Secretary of State for Mutual Security Affairs thereafter
- Barnett, Robert W.**, Officer in Charge of Economic Affairs, Office of European Regional Affairs, Department of State, until November 1955; Officer in Charge of Economic Organization Affairs, Office of European Regional Affairs, December 1955–May 1956; Economic Counselor of the Embassy in the Netherlands thereafter
- Bech, Joseph**, President, Minister of Foreign Affairs, and Minister of Foreign Trade of Luxembourg
- Berding, Andrew H.**, Assistant Director of the U.S. Information Agency until March 1957; Assistant Secretary of State for Public Affairs thereafter
- Bevan, Aneurin**, Member of Parliament and former British Minister of Health and Minister of Labour
- Beyen (Beijen), Johan W.**, Dutch Minister of Foreign Affairs, concurrently with J.M.A.H. Luns, until October 1956

## XVIII List of Persons

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- Billotte, General of the Army Pierre**, Minister of National Defense and the Armed Forces of France, October 1955–January 1956
- Blankenhorn, Herbert Adolph**, West German Permanent Representative to NATO from May 1955
- Bonbright, James C.H.**, Ambassador to Portugal from February 1955
- Boochever, Louis C.**, U.S. Deputy Representative to the European Coal and Steel Community until January 1956; Office of European Regional Affairs, Department of State, from February 1956
- Bourges-Maunoury, Maurice**, French Minister of the Armed Forces, January–February 1955; Minister of the Interior, February 1955–January 1956; Minister of National Defense, January 1956–June 1957; Prime Minister, June–November 1957; Minister of the Interior thereafter
- Bowie, Robert R.**, Director of the Policy Planning Staff, Department of State, until August 1955; Assistant Secretary of State for Policy Planning and Department of State representative to the National Security Council Planning Board, August 1955–October 1957
- Brentano, Heinrich von**, West German Minister of Foreign Affairs from June 1955
- Brown, Winthrop G.**, Minister for Economic Affairs of the Embassy in the United Kingdom until June 1957
- Bruce, David K. E.**, Special Consultant to the Secretary of State, January 1955–March 1957; Ambassador to the Federal Republic of Germany and Chief of Mission at Berlin from March 1957
- Bulganan, Nikolai Aleksandrovich**, Chairman of the Council of Ministers and Member of the Presidium of the Communist Party of the Soviet Union from February 1955
- Burgess, W. Randolph**, Under Secretary of the Treasury for Monetary Affairs until July 1957; U.S. Permanent Representative to the North Atlantic Council from September 1957
- Butler, Richard A.**, British Chancellor of the Exchequer until December 1955; Lord Privy Seal and Leader of the House of Commons, December 1955–January 1957; Home Secretary thereafter
- Butterworth, W. Walton**, Minister of the Embassy in the United Kingdom until January 1956; U.S. Representative to the European Coal and Steel Community thereafter
- Caetano, Marcello**, Italian Deputy Prime Minister
- Carney, Admiral Robert B.**, Chief of Naval Operations and member of the Joint Chiefs of Staff until August 1955
- Cattani, Attilio**, Director General of Economic Affairs, Italian Foreign Ministry
- Cleveland, Stanley M.**, International Relations Officer, Office of European Regional Affairs
- Conant, James B.**, U.S. High Commissioner for Germany until May 1955; Ambassador to the Federal Republic of Germany and Chief of Mission at Berlin, May 1955–February 1957
- Coppe, Albert**, 2d Vice President of the European Coal and Steel Community
- Corbett, Jack C.**, Director of the Office of International Financial and Development Policy, Department of State
- Couillard, Louis**, Canadian Counselor of Embassy in the United States until October 1957; Chief of the Economic Section, Ministry of External Affairs, thereafter
- Coulson, John E.**, British Minister to the United States, October 1955–summer 1957
- Cullen, Lt. Col. Paul H.**, Secretary of the Council on Foreign Economic Policy
- Cunha, Paulo A.V.**, Portuguese Minister of Foreign Affairs

- Cutler, Robert L.**, Administrative and Special Assistant to President Eisenhower for National Security Affairs until April 1955 and from January 1957
- Dale, William N.**, First Secretary and Consul of the Embassy in the United Kingdom until July 1956; Officer in Charge of United Kingdom and Ireland Affairs, Bureau of European Affairs, Department of State, thereafter
- Diefenbaker, John G.**, Prime Minister of Canada from June 21, 1957
- Dillon, C. Douglas**, Ambassador to France until January 1957; Deputy Under Secretary of State for Economic Affairs from March 1957
- Dodge, Joseph M.**, Special Assistant to President Eisenhower and Chairman of the Council on Foreign Economic Policy until July 1956
- Dulles, Allen W.**, Director of Central Intelligence
- Dulles, John Foster**, Secretary of State
- Dunn, James C.**, Ambassador to Spain until February 1955
- Durbrow, Elbridge**, Minister-Counselor of the Embassy in Italy until October 1955
- Eden, Sir Anthony**, British Secretary of State for Foreign Affairs until April 1955; Prime Minister, April 1955–January 1957
- Eisenberg, Robert**, U.S. Acting Representative to the European Coal and Steel Community until February 1956; Deputy Representative, February–April 1956; First Secretary of the Embassy in Luxembourg, March and April 1956
- Eisenhower, Dwight D.**, President of the United States
- Elbrick, C. Burke**, General Deputy Assistant Secretary of State until February 1957; Assistant Secretary of State for European Affairs thereafter
- Etzel, Franz**, one of the three "Wise Men" of the Common Market
- Farley, Philip J.**, Deputy to the Secretary of State's Special Assistant for Atomic Energy Affairs until October 1957; Special Assistant for Atomic Energy Affairs thereafter
- Faure, Edgar Jean**, French Minister of Foreign Affairs, January–February 1955; Prime Minister, February 1955–January 1956
- Gaillard, Felix**, French Minister of Finance, June 1957–November 1957; Prime Minister thereafter
- Gaitskell, Hugh T. M.**, Member of Parliament and leader of the British Labour Party
- George, Walter F.**, Democratic Senator from Georgia; Chairman of the Senate Foreign Relations Committee, January 1955–January 1957; appointed Presidential Special Representative and Personal Ambassador to study and develop the non-military aspects of NATO, May 1956
- Giordani, Francesco**, one of the three "Wise Men" of the Common Market
- Gleason, S. Everett**, Deputy Executive Secretary of the National Security Council
- Goodpaster, Colonel Andrew J.** (Brigadier General from January 1957), Staff Secretary to President Eisenhower
- Gray, Gordon**, Assistant Secretary of Defense for International Security Affairs, July 1955–February 1957; Director of the Office of Defense Mobilization thereafter
- Gronchi, Giovanni**, President of Italy from April 1955
- Gruenther, General Alfred M.**, Supreme Allied Commander in Europe until November 1956
- Gudmundsson, Gudmundar J.**, Icelandic Minister of Foreign Affairs from July 1956
- Gudmundsson, Kristinn**, Icelandic Minister of Foreign Affairs until July 1956

XX List of Persons

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- Hagerty, James C.**, Press Secretary to President Eisenhower
- Hall, John A.**, Director, Division of International Affairs, Atomic Energy Commission
- Hallstein, Walter**, West German Secretary of State for Foreign Affairs
- Hansen, Hans C.S.**, Danish Minister of Foreign Affairs and from February 1955 Prime Minister
- Hensel, H. Struve**, Assistant Secretary of Defense for International Security Affairs until June 1955
- Herter, Christian A.**, Consultant to the Secretary of State from January–February 1957; Under Secretary of State and Chairman of the Operations Coordinating Board thereafter
- Hickerson, John**, Ambassador to Finland from November 1955
- Hollister, John B.**, Director of the International Cooperation Administration, July 1955–July 1957
- Holmes, Julius C.**, Special Assistant to the Assistant Secretary of State for European Affairs
- Houghton, Amory**, Ambassador to France from April 1957
- Howe, Fisher**, Deputy Special Assistant for Intelligence, Department of State, until March 1956; Director of the Executive Secretariat thereafter
- Humphrey, George M.**, Secretary of the Treasury until July 1957
- Hussein**, King of the Hashemite Kingdom of Jordan
- Ismay, Baron Hastings Lionel**, Secretary General of the North Atlantic Treaty Organization until April 1957
- Jebb, Sir Hubert Miles Gladwyn**, British Ambassador to France
- Jonasson, Hermann**, Prime Minister of Iceland and Minister of Justice from July 1956
- Jones, G. Lewis**, Ambassador to Tunisia from October 1956
- Jones, John W.**, Director of the Office of Western European Affairs, Department of State, until February 1957; Deputy Assistant Secretary of State for European Affairs thereafter
- Kalijarvi, Thorsten V.**, Deputy Assistant Secretary of State for Economic Affairs until March 1957; Assistant Secretary of State for Economic Affairs, March 1957–September 1957
- Karamanlis, Constantine**, Greek Prime Minister from October 1955
- Khrushchev, Nikita Sergeevich**, First Secretary of the Central Committee of the Communist Party of the Soviet Union
- Körprülü, Fuat**, Turkish Minister of Foreign Affairs until April 1955; Minister of State from April 1955, Deputy Prime Minister from August 1955, and Defense Minister from September 1955–November 1955; Minister of Foreign Affairs, December 1955–June 1956
- Krekeler, Heinz L.**, West German Chargé d'Affaires in the United States until May 1955; Ambassador thereafter
- Lange, Halvard M.**, Norwegian Minister of Foreign Affairs from February 1956
- Larock, Victor**, Belgian Minister of Foreign Affairs from May 1957
- Lloyd, Sir John Selwyn Brooke**, British Minister of Supply until April 1955; Minister of Defence, April 1955–December 1955; Secretary of State for Foreign Affairs thereafter
- Lodge, John D.**, Ambassador to Spain from March 1955
- Luce, Clare Boothe**, Ambassador to Italy until December 1956
- Luns, J.M.A.H.**, Dutch Minister of Foreign Affairs, concurrently with Johan Beyen until October 1956; Minister of Foreign Affairs thereafter
- MacArthur, Douglas, II**, Counselor of the Department of State until December 1956

- Macmillan, Harold**, British Minister of Defence until April 1955; Secretary of State for Foreign Affairs, April–December 1955; Chancellor of the Exchequer, December 1955–January 1957; Prime Minister and First Lord of the Treasury thereafter
- Makins, Sir Roger M.**, British Ambassador to the United States until October 1956; Joint Permanent Secretary of the Treasury thereafter
- Malagodi, Giovanni F. J.**, Secretary of the Italian Liberal Party
- Marjolin, Robert E.**, Technical Adviser in the Cabinet of the British Secretary of State for Foreign Affairs from February 1956
- Martin, Edwin M.**, U.S. Alternate Permanent Representative to the North Atlantic Council and Deputy Chief of the United States Mission to NATO and European Regional Organizations
- Martino, Gaetano**, Italian Minister of Foreign Affairs until May 1957
- Matthews, H. Freeman**, Ambassador to the Netherlands until June 1957; Ambassador to Austria from September 1957
- Mayer, René**, President of the High Authority of the European Coal and Steel Community from June 1955
- McElroy, Neil H.**, Secretary of Defense from October 1957
- McLeod, R.W. Scott**, Ambassador to Ireland from July 1957
- Menderes, Adnan**, Prime Minister of Turkey
- Menzies, Robert G.**, Prime Minister of Australia
- Merchant, Livingston T.**, Assistant Secretary of State for European Affairs until May 1956; Ambassador to Canada from May 1956
- Moline, Edwin**, Officer in Charge of Economic Organization Affairs, Office of European Regional Affairs, Department of State, May 1956–August 1957; Deputy Director, Office of British Commonwealth and Northern European Affairs thereafter
- Mollet, Guy**, Secretary-General of the French Socialist Party; President of the Consultative Assembly of the Council of Europe until January 1956; President of the French Council of Ministers, February 1956–June 1957
- Molotov, Vlacheslav Mikhailovich**, Soviet Minister of Foreign Affairs until June 1956
- Monnet, Jean**, President of the High Authority of the European Coal and Steel Community until June 1955; Chairman of the Action Committee for a United States of Europe from October 1955
- Muccio, John J.**, Ambassador to Iceland
- Murphy, Robert D.**, Deputy Under Secretary of State for Political Affairs
- Nasser, Gamal Abdul**, Prime Minister of Egypt
- Nixon, Richard M.**, Vice President of the United States
- Nolting, Frederick E., Jr.**, Special Assistant to the Secretary of State for Mutual Security Affairs until September 1955; First Secretary of the U.S. Mission to European Regional Organizations, September 1955–October 1955; Political Advisor to the Chief of the U.S. Mission to European Regional Organizations and Minister-Consul, Consulate General at Paris, December 1955–March 1956; Deputy Representative to the North Atlantic Council and Minister, USRO Paris, March–October 1957
- Norman, E. Herbert**, Canadian Ambassador to Egypt until April 1957
- Norstad, General Lauris**, Air Deputy, Supreme Headquarters, Allied Powers, Europe, until November 1956; Supreme Allied Commander in Europe thereafter
- Nuri-Birgi, M.**, Secretary General, Turkish Ministry of Foreign Affairs until June 1957; Ambassador to the United Kingdom from June 1957
- Ollenhauer, Erich**, Chairman of the German Social Democratic Party
- Overby, Andrew N.**, Assistant Secretary of the Treasury until 1957



- Palmer, Joseph, II**, Deputy Director of the Office of European Regional Affairs, Department of State, until September 1955; Acting Director until September 1956; Deputy Assistant Secretary of State for African Affairs thereafter
- Parsons, Marselis C., Jr.**, Officer in Charge of Northern European Affairs, Office of British Commonwealth and Northern European Affairs, Department of State, until 1956; Deputy Director, Office of British Commonwealth and Northern European Affairs, January 1956–May 1956; Director thereafter
- Patterson, Morehead**, U.S. Representative to the Negotiations for the Establishment of the International Atomic Energy Agency until December 1955
- Pearson, Lester B.**, Canadian Secretary of State for External Affairs until June 1957
- Pella, Giuseppe**, Italian Minister for Foreign Affairs from May 1957
- Perkins, George W.**, U.S. Permanent Representative to the North Atlantic Council, March 1955–October 1957
- Peterson, Val**, Ambassador to Denmark from August 1957
- Phleger, Herman**, Legal Adviser of the Department of State until April 1957
- Pinay, Antoine**, French Minister of Foreign Affairs, February 1955–January 1956
- Pineau, Christian P.**, French Minister of Foreign Affairs from February 1956
- Prochnow, Herbert V.**, Deputy Under Secretary of State for Economic Affairs, November 1955–November 1956
- Quarles, Donald A.**, Assistant Secretary of Defense for Research and Development until August 1955; Secretary of the Air Force, August 1955–April 1957; Deputy Secretary of Defense thereafter
- Radford, Admiral Arthur W.**, Chairman of the Joint Chiefs of Staff until August 1957
- Randall, Clarence B.**, Special Assistant to President Eisenhower for Foreign Economic Policy and from July 1956 Chairman of the Council on Foreign Economic Policy
- Reinstein, Jacques Joseph**, Special Assistant to the Assistant Secretary of State for European Affairs until July 1956; Director of the Office of German Affairs thereafter
- Robertson, Reuben B., Jr.**, Deputy Secretary of Defense, August 1955–April 1957
- Ronhovde, Andreas G.**, Counselor of the Embassy in the Netherlands
- Rothschild, Robert**, Belgian Chef de Cabinet
- Rountree, William M.**, Deputy Assistant Secretary of State for Near Eastern, South Asian, and African Affairs from August 1956
- Saud Ibn Abd al Aziz al-Faisal al Saud**, King of Saudi Arabia
- Schaeffer (Schaffer), Fritz**, West German Minister of Finance until October 1957
- Schaetzel, J. Robert**, Office of the Special Assistant to the Secretary of State for Atomic Energy Affairs from August 1955
- Segni, Antonio**, Prime Minister of Italy, July 1955–May 1957
- Shepilov, Dmitrii Trofimovich**, Soviet Minister of Foreign Affairs, June 1956–February 1957
- Smith, Gerard C.**, Consultant to the Secretary of State until January 1956; Secretary of State's Special Assistant for Atomic Energy Affairs, January 1956–October 1957; Assistant Secretary of State for Policy Planning thereafter
- Smith, Sidney E.**, Canadian Secretary of State for External Affairs from September 1957
- Spaak, Paul-Henri**, Belgian Minister of Foreign Affairs until May 1957; Secretary General of NATO thereafter

- Stassen, Harold E.**, Director of the Foreign Operations Administration until June 1955; Special Assistant on Disarmament to President Eisenhower from March 1955 and U.S. Deputy Representative to the United Nations Disarmament Commission and Sub-Committee from August 1955
- Steel, Sir Christopher**, British Permanent Representative to NATO until February 1957; Ambassador to the Federal Republic of Germany thereafter
- Stephanopoulos, Stephan**, Greek Minister of Foreign Affairs until October 1955
- Strauss, Franz-Joseph**, West German Minister for Atomic Energy until October 1955; Minister of Defense thereafter
- Strauss, Lewis L.**, Chairman of the U.S. Atomic Energy Commission
- Taviani, Paolo Emilio**, Italian Minister of Defense
- Theotokis, Spyros**, Greek Minister of Foreign Affairs October 1955–May 1956
- Thompson, Llewellyn E.**, Ambassador to the Soviet Union from June 1957
- Thornycroft, Peter**, President of the British Board of Trade until January 1957; Chancellor of the Exchequer thereafter
- Timmons, Benson E.L., III**, First Secretary of the Embassy in France, and Director, Foreign Operations Mission, until July 1955; Minister for Economic Affairs, July–September 1955; Director of the Office of European Regional Affairs, Department of State, thereafter
- Tuthill, John W.**, Counselor for Economic Affairs of the Embassy in the Federal Republic of Germany until June 1956; Counselor for Economic Affairs of the Embassy in France thereafter
- Tyler, William R.**, Deputy Director of the Office of Western European Affairs, Department of State, July 1955–February 1957; Director thereafter
- Unger, Leonard**, Officer in Charge of Political-Military Affairs, Office of European Regional Affairs, Department of State, until May 1957
- van Acker, Achille H.**, Prime Minister of Belgium
- Walmsley, Walter N., Jr.**, Minister-Counselor of the Embassy in the Soviet Union until October 1956; Deputy Assistant Secretary of State for International Organization Affairs thereafter
- Walters, Colonel Vernon A.**, Staff Assistant to President Eisenhower and Public Information Officer of the U.S. Element, Standing Group of the Military Committee of NATO, from January 1955
- Waugh, Samuel C.**, Assistant Secretary of State for Economic Affairs until August 1955; Deputy Under Secretary of State for Economic Affairs, August 1955–October 1955; President and Chairman of the Board of Directors of the Export-Import Bank thereafter
- Weeks, Sinclair**, Secretary of Commerce
- White, Francis**, Ambassador to Sweden from September 1957
- Whitney, John Hay (Jock)**, Ambassador to the United Kingdom from February 1957
- Willis, Frances E.**, Ambassador to Switzerland until May 1957; Ambassador to Norway thereafter
- Wilson, Charles E.**, Secretary of Defense until October 1957
- Yost, Charles W.**, Minister-Counselor of the Embassy in France, July 1956–December 1957
- Zellerbach, James D.**, Ambassador to Italy from February 1957
- Zoli, Adone**, Prime Minister of Italy from June 1957
- Zorlu, Fatin Rüstü**, Turkish Deputy Prime Minister until August 1955 and Minister of State until November 1955; Acting Minister of Foreign Affairs, April–November 1955; Minister of Foreign Affairs from November 1957



# CONTINUING PARTICIPATION OF THE UNITED STATES IN THE NORTH ATLANTIC TREATY ORGANIZATION<sup>1</sup>

EFFORTS OF THE UNITED STATES TO STRENGTHEN THE ALLIANCE THROUGH INCREASED ECONOMIC AND POLITICAL COOPERATION AT THE BIENNIAL MEETINGS OF THE FOREIGN MINISTERS OF THE NORTH ATLANTIC COUNCIL, MAY 1955–MAY 1957; MEETING OF THE HEADS OF GOVERNMENT AT THE NORTH ATLANTIC COUNCIL SESSION IN PARIS, DECEMBER 16–19, 1957

## 1. Memorandum of Discussion at the 245th Meeting of the National Security Council, Washington, April 21, 1955<sup>2</sup>

The following were present at the 245th Council meeting: The President of the United States, presiding; the Vice President of the United States; the Acting Secretary of State; the Acting Secretary of Defense; the Director, Foreign Operations Administration; and the Director, Office of Defense Mobilization. Also present were the Secretary of the Treasury; the Director, Bureau of the Budget; the Director, U.S. Information Agency (for Items 2–6); General John E. Hull, USA (Ret.), (for Item 3); the Acting Secretary of the Army, the Secretary of the Navy, the Acting Secretary of the Air Force, and Assistant Secretary of Defense Hensel (for Items 3 and 4); Admiral Carney for the Chairman, Joint Chiefs of Staff; the Vice Chief of Staff, U.S. Army, and the Assistant Commandant, U.S. Marine Corps (for Items 3 and 4); Brig. Gen G.O.N. Lodoen, Capt. W.A. Sanders, Col. Marshall E. Sanders, Col. Ellsworth Cundiff, Col. John A. Frye, Lt. Cdr. L.W. Walker, Lt. Col. T.B. Roelofs, Lt. Col. John J. Greer, Department of Defense (for Item 4); the Director of Central Intelligence; the Assistant to the President; Dillon Anderson, Joseph M. Dodge, and Nelson A. Rockefeller, Special Assistants to the President; the Deputy Assistant to the President; Robert R. Bowie, Department of State; the White House Staff Secretary; the Executive Secretary, NSC; and the Deputy Executive Secretary, NSC.

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<sup>1</sup>For previous documentation related to this subject, see *Foreign Relations, 1952–1954*, vol. v, Part 1, pp. 1 ff.

<sup>2</sup>Source: Eisenhower Library, Whitman File, NSC Records. Top Secret. Prepared by S. Everett Gleason on April 22.

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

[Here follows discussion of agenda items 1-3, a CIA Quarterly Report, significant world developments affecting United States security, and a presentation by General Hull. Item 3 is scheduled for publication in a forthcoming *Foreign Relations* volume.]

4. *Review of Military Assistance Program* (NSC 5434/1; Memo for NSC from Acting Executive Secretary, subject "Foreign Military Assistance", dated August 30, 1954; NSC Action Nos. 1029-c, 1210, 1301-c, 1338-c and 1367; NSC 5439; NSC 5509, Part 2—The Mutual Security Program; NSC 5510/1, par. 20-a)<sup>3</sup>

After Mr. Dillon Anderson had briefed the Council, he called on Admiral Carney, as Acting Chairman of the Joint Chiefs of Staff, for the reference presentation. Admiral Carney introduced General Lodoen, and indicated that he would conduct the presentation.

At the conclusion of General Lodoen's report, the President indicated particular concern that our allies undertake a greater proportion of the job of maintenance and repair of weapons that we would provide for them, particularly in time for war. The United States could certainly not be the sole source of such equipment. If it were, as he had once warned certain allied leaders, the United States would in practice be in the position of a dictator. The President added that he believed the United States must do more to make this position clear to its allies.

Secretary Hoover indicated some concern with General Lodoen's presentation. He pointed out that in the original concept of force goals in Europe, our strategy was based in part on the ability of the recipient countries to carry their own weight, both in economic and military capabilities. However, said Secretary Hoover, he very much doubted if our current strategy, particularly in the Far East, was realistically based on an appraisal of the economic capabilities of the various countries to support the force levels which we had set.

Mr. Dillon Anderson then pointed out that the Council had before it the task of approving the statement of priorities prepared

<sup>3</sup>NSC 5434/1, "Procedures for Periodic Review of Military Assistance Programs," October 18, 1954, is printed in *Foreign Relations, 1952-1954*, vol. 1, Part 1, p. 786. The August 30, 1954, memorandum is summarized in footnote 1, *ibid.*, p. 740. NSC 5510/1, "U.S. Policy on Turkey, February 28, 1955," is scheduled for publication in a forthcoming *Foreign Relations* volume. Copies of NSC Actions are in Department of State, S/S-NSC (Miscellaneous) Files: Lot 66 D 95, NSC Records of Action. NSC 5439, "Priorities Relative to Pre-D-Day Allocation of Military Equipment," December 10, 1954, adopted as amended by NSC 5509, "Status of National Security Programs as of December 31, 1954," was approved by the President on April 22, 1955, and issued as amended as NSC 5517 to supersede NSC 5439. Copies of these NSC papers are *ibid.*, S/S-NSC Files: Lot 63 D 351.

by the Joint Chiefs of Staff for the delivery of military end items, which he indicated on a chart.

Governor Stassen said that the current statement of priorities contained a significant change. The priority accorded to allied NATO D-day forces had been dropped from the second priority to the third priority. U.S. NATO D-day forces remained in the second priority. Governor Stassen expressed the fear that the drop in priority for the NATO D-day forces would involve a serious delay in General Gruenther's desired build-up of NATO air strength.

The President, in discussing the problem of priorities in practice as opposed to priorities in theory, said that in point of fact the United States was likely to begin to deliver matériel in the third priority before it had completed delivery of all matériel in the second priority. Governor Stassen nevertheless insisted that putting the NATO D-day forces in the third priority would seriously slow up the desired rapid build-up of NATO air strength. He recommended, therefore, that the allied NATO D-day forces be replaced in the second priority along with U.S. NATO D-day forces.

The President agreed with Governor Stassen to the point of stating that allied forces who were actually manning the front lines and were stationed in areas vital to U.S. security should be accorded the same priority for the receipt of war matériel as did U.S. forces stationed in similar areas. It was "silly", thought the President, not to have both U.S. and allied NATO forces in the same state of readiness on D-day.

Secretary Anderson commented that the whole problem was one of emphasis rather than of precise priority. He did not believe that the JCS list of priorities was intended to be rigid.

Governor Stassen replied that the President's last statement seemed to him to establish the most desirable priority for the NATO D-day forces. He reiterated his belief that this was the only way to deal with General Gruenther's problem of trying to build up the air strength in NATO. The President agreed with Governor Stassen's remark.

Admiral Carney said that these priorities and, indeed, the whole assistance program, would have to be reviewed in the light of a current strategic concept which was quite different from the strategic concept under which the priority lists and the military assistance programs had originally been established. Such a review, he said, was already under way in the Defense Department. Admiral Carney expressed agreement with Secretary Anderson's earlier statement that the issue was one of emphasis rather than of exact priorities. He added that the United States must take into consideration the capacity of the recipient countries to absorb and maintain military end items from the United States.

The President repeated that if these countries demonstrate that they have the capacity mentioned by Admiral Carney, they should be placed right up in the second priority. He again said that he meant those countries that are actually ready to fight on D-day.

Assistant Secretary of Defense Hensel expressed agreement to the proposal to move the NATO D-day forces into the second priority, but said he doubted whether this move would have very much practical effect on the movement of items. The President said that he was inclined to agree that this would be the case. The President went on to say that this upping of priority should be confined at the present time to NATO D-day forces, though perhaps later on Japan could also be moved into the second priority. He indicated that Mr. Dillon Anderson should discuss with the Joint Chiefs the actual wording of the NSC Action on this point before the action was submitted to the President for his approval.

Mr. Dillon Anderson then reminded the Council that there were two other pieces of unfinished business which the Council should consider today in connection with the review of the military assistance program. The first of these was a decision on the long-range force goals for Formosa. The second was a decision as to the amount of assistance to be made available by the U.S. to Turkey for FY 1955 in accordance with the commitment by the United States to Turkey in the Aide-Mémoire of June 4, 1954.<sup>4</sup>

Secretary Anderson indicated that the Joint Chiefs of Staff were working on the problem of long-range force goals for the Chinese Nationalist armed forces on Formosa. Unhappily, in present circumstances this was a purely academic exercise and would remain so until the situation in the Formosa Straits had been clarified. He therefore recommended that the Council defer action on this matter.

With respect to Turkey, Secretary Anderson indicated that the Department of Defense was in a position to make available \$180 million worth of military assistance to Turkey for FY 1955 to meet our commitment to that country. On the other hand, he believed that these funds should not actually be made available to the Turks until receipt of the views of the high-level mission to Turkey, which would attempt to reach conclusions as to the capacity of the Turkish economy to absorb this amount of U.S. assistance without disastrous repercussions.

*The National Security Council:*

a. Noted and discussed an oral presentation by the Joint Chiefs of Staff, consisting of:

<sup>4</sup>Not printed; transmitted as an enclosure to airgram 245, June 8, 1954. (*Ibid.*, Central Files, 782.5-MSP/6-854) This aide-mémoire is summarized in telegram 1351, June 5, 1954, scheduled for publication in *Foreign Relations, 1952-1954*, volume viii.



(1) An appraisal, by Services, of the current Mutual Defense Assistance Program in relation to long-range military planning.

(2) A survey of present effectiveness of foreign military forces in the light of approved national security policies and MDAP force objectives for FY 1956-1959.

(3) A statement of critical aspects of the MDA Program as they pertain to:

- (a) The attainment of combat-ready forces, both U.S. and allied.
- (b) Post-D-day aid to allied forces which the U.S. mobilization base may have to supply.
- (c) The attainment of a controllable program over the long range.

b. Adopted the "Priorities Relative to Pre-D-Day Allocation of Military Equipment" contained in NSC 5439 as amended by NSC 5509, Part 2, subject to the following changes:

(1) Add a new subparagraph 2-c, under "Second Priority", to read as follows:

"c. North Atlantic Treaty Organization (NATO) forces (other than U.S.) on active front-line duty in areas vital to U.S. security, when the nation contributing such forces has the capacity to maintain them."

(2) In paragraph 3, under "Third Priority", revise the parenthetical phrase "(other than U.S.)" following "North Atlantic Treaty Organization (NATO) forces", to read "(other than U.S. forces and those NATO forces included in paragraph 2-c above)".

c. Deferred further action on the review of force goals for Formosa requested by NSC Action No. 1301-c, pending clarification of the situation in the Formosa area.

d. Noted that, pursuant to paragraph 20-a of NSC 5510/1, the Department of Defense has allocated \$180 million to satisfy the commitment made by the U.S. to Turkey for FY 1955 in the Aide-Mémoire dated June 4, 1954; but that the provision of such additional aid to Turkey should await the results of the high-level mission to Turkey authorized by NSC Action No. 1338-c.

*Note:* The actions in b, c, and d above, as approved by the President, subsequently transmitted to the Secretary of Defense for appropriate action. NSC 5439, as amended and adopted, approved by the President and subsequently circulated as NSC 5517.

[Here follows discussion of agenda items 5 and 6, United States objectives and policies with respect to Austria (scheduled for publication in a forthcoming *Foreign Relations* volume) and the NSC status of projects.]

S. Everett Gleason

## 2. Editorial Note

The Ministerial meeting of the North Atlantic Council held at Paris, May 9-11, was attended by the Foreign Ministers of the 15 member countries. The United States Delegation was headed by Secretary of State John Foster Dulles, United States Permanent NATO Representative George W. Perkins, and Assistant Secretary of State for European Affairs Livingston T. Merchant.

The Secretary of State and his advisers left Washington on May 6. In a statement upon his departure from the airport, Dulles expressed his belief that Germany's membership in the Atlantic Alliance signaled a new chapter in the "European story." He also stated he would prolong his trip to meet with the Foreign Ministers of France, the United Kingdom, the Soviet Union, and Austria in Vienna if the Austrian State Treaty was concluded. For text, see *The New York Times*, May 7, 1955.

The most extensive body of documentation of this meeting is maintained in Department of State, Conference Files: Lot 60 D 627, CF 443-447. CF 443 contains a set of briefing papers prepared for the delegation on topics likely to be discussed in Paris. CF 444 contains copies of the summary and verbatim records of the Council meetings and a complete list of each country's delegation. CF 445 contains memoranda of conversation, minutes, and telegrams summarizing the meetings with Foreign Ministers ancillary to the meetings, while CF 446-448 include collections of telegraphic exchanges between the Secretary's party and Washington during the Paris visit. Reports and documents which discuss preparations for the meeting and summarize the proceedings are *ibid.*, Central Files, 740.5.

During his stay in Paris, Dulles discussed problems of mutual concern with the Foreign Ministers. He discussed German unification, European integration, and the Austrian State Treaty with Chancellor Konrad Adenauer; Vietnam and North Africa with Prime Minister Jean Faure; and the possible Four-Power Talks with both these men and with Foreign Secretary Harold Macmillan. Documentation on some of these discussions is presented in relevant compilations in other volumes of *Foreign Relations*.

The Council meeting followed the agenda below:

I. Progress Report by the Secretary General

II. Review of the Current International Situation

(a) Trends and Implications of Soviet Policy, December 1954 to April 1955

(b) European Questions for Negotiation with the Soviet Union, i.e., the German Problem, the Austrian Problem, and European Security

(c) Disarmament Negotiations

(d) Other Questions of Common Concern in the International Situation, including the Middle East, the Far East, including Formosa, and Other Questions

III. Questions Involved in the Implementation of the Paris Agreements Including Relationship Between NATO and Western European Union

IV. Any Other Business

V. Date and Place of Next Ministerial Meeting

VI. Draft Communiqué

The text of the final communiqué issued on May 12 is printed in Department of State *Bulletin*, May 23, 1955, pages 831-832.

Because of extensive documentation, the editors are presenting a selection of the most significant documents which best illustrate the main points of the Council's discussions pertaining to NATO.

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3. **Telegram From the United States Delegation at the North Atlantic Council Ministerial Meeting to the Department of State<sup>1</sup>**

*Paris, May 9, 1955—8 p.m.*

Polto 2249. Cotel. Subject: NATO Ministerial Meeting, May 9.<sup>2</sup>

1. Public session went off without hitch with all Ministers making brief statements welcoming Germany into NATO and paying high tribute Adenauer. Texts all statements being pouched.<sup>3</sup> Only exception worth noting was Portuguese who said: "Alliance is not yet complete. Not all nations which should logically belong are formally included in it—although we know they are all with us in spirit in desire to defend values of West. But it is impossible to overcome all difficulties at one time, and we must congratulate ourselves on having already got to point of taking this all important step".

2. Morning plenary session devoted to SecGen Progress Report (Agenda Item I) and discussion Soviet Trends Paper (Agenda Item II(a)).<sup>4</sup> Regarding first item Van Vredenburg announced Boyesen appointed new Norwegian PermRep.

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<sup>1</sup>Source: Department of State, Central Files, 740.5/5-955. Secret. Concurred in by Merchant. Repeated to the other NATO capitals, Wiesbaden, and Heidelberg.

<sup>2</sup>The summary, C-R(55)18, and verbatim, C-VR(55)18, records of this session, both dated May 9, are *ibid.*, Conference Files: Lot 60 D 627, CF 444.

<sup>3</sup>Not found in Department of State files. For text of Dulles' statement, see Department of State *Bulletin*, May 23, 1955, p. 831.

<sup>4</sup>These items, C-M(55)47 and C-M(55)46, are in Department of State, Conference Files: Lot 60 D 627, CF 443 and CF 444, respectively.

Secretary opened discussion Soviet Trends Paper stressing: (a) present Soviet regime continues emphasis development heavy industry and armaments. This is repudiation of Malenkov policy to raise Soviet living standards; (b) more reasonable Soviet position on Austria brought about by united stand of West and although Austrian treaty not yet finalized Soviet intentions seem to be genuine; (c) on other hand, Soviets have maintained negative position in disarmament talks in London;<sup>5</sup> (d) furthermore, they are consolidating their Eastern military alliance and Molotov's forthcoming meeting in Warsaw will give formal facade to something always in effect;<sup>6</sup> (e) recent moves against Berlin, a clear violation of the 1949 agreement, are further disturbing factor;<sup>7</sup> (f) West must proceed on assumption that basic Soviet policy unchanged and must not relax its efforts; (g) although international situation seems somewhat improved—this primarily due to fact that West is beginning see fruits its own policy—temptation to relax Western endeavors in face possible conciliatory moves must be rejected; (h) serious consideration must be given to General Gruenther's Effectiveness Report which points out grave weaknesses in NATO armed forces;<sup>8</sup> (i) West must not be frightened by Soviet threats or trapped into relaxation by outward manifestations of Soviet friendliness. This connection Secretary referred to December speech<sup>9</sup> in which he pointed out Soviets always hurled threats at West whenever it took measures consolidate strengthen its position. But these measures always were followed by Soviet policies of greater moderation. Soviets now following Lenin-Stalin zig-zag policy of maneuver and West must take care not to relax because of superficial changes in Soviet policy. West was not deterred by Soviet threats—it must not now be deterred by superficial Soviet reasonableness. It must pursue its present course without vacillation, hesitation or weakness.

Turkish Foreign Minister commented at some length on dangers of Soviet inspired "peace offensive" which had in effect successfully engendered neutralist and pacifist currents in many countries. Soviet Union by dominating so many countries in Eastern Europe had disrupted European equilibrium and if neutralist trends increased real danger existed that Soviet domination would continue to expand.

<sup>5</sup>Reference is to the discussions of the Subcommittee of the U.N. Disarmament Commission in London, February 25–May 18, 1955.

<sup>6</sup>Reference is to the gathering in Warsaw of representatives of the Soviet Union and certain Eastern European nations in May 1955.

<sup>7</sup>Reference is to the Communiqué of the Sixth Session of the Council of Foreign Ministers, June 20, 1949, printed in *Foreign Relations*, 1949, vol. III, pp. 1062–1065.

<sup>8</sup>Not found in Department of State files.

<sup>9</sup>Reference presumably is to Dulles' December 21, 1954, statement made upon his return from the NAC meeting in Paris. For text, see Department of State *Bulletin*, January 3, 1955, pp. 9–10.

Adenauer stated that before coming to Paris he had consulted with all party leaders in his coalition Government. They all agreed they were entirely behind him and his policy of firm association with West. It was entirely incorrect to think that Germany had one eye to West and another to East. Austrian developments had no real effect on German public since situation in two countries entirely different. Adenauer commented briefly on opposition of youth in Eastern Zone, stating that partly because of church influence only about 8% of youth now attended Communist inspired ceremonies. He fully agreed with Secretary's call for continued vigilance stating that Soviet Union would be dictatorship for some time and that dictatorships were always threat to their neighbors. Although there might now be a better climate for international conferences, such conferences must be of long duration since all world problems are intimately linked up and must be considered in time. If conference were called to consider German question this conference would probably be expanded to larger conference at later date to consider other problems; therefore other countries would have to be brought in. In any event, Soviets have not given up their basic intentions and NATO must remain strong, in fact increase its strength.

French Foreign Minister briefly commented on need for caution and cohesion and continuance of present NATO policies. Emphasis on Soviet heavy and munitions industries justifies preoccupations of West.

Belgian Foreign Minister stated that if there were any tendencies towards relaxation of tensions it was entirely due to successes NATO policies. Any future conference with Soviets must be preceded by careful preparation. Most important of all, West must decide what are objectives of such conference. Western public opinion, somewhat confused, desires such talks but does not know exactly what are Western goals. Public opinion would be badly disillusioned if conference held and no positive results attained. Spaak advocated that all NATO members be consulted in regard to objectives of any future conference, especially as to the defined limits beyond which the Western Powers would not retreat. He paid tribute to firm Western stand at Berlin conference.

At suggestion of UK Foreign Minister agreed that discussion Agenda Item II(b) would be initiated afternoon session.<sup>10</sup>

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<sup>10</sup>See Polto 2252, *infra*.

#### 4. Telegram From the United States Delegation at the North Atlantic Council Ministerial Meeting to the Department of State<sup>1</sup>

*Paris, May 10, 1955—1 p.m.*

Polto 2252. Following is summary of restricted NAC meeting on Agenda Item II (a), (b), (c) afternoon May 9.<sup>2</sup>

Pinay opened by summarizing yesterday's tripartite and quadripartite meetings saying the three had first met to consider future four power meetings and Adenauer had joined later re German problem.<sup>3</sup> All agreed conference with Soviets under conditions different from Berlin conference was desirable since West in much stronger position today to resume talks. Also there were indications such as Austria that Soviet policy had more flexibility. US, UK, France and Germany all agreed that we should propose a four power meeting with the Soviets although agreement on level of talks had not been reached. Opinion of other NATO allies would be valuable.

Pinay said while Soviet declarations were recently more moderate there was no indication of Soviets abandoning their hold on East Germany and they were also consolidating their military position in the East. He felt that Soviets might direct discussion in any meeting toward European security. The general Soviet idea of forcing US out of Europe was not acceptable. Soviets might propose German neutralization but this also unacceptable since Soviets would insist on controls which would insure control of all Germany. Pinay felt at four power meeting West must present constructive program. This might involve mutual assistance treaties with or without limitation of armaments as well as other positive suggestions. If a four power conference failed we should not break off talks with Soviets but should be ready to carry on further exchange of views.

Italy thanked Pinay; said that problem of security is indivisible from most of other problems. Soviets seem afraid of German rearmament. Therefore we might reaffirm during negotiations with Soviets our desire for disarmament and consider adopting on each side of Iron Curtain a balanced system of limitation of armaments and forces.

<sup>1</sup>Source: Department of State, Central Files, 740.5/5-1055. Secret; Priority; Limit Distribution. Drafted by MacArthur and approved by Merchant. Repeated to the other NATO capitals for the Ambassador only.

<sup>2</sup>The summary, C-R(55)19, and verbatim, C-VR(55)19, records of this session, both dated May 9, are *ibid.*, Conference Files: Lot 60 D 627, CF 444.

<sup>3</sup>On May 8, Dulles discussed a three-power approach to the Soviet Union about a possible heads of government meeting first with Macmillan and Pinay and later with Adenauer. The minutes of the tripartite and quadripartite meetings, both dated May 8, are *ibid.*, CF 445.

He said there is no similarity between German and Austrian problems and we should take firm position immediately that German and Austrian solutions must be different. West should also establish free elections as condition for unification of Germany. A free Austria has positive advantages for the West particularly its example for Satellites. However, Austrian Treaty also gives rise to questions which concern Italy. Question of neutrality and guarantee of Austrian territory raise questions for Austria's neighbors. Italy accepts a neutral Austria but Austria must be free to participate in international organizations now in existence and free to cooperate on social, political and economic matters. A neutral Austria also raises military problems for the defense of Italy's eastern frontier which may have an effect on Italy's force contribution to NATO.

Turkey made reference to statement that he made this morning<sup>4</sup> and expressed appreciation Pinay's report. Turks could not rejoice about Austria because Soviets trying establish a neutral no-man's land across Europe in order later to have the military initiative and act against this area which will have low level of armament. On other hand if we oppose Austrian Treaty we would aid Soviet propaganda. Above all Turks believe whole problem of security and disarmament was most important.

Dutch said all agreed ultimate aims of Soviet policy to undermine and destroy capitalistic system have not changed. Their immediate aims to achieve above are (a) to undermine unity of West and (b) to prevent German rearmament. In this policy Soviets thus far unsuccessful as Germany now in NATO. The above two Soviet aims have not been defeated. Soviets are still dangerous and their policy involves alternately threats and lumps of sugar. Fully agree with Adenauer that four power talks will not lead to results in short time. West needs enduring patience and patience particularly hard for Germany which is divided. Some feared Germans would be tempted to yield to Soviet threats or promises and therefore everyone grateful to Adenauer for his determination. Any conference with Soviets will be difficult because we know ultimate Soviet aims have not changed. But we cannot be sure that they won't eventually change particularly in light of certain Soviet internal weaknesses which may cause them to go further toward meeting the West. One assumption is that Soviets want breathing space to strengthen themselves and overcome their own weaknesses. West is not unwilling to give them a breathing space if it does not endanger its own position and particularly if it does not give up its unity. Therefore, Dutch conclusion is that we

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<sup>4</sup>Reference is to Zorlu's warning that the Soviet tactics of enfeebling their smaller neighbors with a view to ultimate domination posed a grave danger to the West, made during the public morning session. See Polto 2249, *supra*.

should strengthen Western bonds by every means and if a modus operandi with Soviets is reached we must in no case relax our effort or let our guard down. The present situation has potential dangers of another kind. We have been living under conditions of economic boom longer than at any time in the twentieth century. And in this connection there is no doubt that rearmament has helped the present economic boom. West has made good use of this time and modern economists believe they have found devices to avoid economic crises such as in the thirties. But it would be dangerous to assume economic crises could not occur. Therefore, it is very important that every possible step be taken to strengthen the economic unity between Western nations.

Canada expressed appreciation for statements of previous speakers since this gives Canada sense of participation in formulation of policy by those powers with great responsibility. There have been important changes in Soviet policy. While not knowing reason for Soviet changes in tactics it clear Stalin stone-wall tactics modified and in some cases abandoned. Soviet leaders seem to temporarily have abandoned shock tactics of the Revolution for more subtle tactics of gradual absorption. West therefore must change its tactics but not its policy which is working well. West has psychological, political, military and economic strength, to meet Soviets on diplomatic field. We should be more vigilant than ever against easing up and also prevent all efforts to divide us. Pearson warmly welcomed decision to take initiative in talks with Soviets. He said too much should not be expected too soon. As to level of talks, "at the summit, the winds were strong and the air rarefied and it was not the best place to work but might well be the best place to begin." It vitally important that Western participants know what they want to achieve and fully coordinate among themselves.

Denmark listened with great interest. While not wishing to arouse false expectations through four power talks public opinion indicates it is expedient to try to meet with the Soviets. It seems therefore important that we take and keep the initiative.

Norway agreed with Canada in dual policy of maintaining Western unity and strength and exploiting every possibility to make progress through negotiation. While there is need for flexibility, we must know and fully understand the limits to which we can go in being flexible without giving away our essential and vital positions.

UK. In UK there has been long debate between those who support seeking pacification through weakness which is really appeasement. UK has resisted appeasement. Soviet attitude re Austria proves that if West is strong it will prevail. However, there must be a proper balance between military measures and economic stability. This NATO has achieved with considerable success. There are those



who argue that any Soviet attitude toward Austria is a trap baited to achieve a greater result. West should take advantage of Austrian settlement but not swallow bait. We must also overcome Soviet propaganda which presents the Austrian settlement as due to Soviet initiative rather than Soviet acceptance of an offer open for many years. Macmillan glad to hear Adenauer's vigorous denial of those who say that Germany entered NATO in order to use possibility getting out of NATO as a bargaining point with Soviets to achieve unification. He fully agreed that adoption of new tactics should not involve abandonment of our basic policy and strategy and that we should seek to spread democracy in captive countries. Re four power conference, Macmillan believed this corresponded with deep feeling on part of all people. He could not give composition of conference, but whatever the forum and level, West must enter meeting with a balance between facile optimism and cynical pessimism. A single meeting even of weeks could not solve the problems. We should therefore think of negotiations with the Soviets in terms of an extended period of time during which we would press forward with patience, fairness, and firmness to attain our objectives. All NATO countries anxious that threat of war be reduced. We seek peace, reduction of tensions, methods of strengthening our unity, and if we push ahead on this course with same moderation and strength we have shown in past few years we will ultimately achieve our objectives.

Secretary's presentation reported in separate telegram.<sup>6</sup>

Pinay then presented a brief report on the Austrian Treaty negotiations in Vienna.

The Chairman then proposed adjournment but Spaak raised the question of a four-power guarantee for Austria. He said such a guarantee could not be executed without concurrence of Austria's neighbors and that therefore this was European question in which all were interested. There followed a very confused discussion on the part of a number of Ministers in which some confused Austrian neutrality with the question of territorial guarantee. Secretary got meeting back on tracks by explaining that we are not blind to problems relating to Austria but insofar as we know Soviets seem willing to sign Treaty without pre-conditions. If this is, in fact, the case we will sign. If Soviets pose conditions this would raise other problems. Secretary said that the problems relating to Austrian neutrality and suggestion that there be a territorial guarantee would unquestionably have to be faced but more probably in connection with deposit of ratification. Insofar as US is concerned it has never given a territorial guarantee with the possible exception of Panama where the question of the Canal was involved and it could not give any such guarantee lightly.

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<sup>6</sup>Polto 2253, *infra*.

With respect to comments by several of the Ministers that if Austrian neutrality and territory were guaranteed it might have bad effect on other European states which might seek neutralism, Secretary pointed out that Austrian neutrality did not involve demilitarization. On contrary, we had prodded Soviets who had agreed to remove the limitation on Austrian forces. Therefore Austria would not get a free ride but would be obliged in the first instance to look to its own security and carry a defense burden.

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**5. Telegram From the United States Delegation at the North Atlantic Council Ministerial Meeting to the Department of State<sup>1</sup>**

*Paris, May 10, 1955—2 p.m.*

Polto 2253. On suggestion Norway, Belgium, Netherlands afternoon NAC session May 9 on Agenda Item II (a), (b), (c) was restricted to FonMins, Perm Reps plus three advisers each del (Merchant, Bowie, MacArthur). Following is summary of Secretary's presentation. Summary of rest of meeting will be reported separately:<sup>2</sup>

Secretary opened by saying he agreed with what many of previous speakers had intimated and what Pearson had stated explicitly that now is the time for the West to take the initiative. It is appropriate to press Soviets for solutions to problems which desperately call for solution. Feeling on part of all our people is that it is time to seize the initiative. Often the people have a sense of rightness and judgment about these matters which is not always rapidly reflected in the views of the political leaders.

The question now is what kind of initiative should be taken and how can it be taken without avoiding the dangers referred to by Spaak this morning.<sup>3</sup>

The first point is that for historical reasons it rests with a few of the NATO members to take initiative in the initial stage but that any such initiative by a few can only be limited to opening up the problems. No small or limited group of countries can take the responsibility to solve problems in which others have a real interest and are

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<sup>1</sup>Source: Department of State, Central Files, 740.5/5-1055. Secret; Limited Distribution. Drafted by MacArthur, concurred in by Merchant, and approved by Dulles. Repeated to the other NATO capitals for the Ambassador only.

<sup>2</sup>Polto 2252, *supra*.

<sup>3</sup>Reference is to Spaak's warning against the dangers of confusing and disillusioning the public if expectations from a conference of major powers exceeds concrete results. See Document 3.

perhaps even more intimately concerned. The present situation is not like that obtaining during the War when it was imperative because of the circumstances that few countries make decisions affecting others. This is not the time for a small group of countries to exercise War powers cutting across the rights of others. To summarize, a few cannot assume to deal with and dispose of the rights of others. All countries concerned must be brought into the solution of problems in which they have a real interest at the proper time.

The Secretary then asked what a few could do. He felt the most that they could do was to sit down with the Soviets and identify problems calling for a solution and then consider ways and means to bring in those directly concerned. Therefore, Western initiative by several powers must be primarily a procedural and not a substantive initiative. Such procedural considerations involve estimating what problems might be solved by negotiations with Soviets and what problems had best be left for solution in other forums such as the UN.

The Secretary next asked what are problems which might be isolated and identified and to which solutions might be sought by new and vigorous means. In reply, he said that first and foremost was unification of Germany. He believed this must and will be resolved. He did not belong to school who believed unification hopeless. Mentioned that at NAC meeting last December<sup>4</sup> most participants believed that hope for Austrian Treaty must be long deferred. It now looked as if Treaty was within our grasp. He believed that same moral forces which had led to present prospect for Austrian Treaty would work against continued division of Germany and would finally prevail. The power of moral influence in the hearts and minds of men is something which cannot be ignored.

A second problem which he believed should be discussed with the Soviets was the repression of human and national rights in the captive states. In any negotiation with the Soviets it is imperative to avoid the danger of creating impression that we accept a divided world and the continuing enslavement of the satellites. If we convey any such impression, we will cause millions of people to give up hope. He believed that the repression of human rights in the satellites should be solved not by violence but by the same forces which exerted such an influence in the Austrian case. Today the state of unrest in the satellites is greater than ever before. This is insurance for the West because if unhappily Soviets began a war, their lines of communication would be threatened by satellite unrest. Therefore, West should discuss the position of satellites in talks with the Sovi-

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<sup>4</sup>For documentation on the NAC meeting in Paris, December 17-18, 1954, see *Foreign Relations, 1952-1954*, vol. v, Part 1, pp. 549 ff.

ets in order to let captive peoples know we did not accept their permanent enslavement. Secretary said in alleviating conditions in the satellite states he did not envisage an attempt to create a hostile cordon sanitaire around the Soviet Union but to work toward the establishment of a relationship that is compatible with free and decent relations such as the relationship of Finland.

The Secretary then said atomic threat occupies the minds of all our peoples. In this connection, the President had designated one of our leading officials<sup>5</sup> to occupy himself with the question of disarmament, which is a very complex subject. He felt that useful work might be done with the Soviets on disarmament perhaps through the UN or otherwise.

The burden of Atlantic community armament is heavy and while it is not possible to reduce this burden now if some new system of arms limitation should be devised the burden might subsequently be somewhat lessened. This might be a task for NATO.

There is also the Far Eastern problem about which he would talk later. Now there are not adequate procedures for dealing with Far East problems but later perhaps some procedure could be found.

Secretary summarized by saying above are kind of problems for which there are no quick and hasty solutions. To create impression that they could be solved in days or weeks would be illusory and result in our falling into the trap of letting down our guard. Initially, we should not try to deal with the substance of these complex problems but ascertain how we can go about finding solutions more effectively than in the past. He reemphasized that all who are directly concerned with any problem must participate in its solution, that there could be no deals behind their backs, and that there would be no abandonment of US policies as regards itself or third parties. What was required was to approach our problems with new vigor and hope and devise techniques and procedures enabling orderly but not hasty discussion with the Soviets. He pointed out that as long as matters are under discussion between East and West there is much less likelihood of actions which might lead to the calamity of a general war.

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<sup>5</sup>On March 19, President Eisenhower appointed Harold E. Stassen as his Special Assistant with responsibility for disarmament.

## 6. Telegram From the United States Delegation at the North Atlantic Council Ministerial Meeting to the Department of State<sup>1</sup>

*Paris, May 11, 1955—3 a.m.*

Polto 2265. Following is summary of third NAC session Tuesday morning May 10.<sup>2</sup> (Session restricted to Foreign Ministers, Permanent Representatives and three Advisers of each Del.)

Discussion opened on Agenda Item 2c (Disarmament). Canada spoke first with Pearson emphasizing disarmament purpose as establishment peace by collective action. This policy furthered by deterrent, particularly nuclear strength; unity in non-military as well as military sense; negotiations so as to remove fears; and universal system limiting arms.

Disarmament results thus far discouraging. Solution other problems would improve prospects success. Meanwhile must try find means lightening burden armaments and fears. Must counter Commie propaganda and at same time put forward constructive ideas.

Pearson reviewed London talks. Difficult say whether some progress as distinct juggling with words. Soviet initial proposals added up to stopping race with their side ahead and then starting over from scratch. This unacceptable and so intended. May have been linked with NATO's MC 48<sup>3</sup> decisions. When West made clear Soviet obstruction would wreck conference, Soviet reversed position and agreed discuss Anglo-French memo and USSR resolution.<sup>4</sup> Then discussed points of agreement: (1) freeze at existing levels; (2) reduction by stages of armed forces and non-atomic weapons; (3) prohibition nuclear weapons; (4) some form of international control. Following disagreements still formidable: (1) control organ powers; (2) levels

<sup>1</sup>Source: Department of State, Central Files, 740.5/5-1155. Secret; Routine. Drafted by Palmer and MacArthur and approved by MacArthur. Repeated to the other NATO capitals.

<sup>2</sup>The summary, C-R(55)20, and verbatim, C-VR(55)20, records of this session, both dated May 10, are *ibid.*, Conference Files: Lot 60 D 627, CF 444.

<sup>3</sup>At its meeting in Paris on December 18, 1954, the NAC approved MC 48, "The Most Effective Pattern of Military Strength for the Next Few Years," as a basis for planning and preparation by NATO military authorities. This document has not yet been declassified by NATO authorities.

<sup>4</sup>References are to the "Anglo-French Memorandum Submitted to the Disarmament Subcommittee: Reduction of Armed Forces, March 29, 1955," presented to the Subcommittee of the U.N. Disarmament Commission in London, and to the "Soviet Draft Resolution Introduced in the Disarmament Subcommittee: Conclusion of an International Convention (Treaty) on the Reduction of Armaments and the Prohibition of Atomic, Hydrogen, and Other Weapons of Mass Destruction, March 19, 1955." For text of these documents, see *Documents on Disarmament, 1945-1959*, vol. I (Washington, 1960), pp. 450-453.

of reduction; (3) timing of prohibition atomic weapons. Reviewed Western and Soviet positions these items and Western efforts compromise.

Pearson continued UN will undoubtedly continue efforts. Some modest headway made. But Canadian Delegation feels difficult make real headway in isolation other international security questions. Pearson wondered whether there might therefore be more hope if disarmament considered in four power talks.

Compelling reasons for pessimism re any disarmament progress. International control difficult for Soviet totalitarianism. Control complicated by hydrogen developments and creation stockpile. Mutual trust and confidence lacking.

But suspect many past propositions no longer well-founded. Therefore welcomed Stassen appointment to re-examine U.S. policy bases. West must keep own ideas constantly under review to assure best and most realistic approach.

Pearson concluded with two observations: (1) Plea for more info on atomic matters. Welcomed US-NATO agreement.<sup>5</sup> Hoped for more info in private on radiation hazards. (2) NATO countries cannot afford take false step affecting security, but cannot abandon efforts find sure foundation for lasting peace. Peace now rests on uneasy balance of atomic terror. However effective nuclear deterrent, must satisfy public to which responsible that search continues for alternative means keeping peace. This necessary ease economic burdens and as proof our good will. We thus call bluff professional peace propagandists, who prepared disarm us to last atom bomb.

Suggested therefore our efforts continue disarmament negotiation go on along with supplementary "dogged search" for negotiated solution international problems.

Macmillan (UK) spoke next supporting what Canada had said. He said while true that UN Disarmament Committee in London had been on surface disappointing, nonetheless much useful work had been done in canvassing different positions. Examination of a complicated plan had been carried on and West should continue seek a realistic plan which could be agreed upon by Soviets. Work done in London might serve as basis for future progress, particularly if new impetus to disarmament given. UK passionately interested in real not sham disarmament which is world's most vital need. A Four Power talk with Soviets might provide new impetus to disarmament with-

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<sup>5</sup>Reference is to the NATO Agreement for Cooperation Regarding Atomic Information, signed by the President April 13, 1955, which provided that the United States and other NATO members could make various categories of atomic information available to the organization. For text of the agreement, signed at Paris on June 22, 1955, and entered into force March 29, 1956, see Department of State *Bulletin*, April 25, 1955, pp. 686-689.

out bypassing UN procedure and might induce Soviets to take more positive attitude.

Turkey said disarmament should be most important subject in Four Power meeting because it is touchstone of Soviet sincerity. Unless Soviets agree to effective disarmament all Soviet tactical changes are simply zig-zags. Disarmament should be mentioned in communiqué.

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7. **Telegram From the United States Delegation at the North Atlantic Council Ministerial Meeting to the Department of State<sup>1</sup>**

*Paris, May 11, 1955—8 p.m.*

Polto 2278. Subject: Summary fourth NAC Ministerial session afternoon May 10.<sup>2</sup>

*Item III—Implementation Paris Agreements.*<sup>3</sup>

Spaak (Belgium) led off discussion re NATO-WEU relationships by saying early doubts he had had as to which forum political questions should be discussed had, as result present meetings, been resolved in favor NATO. Emphasized following points in support this view: (1) there was no such thing as "European" defense; effective Atlantic defense required participation U.S. and Canada; (2) only NATO could take decisions as important for example as that taken by NAC Ministerial meeting last December re MC-48 concept; (3) European idea necessarily limited concept. Even small European powers affected by great power decisions re world problems and NATO forum was place where small powers could be informed and consulted as to what might affect them. Concluded by suggesting NATO political consultation during current meetings could lead toward sort of Atlantic Commonwealth analogous to British Com-

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<sup>1</sup>Source: Department of State, Central Files, 740.5/5-1155. Secret. Repeated to the other NATO capitals.

<sup>2</sup>The summary, C-R(55)21, and verbatim, C-VR(55)21, records of this session, both dated May 10, are *ibid.*, Conference Files: Lot 60 D 627, CF 444.

<sup>3</sup>For text of the Paris Agreements, also referred to as the Paris Accords, Protocols, or the London-Paris Agreements, reached at the Paris Nine- and Four-Power Conferences, October 23, 1954, see *Foreign Relations, 1952-1954*, vol. v, Part 2, pp. 1435 ff.

monwealth in which, without voting procedure and without specific commitments, Ministers could exchange views and then return home to work toward broad common policy. Expressed hope these ideas would find place in communiqué.

Pinay (France), Martino (Italy), and Steel (U.K.) associated themselves fully with views expressed by Spaak. Adenauer also agreed with Spaak that NAC was place in which major political problems should be discussed but pointed out WEU "must have life of its own" and free discuss whatever problems it saw fit. Lange (Norway), speaking as representative of European country not member of WEU, pointed out it especially important from Norway's viewpoint that NATO remain principal forum for political discussion and for working out common Western policy. Said Norwegian public had evidence some worry that WEU might lead to inner circle within NATO which could limit opportunities countries such as Norway make full contribution to NATO. Cunha (Portugal) associated himself with Spaak and Lange. Beyen (Netherlands) asked Adenauer elaborate what he meant by WEU's having "life of its own" and also asked whether Chancellor's statement had been intended qualify views expressed by Spaak. Adenauer replied by saying functions of WEU and NATO were different; said it was WEU's job and not NATO's undertake control of armaments, etc. Also pointed out some of those who had helped establish WEU believed it would grow and lead toward greater cohesiveness its members in certain fields. At same time, Chancellor was in full agreement with Spaak that NATO rather than WEU was proper place discuss major problems international policy. Pinay supported foregoing views expressed by Chancellor and emphasized there no real question of competition between NATO and WEU. Zorlu (Turkey) recalled that last January Turkish Delegation had submitted memo to NAC on question NATO relations with WEU which thought pertinent to present discussion.<sup>4</sup> Said obviously desirable insure closest collaboration between two organizations. Way to avoid duplication whenever new agency was proposed for WEU was to find out first whether any existing NATO agency could do job. Suggested this concept be incorporated in minutes of meeting. Spaak said there was no contradiction between what he had said earlier and full activity on part of WEU in field of tasks laid down in protocols. Also agreed with Chancellor that there considerable area potential development for WEU especially in economic and social fields. Pearson (Canada) agreed with Chancellor that WEU had important role to play and with Spaak that NAC must continue to be forum for working out common policy for West.

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<sup>4</sup>Not found in Department of State files.



Following above exchange, Secretary read statement expressing U.S. view that various discriminatory aspects of Peace Treaty with Italy superfluous and inconsistent with position of new Italy.<sup>5</sup> Steel (U.K.) endorsed Secretary's statement and Pinay (France) made similar declaration. Greece, Canada, Turkey, Belgium, Netherlands identified themselves with spirit Secretary's statements. Latter two however said they unprepared with similar statements their own. Was agreed press communiqué working group would include statement in communiqué on lines those made by Secretary and Pinay and would also include reference to conclusion suggested by Spaak concerning relations between NATO and WEU.<sup>6</sup>

*Item IV—Any Other Business.*

Secretary informed Council that French, U.K. and U.S. Governments had invited Soviet Government to Four-Power Conference. Conference would have two stages: First, identification of problems to be solved and procedure for dealing with them; second, longer task of reaching concrete solutions. Secretary said believed tripartite note was in harmony with views expressed by NAC meeting previous day. Council took note Secretary's statement.

*Item V—Date and Place Next Ministerial Meeting.*

Chairman Stephanopoulos (Greece) asked whether Ministers wished decide on meeting of Ministers between now and next December to consider SACEUR's effectiveness report. Said did not think meeting of Defense Ministers alone would be effective since many of weaknesses in effectiveness report due to political or economic factors. Said full dress Ministerial meeting after September 1 might slow up 1955 annual review and therefore any meeting between now and December should be held prior September 1. Steel recalled question had already been preliminarily discussed by Council in permanent session and suggested that permanent representatives continue discuss and make recommendations to Ministers later as to date and place of next meeting. Council agreed that permanent representatives should make recommendations as to desirability holding Ministerial meeting to discuss SACEUR's effectiveness report after they had gone more fully into question.

<sup>5</sup>Not printed; a copy of this statement is in the verbatim record of the afternoon session, May 10, C-VR(55)21, in Department of State, Conference Files: Lot 60 D 627, CF 444.

<sup>6</sup>A general statement reaffirming that various discriminatory aspects of the Peace Treaty with Italy were considered to be inconsistent with the position of Italy as an ally appeared in the Final Communiqué issued at the conclusion of the NAC meeting, May 11, printed in Department of State *Bulletin*, May 23, 1955, pp. 831-832.

8. Message From the Secretary of State to the President<sup>1</sup>

Paris, May 10, 1955.

DEAR MR. PRESIDENT: This morning's NATO Meeting was marked by discussion of the Middle East and Far East.<sup>2</sup> It is the first time that the Council has gone into these global problems and the experiment was generally greeted with enthusiasm. The Turkish Foreign Minister took the initiative. I followed with a brief explanation of our "Northern Tier" concept, and Harold Macmillan came next. Then we went on to the Far East and I made a rather extensive presentation of our Far Eastern policy, and particularly our position regarding Formosa and Quemoy and the Matsus. In the afternoon the discussion was resumed.<sup>3</sup> There were very general expressions of appreciation for the explanation which I had given. Spaak mixed approval with criticism, particularly of the personality of Chiang Kai-shek. . . . I said that it was not unusual for politicians to make extreme statements, but that I was confident that he would be loyal to his promise not to attack the Mainland without agreement with us.

I am confident that this phase of the discussion was very valuable, and while, like my trip to Canada,<sup>4</sup> it did not bring total agreement, it nevertheless did bring a far better understanding.

Between the morning and afternoon sessions, I talked with Adenauer about our proposal to the Russians, and as I cabled you separately,<sup>5</sup> he thought very highly of it and that the drafting was wisely done. At the end of the afternoon session, I reported that the Three had sent a message to Moscow and outlined its general character. There was reason to believe that by then the story had pretty well leaked from the European capitals. I know this must have been embarrassing to you and made a problem for Jim Hagerty; but I do not know how these things can be handled with the British, French and Germans without leakage. . . .

This afternoon we made a Declaration to please the Italians to the effect that we regarded them as "equal" members of the Atlantic

<sup>1</sup>Source: Eisenhower Library, Whitman File, Dulles-Herter Series. Top Secret; Priority; No Distribution. Transmitted to Washington in Dulte 25, May 10, at 9 p.m. A handwritten notation on this telegram, initialed by Goodpaster, states it was seen by the President on May 11.

<sup>2</sup>See Document 6.

<sup>3</sup>See Polto 2278, *supra*.

<sup>4</sup>Dulles traveled to Ottawa, March 17-19, 1955.

<sup>5</sup>A summary of Dulles' conversation with Adenauer on May 10 about the note sent to the Soviet Union that day by the Foreign Ministers of the United States, the United Kingdom, and France inviting them to a Four-Power Conference is in Dulte 20, May 10. (Department of State, Conference Files: Lot 60 D 627, CF 445) For text of the note, see Department of State *Bulletin*, May 23, 1955, pp. 832-833. Documentation concerning the preparations for the Meeting of the Heads of Government at Geneva, July 18-23, 1955, is scheduled for publication in a forthcoming *Foreign Relations* volume.

Community. They feel somewhat badly because since theirs was the first peace treaty, it was the most discriminatory. . . .

The Greeks called on me to plead for aid to meet their economic plight in view of the earthquakes, and the Portuguese came to plead for a more sympathetic understanding of their problem of Goa. I think perhaps they have a better case than we have generally assumed.

Tonight after dinner I shall be meeting with the French on a further Indochina conference. My guess is that they will back down on their previous threat to withdraw the FEC.

A crisis has arisen regarding Austria and the economic clauses. It might even prevent the signature of the Austrian Treaty, and incidentally prevent having there a preliminary meeting to pave the way for the "summit" meeting. I am sorry at this unexpected development, but I do not want to see the Austrians in the position where they would from the beginning be in violation of the economic clauses of the Treaty and wholly dependent upon the mercy of the Russians to accept a lesser performance as to which we have no official cognizance and no right to take a position. I feel that either the Austrians should really undertake to comply with the Treaty as written, or if there is a substitute, there should be some kind of a reference to it in the Treaty so that we will be in on that phase of the picture.

Faithfully yours,

Foster

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9. **Memorandum of Discussion at the 262d Meeting of the National Security Council, Washington, October 20, 1955<sup>1</sup>**

Present at the 262nd meeting were the Vice President of the United States, presiding; the Secretary of State; the Secretary of Defense; and the Director, Office of Defense Mobilization. Also present were the Secretary of the Treasury; the Attorney General;<sup>2</sup> the Director, Bureau of the Budget; the Special Assistant to the President on Disarmament;<sup>2</sup> the Chairman, Atomic Energy Commission;<sup>2</sup> the Director, U.S. Information Agency; the Under Secretary of State; the Deputy Secretary of Defense; Assistant Secretary of State Bowie; the Chairman, Joint Chiefs of Staff; the Director of Central Intelligence;

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<sup>1</sup>Source: Eisenhower Library, Whitman File, NSC Records. Top Secret. Prepared by Gleason on October 21.

<sup>2</sup>Did not attend the reconvened meeting at 2:00 p.m. [Footnote in the source text.]

the Deputy Assistant to the President<sup>3</sup> Special Assistant to the President Dillon Anderson; Special Assistant to the President Nelson Rockefeller; the White House Staff Secretary; the Executive Secretary, NSC; the Deputy Executive Secretary, NSC.

[Here follows discussion of agenda items 1 and 2, the forthcoming Foreign Ministers Meeting and significant world developments affecting United States security. Item 1 is scheduled for publication in a forthcoming *Foreign Relations* volume.]

### 3. Recent NATO Defense Ministers Meeting

Secretary Wilson said that at the meeting the different NATO Commanders had reported on their specific areas of military responsibility. The Standing Group had thereafter reported on the general situation and had presented for the consideration of the Defense Ministers a new three year plan<sup>4</sup> for developing the NATO infrastructure and to implement NATO strategy. The infra-structure plan was based on West German membership in NATO which had of course somewhat changed the earlier strategy.

Secretary Wilson said that all of the Defense Ministers were in agreement on the serious weakness of the early warning and radar system for Western Europe. The early warning system, such as it was, was based on the individual national states and there was no significant integration.

The amount of money called for by the new three year infrastructure proposal amounted to a little over a billion dollars in U.S. currency and was designed to carry out the strategy set forth in NATO Document MC 48.<sup>5</sup> Meanwhile, the military people were working on a new strategic concept, designated MC 48/1,<sup>4</sup> which was a clarification and a forward movement of the old MC 48 strategy.

Secretary Wilson pointed out that all this "business" might well be importantly affected by what came out of the Geneva Foreign Ministers' Conference.

There had also been much discussion of the German contribution to the NATO over-all costs. The Germans themselves were talking in terms of the sum of nine billion marks—a little over two billion dollars in our money. The British and the Americans believed this figure much too low and thought that the Germans should put thirteen to fifteen billion marks in the NATO pot. The Germans had

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<sup>3</sup>Did not attend the morning session of the meeting. [Footnote in the source text.]

<sup>4</sup>Not found in Department of State files.

<sup>5</sup>See footnote 3, Document 6.

replied that nine billion was all that they could see their way to offering initially or until the next German elections.

The several Defense Ministers had all been worried about where they were going to find the funds for their country's contribution in support of NATO. Moreover, not a single one of the Defense Ministers present believed that the Soviet threat to the Western world had significantly lessened. On the other hand, they indicated that public opinion in their countries was not of the same mind. Public opinion was accordingly making it very difficult to maintain existing budgetary sights.

Secretary Wilson stated that the British defense authorities were doing about the same thing in the United Kingdom that their U.S. opposite numbers were doing here, namely, reducing force levels but not reducing expenditures for defense purposes. Indeed Secretary Wilson thought that the next British budget figure for defense might exceed the present level by 100 million pounds sterling, most of which would be spent on new weapons.

Secretary Wilson also pointed out that the British were not keeping their divisions in Europe up to full strength. These divisions were maintained at about 70 per cent of their full strength and General Gruenther had complained of the situation. While Secretary Wilson said that he could not predict that the United Kingdom's military budget for next year would increase, he did doubt whether the British would reduce the level of their military expenditures significantly.

At the conclusion of his general statement, Secretary Wilson said that he would be glad to answer any questions.

Secretary Humphrey inquired how the German contribution related to the discussion of the NATO strategy. Secretary Wilson replied that the Defense Ministers had assumed that NATO would go ahead with present plans and that there would ultimately be twelve German divisions for NATO.

The Vice President inquired whether Secretary Wilson had at this meeting found any evidence of a "general disenchantment" with the whole NATO concept. Admiral Radford replied that certainly no such disenchantment was evident among the military people at the meeting. It was for this reason that he did not believe that the military men in general went along with the soft positions that their governments had been taking with respect to the forthcoming negotiations at Geneva on the European Security Plan and German reunification.

Secretary Wilson said that he would sum up by stating that the discussion at the Defense Ministers meeting was, on the whole, pretty realistic. Our own U.S. contribution to the new infra-structure plan (Secretary Wilson guessed) would be in the neighborhood of 37

to 40 per cent of the total cost. Currently we were contributing about 42 per cent of the total.

While, said Secretary Wilson, the picture in the Defense Ministers' mind was generally pessimistic, General Gruenther had stated that if the Soviets were to attack now, the NATO forces could lick them but that things might not be so hopeful in future.

*The National Security Council:*

Noted and discussed an oral report by the Secretary of Defense on developments at the recent NATO Defense Ministers meeting in Paris.

[Here follows discussion of agenda items 4-8, psychological implications of Geneva for United States information programs, Iceland, United States policy toward South Asia, the forthcoming Foreign Ministers meetings, and United States objectives and policies with respect to the Near East. Items 6 and 8 are scheduled for publication in forthcoming *Foreign Relations* volumes.]

S. Everett Gleason

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## 10. Editorial Note

The Ministerial meeting of the North Atlantic Council held at Paris, December 14-17, was attended by the Foreign Ministers of the 15 member countries. The United States Delegation was headed by Secretary of State John Foster Dulles, United States Permanent NATO Representative George W. Perkins, Secretary of the Treasury George H. Humphrey, Secretary of Defense Charles E. Wilson, and Director of the International Cooperation Administration John B. Hollister.

The Secretary of State and his advisers left Washington on December 13. In his departure statement, Dulles stated the Foreign Ministers of the Allied countries would discuss military matters and exchange views about the significance of Soviet actions in recent months. For text of his statement, see Department of State *Bulletin*, December 26, 1955, page 1048.

The most extensive body of documentation of this meeting is maintained in Department of State, Conference Files: Lot 60 D 627, CF 633-645. CF 633 and 634 contain a set of briefing papers for the delegation on topics likely to be discussed in Paris. CF 635 contains a copy of the meeting's agenda and copies of the reports submitted for discussion to the Council. CF 636 contains a copy of the agenda of the meeting and United States position papers. CF 637, 638, and 639

contain copies of the Polto–Topol, Secto–Tosec, and Dulte–Tedul telegrams, respectively, which summarize the meetings and bilateral talks and include the exchanges between the Secretary's party and Washington during the Paris visit. CF 640 contains the briefing papers for the bilateral talks with the British and French Ministers. CF 641 contains papers dealing with the administrative details of the meeting. CF 642 contains a list of the United States Delegation and a chronology of the events of December 14. CF 643 contains a list of each country's delegation and the summary and verbatim records, documents and telegrams describing the meetings held on December 15. CF 644 contains a copy of the final communiqué and summary telegrams, records, and documents describing the meetings held on December 16. CF 645 contains copies of telegrams summarizing Dulles' bilateral talks with foreign leaders on December 17. Reports and documents, which discuss preparations for the meeting and summarize the proceedings, and duplicate copies of the telegrams described above are *ibid.*, Central Files, 740.5.

During his stay in Paris, Dulles discussed problems of mutual concern with the Foreign Ministers. At a meeting with Macmillan on December 15, Dulles discussed European integration, Eden's forthcoming visit to Washington, China trade matters, and Allied troop costs in Germany. Their conversation about Cyprus is summarized in Secto 7, December 17, scheduled for publication in a forthcoming *Foreign Relations* volume. Later that day, he discussed United Nations matters, the Aswan Dam, and control of arms in the Middle East with Pinay and Macmillan. The next day, he discussed Cyprus with Theotoky. On December 17, he discussed Israel's arms request with Macmillan and the Far East, Morocco, and Vietnam with Pinay. His conversation with Monnet about European integration is summarized in Document 138. His conversation with Spaak on the same subject is summarized in Document 140. His conversation with von Brentano on Soviet relations with the German Federal Republic is summarized in Secto 23, December 17, scheduled for publication in a forthcoming *Foreign Relations* volume. Their conversation about a European community approach to an atomic energy pool is summarized in Document 141. Copies of the telegrams and documents summarizing these discussions are in Department of State, Conference Files: Lot 60 D 627, CF 643, 644, and 645.

The Council meeting followed the agenda below:

I. Report by the Secretary General of Progress During the Period  
1st May to 30 November 1955

II. Review of the International Situation

- (a) Current Soviet Trends and Intentions
- (b) Comparison of Economic Trends in NATO and Soviet Countries: Interim Report by the Working Group

- III. NATO Defence Planning
- IV. The Implementation of Article 2
- V. Any Other Business
- VI. Date and Place of the Next Ministerial Meeting
- VII. Communiqué

The text of the final communiqué issued on December 16 is printed in Department of State *Bulletin*, December 26, 1955, pages 1047-1048.

Because the documentation covering this meeting is extensive, the editors are presenting a selection of the most significant documents which best illustrate the main points of the Council's discussions pertaining to NATO.

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**11. Telegram From the United States Delegation at the North Atlantic Ministerial Meeting to the Department of State<sup>1</sup>**

*Paris, December 16, 1955—1 a.m.*

Polto 1019. Following is brief outline NAC Ministerial meeting morning December 15th. Verbatim text being air pouched.<sup>2</sup>

*Agenda Item I.*

SG outlined report C-M (55) 122.<sup>3</sup> Report noted by Council.

*Agenda Item II.*

SG asked Chairman Military Committee outline intelligence survey (MCM-4-55).<sup>4</sup> Highlights: (a) Soviet ground forces superior to West's and improving; (b) Soviet naval forces real threat; (c) Soviet air force increasing in effectiveness and no NATO country beyond range; (d) USSR has nuclear weapons and has the initiative. Concluded "military threat greater than ever before." No comments. Report noted.

Trends and implications of Soviet policy (C-M(55)121).<sup>5</sup> Secretary Dulles led off. Described past year as kaleidoscopic. Recalled

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<sup>1</sup>Source: Department of State, Central Files, 740.5/12-1655. Secret. Drafted and approved by Nolting.

<sup>2</sup>The summary, C-R(55)58, and verbatim, C-VR(55)58, records of this session, both dated December 15, are *ibid.*, Conference Files: Lot 60 D 627, CF 643.

<sup>3</sup>A copy of the 19-page Report by the Secretary General of Progress During the Period May 1, 1955 to November 30, 1955, dated December 6, is *ibid.*, CF 635.

<sup>4</sup>A copy of this report, dated December 10, is *ibid.*

<sup>5</sup>A copy of this 5-page report, dated December 5, is *ibid.*, CF 633.



circumstances year ago when USSR threatening direct action if London and Paris Accords ratified and Germany brought into NATO. Said had expressed view then that ratification would not produce violence but the reverse. After ratification,<sup>6</sup> USSR changed policy. Austrian treaty followed; Soviet pilgrimage to Belgrade,<sup>7</sup> overtures for high level talks. West responded to test validity Soviet overtures. Summit Conference preceded by NAC session.<sup>8</sup> Sec described Summit Conference in terms gains for both West and East. For West: evidence of sincerity of desire for peaceful settlement, as indicated by proposals for exchange of aerial blue prints.<sup>9</sup> Gain to East: appearance of respectability. Described position of Soviet Delegation as ambiguous; smiling but hard beneath, e.g. Bulganin final speech.<sup>10</sup> Ambiguity resolved at second Geneva meeting.<sup>11</sup> Advantage of second Geneva was that Western positions brought into complete harmony. USSR openly repudiated agreement at Summit by refusing free elections in Germany. Geneva II brought into open rigidity Soviet position re GDR and other satellites. Security proposals of West smoked out USSR and showed that fear of Germany was not compelling motive. Showed that USSR could not contemplate election which would jeopardize Communist regimes in East Germany and elsewhere. This estimate, Sec said, was confirmed by Yugoslavs during his recent trip.<sup>12</sup> On East-West contacts, Soviets showed similar rigidity. On disarmament, no progress.

In analyzing reasons for rigid Soviet position, Sec gave three elements—strength of Soviet armed forces, fear of satellite reaction, and return to Stalinist doctrine. Since close of Geneva II, further revelations of Soviet policy are apparent. There seems to be no present intent on part USSR to resume direct action, probably because of

<sup>6</sup>The French Government completed the ratification process of the Paris Accords on March 27, 1955. On April 1, the U.S. Senate ratified the two pacts to which the United States was a signatory—the protocol to the 1952 “peace contract” with West Germany (Executive L) and the protocol to the North Atlantic Treaty to admit Germany to the Alliance (Executive M).

<sup>7</sup>Khrushchev and Bulganin visited Yugoslavia, May 26–June 3, 1955.

<sup>8</sup>On July 16, 1955, Dulles participated in a North Atlantic Council meeting, held in Paris at 10 a.m., during which the three Western Foreign Ministers briefed their NATO allies on the preparations for the Geneva Conference. (Secto 25 from Paris, July 16; *ibid.*, Central Files, 396.1–GE/7–1655; summary record, C–R(55)32; *ibid.*, Conference Files: Lot 63 D 123, CF 494)

<sup>9</sup>For text of Eisenhower’s “open skies” proposal made to the Soviet leaders at the Geneva Conference on July 21, 1955, see *Documents on Disarmament, 1945–1959*, vol. I (Washington, 1960), pp 486–488.

<sup>10</sup>For text of Bulganin’s speech made at the closing session of the Geneva Conference, July 23, 1955, see *Geneva Conference: United States Department of State, The Geneva Conference of Heads of Government, July 18–23, 1955*, Washington, October 1955, pp. 76–82.

<sup>11</sup>Reference is to the Geneva Foreign Ministers Conference, October 27–November 16, 1955.

<sup>12</sup>While attending the Geneva Foreign Ministers Conference, Dulles flew to Brioni on November 6 to meet with President Tito of Yugoslavia.

atomic capability of West. Indirect actions and threats have taken new form, more dangerous, particularly in NEA and SEA. Squeeze is definitely on Middle East, which very important to NATO, as its oil essential. Soviet method is to exacerbate old antagonisms, e.g. USSR identification with Arab States versus Israel, India versus Pakistan, Afghanistan versus Pakistan. USSR possesses three surpluses: arms (those being replaced by newer models), technicians, and words. Sec expects USSR to use all three in stirring up trouble Middle East and South Asia. In summary, year has been typical of zig-zag tactics. First threats, then smiles, then rigidity, then pressure in NEA and Asia. NATO has successfully met all threats in past and can do so now.

Pinay next speaker. Referred to two documents submitted by US under this item.<sup>13</sup> Describing Geneva I as conference where "we didn't learn anything we didn't already know," Pinay said that balance of power in Europe had forced Soviets to turn to Asia and NEA. USSR has advantage of making deals with Middle East and Asian countries "without political strings." Pointing to evidence that Soviet rate of production increasing much faster than in NATO, Pinay said USSR will have new field of maneuver as result of economic trends. NATO must develop on economic and psychological plane to keep pace. Must not relax. Forces must be maintained, but must be flexible. Unity of action among NATO countries in economic and political fields is also called for. NATO must search for ways and means meeting Soviet economic threat in underdeveloped areas. Not making a concrete proposal now, but perhaps NATO might consider proposing a plan to UN for economic development underdeveloped areas, or perhaps NATO should consider undertaking "point 4"<sup>14</sup> activities itself. It is clear that something more than military required of NATO.

Von Brentano next speaker, described Geneva II as "disappointing," but had merit of dispelling confusion. It is clear that USSR trying to dominate all Germany. If this happened, rest of Europe could not stand. Unity of action required, vigilance, and pooling of all info re USSR. Brentano proposed regular exchange of info in NAC re Berlin. He pointed out USSR attempting to get international recognition for GDR. Said FedRep will do all required to raise agreed forces on schedule. Proposed very energetic and well coordinated riposte on all fronts. Fully supports Pinay in exploring all possible

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<sup>13</sup>Reference is to two documents: "A Report on Trends and Implications of Soviet Policy," C-M(55)121, dated December 3, and "A Report on the Comparison of Economic Trends in NATO and Soviet Countries," C-M(55)119, dated December 2. (Department of State, Conference Files: Lot 60 D 627, CF 635)

<sup>14</sup>Reference is to the Point Four Program, an aid program of technical assistance to underdeveloped countries, inaugurated by the Truman Administration in 1949.

common measures to thwart further Soviet penetration stating that "wherever one of us loses, all lose."

Martino spoke for Italy. Analyzed present Russian threat as attempt to undermine Western World by economic and political means. Stressed need for further European integration, cohesion and economic strengthening. Said travels of USSR leaders abroad and offers of aid had appealed to masses. West must harmonize policies to meet this. Italy believes NATO should develop in other spheres than military, particularly political and economic. Said NATO should pool its resources to answer Soviet challenge in underdeveloped areas. Would speak further on this under Agenda Item IV.

Nuri-Birgi spoke for Turkey. Said economic comparison paper very useful. Hoped work would be pressed further. Pointed out that in time USSR will have resources both for defense and for underdeveloped areas. Latter aspect demands attention view recent Soviet actions. Should not be overlooked that, while NATO strength is great, certain NATO countries much less strong economically than others. Reported on Baghdad meeting, stating that Baghdad organization will help stability of area and will support security of southeast NATO area.<sup>15</sup> Said that cooperation between it and NATO must be improved.

Cunha spoke for Portugal. Referred to excellent presentations, agreed especially with Pinay. Stated that he believed, with von Brentano, that "a defeat of Western Powers anywhere is a defeat everywhere." Stressed Article 1 of Treaty<sup>16</sup> as providing opportunity for further forward movement by NATO.

Reports under Agenda Item II<sup>17</sup> noted by Council. Morning session then adjourned.

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<sup>15</sup>The Baghdad Pact Council met at Baghdad on November 21-22.

<sup>16</sup>Article 1 of the North Atlantic Treaty, signed at Washington, April 4, 1949, states that international disputes were to be settled peacefully and in a manner consistent with the purposes of the United Nations.

<sup>17</sup>See footnote 13 above.

12. **Telegram From the United States Delegation at the North Atlantic Council Ministerial Meeting to the Department of State<sup>1</sup>**

*Paris, December 16, 1955—7 p.m.*

Polto 1027. Following is brief outline NAC Ministers Meeting afternoon December 15th. Verbatim text being air pouched.<sup>2</sup>

*Agenda Item III*

*A. The 1955 Annual Review Report (C-M(55)101)<sup>3</sup>*

Defense Min Staf of Netherlands initiated discussion by complimenting Ismay on quality of report, characterizing it as concise and most useful in isolating key issues for Ministers.

Defense Min Lloyd of UK shared Netherlands view on quality AR Report, and after commenting on character of post-Geneva political atmosphere indicated UK agreed completely with basic conclusion of General Chapter for prompt reappraisal of NATO defense effort on long-term basis. Stressed quality of defense forces over quantity as key-note in implementing nuclear strategy, and urged other countries to undertake, like UK doing, long-term review of force patterns. Although he warned against overloading economies, and in this connection suggested need for possible modifications new infrastructure program, he indicated UK expecting larger defense expenditures next year than this, and because of greater costs of more modern weapons expected curve of expenditures to continue to go up. In particular case UK, Lloyd indicated further development its nuclear capability considered best contribution to collective NATO effort. UK laying great stress on missile development and prepared to share information on use and maintenance missiles with other NATO countries. Ismay characterized UK statement as most encouraging.

Secretary Wilson spoke next urging early ratification Atomic Agreement,<sup>4</sup> indicating continuation of substantial U.S. military assistance but with progressively reduced OSP level.<sup>5</sup> Stated US prepared to share information on production and use of new weapons including missiles, and that these weapons would be included in MDAP in accordance developing requirements and countries' capa-

<sup>1</sup>Source: Department of State, Central Files, 740.5/12-1655. Secret. Approved by Nolting and repeated to the other NATO capitals.

<sup>2</sup>The summary, C-R(55)59, and verbatim, C-VR(55)59, records of this session, both dated December 15, are *ibid.*, Conference Files: Lot 60 D 627, CF 643.

<sup>3</sup>A copy of this 6-page report is *ibid.*, CF 635.

<sup>4</sup>See footnote 5, Document 6.

<sup>5</sup>A copy of Wilson's statement is in Department of State, Conference Files: Lot 60 D 627, CF 643.

bilities to use and maintain. US to continue Special Weapons and Facilities Assistance programs, but hoped Europeans would be able to progressively pick up greater burden of maintaining existing equipment. Urged early affirmative action on European air defense as high priority, and indicated US bolstering the atomic capability of its forces in Europe and displaying more air squadrons. To continue substantial deliveries US administration asking Congress for large MDAP appropriation this coming FY. Ismay characterized US statement as most encouraging and although no specific comments of reaction by other Ministers made in meeting, many delegations afterwards in corridors expressed great gratification for US position.

General Billotte stated France considered force goals in Report as desirable and feasible, and although conceding adequate air defense must be accomplished even if necessary at expense some land forces, pointed out special problem his country has in North Africa. Considered stability in NA as common concern of NATO, and mentioned that NATO had been fully informed of all deployments. Concluded by stating France now more optimistic settlement NA problems.

Statement of Minister Blank of Fed Rep which read by Blankenhorn pointed out unique character German defense program by starting from scratch. After detailing status of military legislation reaffirmed over-all time schedule, hoping to have 96,000 soldiers by end 1959. Explained naval adjustments in program, and stressed urgency of adequate air defense. In this connection expressed concern about construction of airfields in Germany and asked Council for decisions on infrastructure in January 1956. Thanked US for aid thus far committed but indicated still further US assistance needed. Lord Ismay obtained agreement Ministers to refer problem of German infrastructure to Permanent Council.

Mr. Exintaris of Greece expressed satisfaction with AR Report and indicated his government would do its best to implement recommendations. However, he was not optimistic about his country, and many others, meeting requirements of MC 48 within resources available. This was of great concern in light of developing Soviet capabilities. In case Greece, which poor country, must rely great on external assistance.

Defense Minister Campney of Canada commented on recommendations of report as they concerned Canada. Principal recommendation concerning continuation of mutual aid Canada will examine. Pointed out that of \$1,300 million thus far provided in assistance to NATO Europe \$300 million was equipment from new production, and \$300 million for air-crew training. Canada expected to reduce slightly its assistance for coming year. However, all such assistance would be from new production. In addition Canada has undertaken substantial expenditure for North American continental air defense.

Was happy to announce that after review Canada now able to state planned increase of escort vessels from fifteen to twenty-nine.

Foreign Affairs Minister Hansen of Denmark considered AR Report excellent. Referring to recommendations for Danish Government, he indicated they already stated [*started?*] on thorough review their defense effort. Had established committee for this purpose and was already in consultation with SHAPE. Although Denmark will support and expedite review, and attempt remold forces in accordance NATO military authorities' recommendations, emphasized it would be unrealistic to expect Denmark to increase defense expenditures.

Finance Minister Schaeffer of Germany then spoke in some detail concerning the effect of German rearmament upon economy. Emphasized that in economy of full employment support of defense establishment would need be at expense other elements. Pointed out that although moneys would exceed expenditures for first two years of program, West Germany financial and economic resources would be fully employed in its defense contribution. Indicated German view that forces support of other countries, aid to Berlin, and social stability on border of iron curtain must in real sense be considered as part of German effort. Concerning need for assistance, he pointed out there would be considerable production gap for equipment which could only come from US. He indicated arrangements had already been made to negotiate to determine whether such equipment could be supplied, and if so, under what conditions, including financial arrangements.

Defense Minister Handel of Norway indicated Norwegian program dependent on continuing mutual aid and expressed gratitude for US and Canadian assistance thus far provided. Finance Minister Eftaxias spoke of the high percentage of GNP being devoted to defense in Greece and stated that if Greece eventually could bear larger portion of its defense effort a long-term program for economic expansion and growth must be accepted. In the meantime Greece would continue need for considerable external aid which would enable capital now absorbed by defense to be turned over to productive investments.

The Council noted CM(55)101 and the discussion, and approved the resolution on the 1955 AR (CM(55)125(Revised)).<sup>6</sup>

*B. Military Progress of NATO Report No. 8 (MC 5/10(Final)).*<sup>7</sup> Was noted after General Pallis highlighted main points.

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<sup>6</sup>This resolution adopted the force plans, outlined in the Annual Review Report's Annex II and summarized in "Summary of Country Force Plans," C-M(55)126, as agreed firm goals for 1956, provisional goals for 1957, and planning goals for 1958. Copies of these documents are *ibid.*, CF 635.

<sup>7</sup>Not found in Department of State files.

C. *The Most Effective Pattern of NATO Military Strength for the Next Few Years (MC 48/1(Final))*. Was approved by decision in terms set forth in CM(55)127.<sup>8</sup>

D. *Future Planning Including Force Goals and Priorities and the 1956 Review (C-M(55)120(4th Revision))*.<sup>9</sup> Mr. Tavaliani of Italy endorsed C-M(55)120, indicating that in October Italian Defense Minister had expressed view of need for collective reappraisal.

Secretary Dulles, referring to bracketed paragraph 3(a) covering the possibility of multilateral financing, indicated that US intention was not for discussion groups to make decisions on multilateral financing but simply to initiate discussion.

Minister Lloyd of UK expressed satisfaction with C-M(55)120 procedure as good approach to long-term problem. Emphasized that all requirements of MC 48 and 48/1 could not be financed within existing levels, and therefore priorities which must be financed in first instance by individual governments must be identified. Urged that all governments look far into future as possible indicating UK now planning seven years ahead. On question of multilateral financing clause in paragraph 3(a) he still believed not appropriate for incorporation in resolution as discussion financing techniques involved use of experts which not anticipated would be available for discussions proposed.

After further discussion of paragraph 3(a) language was amended to satisfaction all which would permit discussion groups to identify the cases in which multilateral financing might be a possibility, and C-M(55)120 was approved.

E. *Air Defense Command in Control in NATO Europe (MC 54(Final))*.<sup>10</sup> General Gruenther made presentation urging approval MC 54. Pointed out that there were two factors involved; command arrangements and air defense itself. Stated MC 54 addressed only two command arrangements, and that although some countries felt paper did not go far enough, while others felt paper may have gone too far, he believed paper represented appropriate first step. Gruenther then went on to explain what was technically involved in command communication, indicating immediate necessity for two pilot projects to be established. He stated US had been asked to finance these two pilot projects. Emphasized value of West's proposal for aerial inspection to prevent surprise attack. Concluded by turning to problem of different nature, pleading with all NATO governments to sell the NATO idea and ideals in their own countries.

<sup>8</sup>Neither found in Department of State files.

<sup>9</sup>A copy of this 4-page document, dated December 12, is in Department of State, Conference Files: Lot 60 D 627, CF 635.

<sup>10</sup>A copy of this 4-page document, dated December 12, is *ibid*.

Secretary Wilson endorsed MC 54 and indicated US would finance pilot links in command communication system. He indicated this being done, however, upon condition that this equipment will become and remain property of SHAPE, and action will not be construed as precedent for financing entire system. Financing of entire system would have to be on a common cost sharing basis.

General Billotte of France agreed with General Gruenther's concern about air defense and indicated France's acceptance MC 54. However, pointed out that there must be limit to integration of command responsibility beyond which countries would not go as it would involve relinquishment sovereignty.

Minister Staf of Netherlands took opposite tack from French and although indicating willingness to accept MC 54 as first step, believed NATO would need eventually face logic of situation wherein effective air defense could only be accepted by going much further in direction of common command. Believed natural corollary of this development would be extension of infrastructure procedure for financing. Mr. Cunha of the Portuguese Delegation regarded MC 54 as reasonable by directing attention to need for extending scope of this command coordination to include Portugal.

The Council approved the recommendations in MC 54(Final).

After conclusion of Agenda Item III Mr. Dulles indicated his happiness that Italy and Portugal had been admitted to membership in the UN.<sup>11</sup> A number of other ministers associated themselves with Mr. Dulles' remarks, expressing pleasure at entry of Italy and Portugal into UN and hoped that Federal Republic of Germany would soon follow suit. The Italian and Portuguese representatives expressed thanks, and Mr. Brentano of Germany also thanked speakers for their sympathetic statements.

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<sup>11</sup>Italy and Portugal were admitted to the United Nations on December 14, 1955.



**13. Telegram From the Secretary of State to the Department of State<sup>1</sup>**

*Paris, December 17, 1955—9 p.m.*

Secto 24. Restricted meeting of FonMins and PermReps with two advisers was held from 10:15 to 1:00 on Dec 16. No minutes or official record kept.

Pearson, who spoke first, reviewed his Soviet trip and impressions.<sup>2</sup> Convinced Soviets want no global war and believe peaceful interlude will serve their purposes but no sign Soviet leaders willing pay real price for lower tension or have changed objectives. One basic purpose still to destroy NATO and get foreign forces withdrawn from Europe. Hope NATO will fall apart in détente. Clear they will now unify Germany only on their own terms. Under these conditions NATO must make the situation crystal clear to public opinion and show continued support for German desire for unity. West must seek further to expose Soviet attitude, push ahead with German rearmament in NATO and European integration, and refuse recognize East German regime. In concluding he stressed value of NATO Council for discussing situation, anticipating issues and planning to meet them.

Spaak followed, fully approving views expressed by Secretary and others previously and Pearson today on general situation. Real problem is how to deal with it. Communiqué this meeting will be especially important as first statement since Geneva II. He congratulated three powers on conduct Geneva negotiations; common interests had been well defended. Soviet moves in Middle East and Asia should not lead West to think European problems solved. Must make clear that Geneva was not end and that West still supports its principles and German unity. West not doing well in propaganda battle and should take steps to improve. Strong and firm communiqué could help.

Theotokis of Greece agreed that Soviet policy had not changed but their tactics today much more flexible. Risk of war very low if West maintains defenses but West must be more effective in educating public opinion on meeting Soviet actions.

Cunha of Portugal strongly supported Spaak and Theotokis comments, and then said:

(1) Must make clear FedRep only legitimate state; asked Brentano for comments on German situation;

<sup>1</sup>Source: Department of State, Central Files, 740.5/12-1755. Secret. Drafted by Bowie. Repeated to the other NATO capitals. Transmitted in two sections, Secto 24 and Topol 721 (which also begins with Bech's statement).

<sup>2</sup>Pearson visited the Soviet Union, October 5-12, 1955.

(2) Africa real weak point for West; subject to nationalist and communist propaganda . . . ; could fall into Communist Bloc;

. . . . .

(4) In Asia active policy is essential; must reply to Soviets as in US-Portuguese communiqué;<sup>3</sup> Portugal ready to negotiate with India on Goa if Portuguese sovereignty there not questioned;

(5) Spain should be in NATO;

(6) Must develop better public understanding of NATO and its purposes.

Brentano fully supported Pearson analysis of Soviet policy. Failure of Geneva disappointed Germans but in Bundestag discussion government and opposition fully agreed on goals of German policy though some difference as to method. Stressed difficulty of situation with Germany divided and millions of Germans under Communist regime. Essential to convince Germans that present policy only sound one. Both government and opposition opposed any de facto or de jure recognition East German regime by others. Hoped NATO Council might reaffirm London statement on FedRep.<sup>4</sup> Would help bolster German support general policy. Expressed satisfaction with three-power handling of Geneva and stressed importance of communiqué.

Lange of Norway made the following points:

(1) Norwegian public had not fully understood that West did not demand Germany remain in NATO under its unity proposals; should be cleared up.

(2) NATO should help to bolster German support for present policy.

(3) In Europe should avoid creating small groupings which might create new divisions.

(4) Supported earlier Pinay idea for intensifying technical and economic assistance to under-developed areas.

(5) Must approach Asian and African peoples on basis of equality and partnership and recognize their right to determine their own future if expected to keep them on Western side and counter Soviet picture of NATO as tool of imperialism.

. . . . .

<sup>3</sup>For text of the Joint Communiqué of December 2, reporting on conversations concluded at Washington between Dulles and Cunha (during the Foreign Minister's State visit to the United States, November 31-December 2), which took issue with statements made by Soviet leaders concerning the Portuguese provinces in the Far East, see Department of State *Bulletin*, December 12, 1955, pp. 966-967.

<sup>4</sup>Reference is presumably to the Final Act of the Nine-Power Conference signed at London on October 3, 1954. See *Foreign Relations, 1952-1954*, vol. v, Part 2, p. 1345.

Beyen of Netherlands said NATO was at turning point in its history:

1. Military aspects had been covered yesterday.
2. Entry of Fed Rep into NATO and failures of Geneva II important politically. Good that Soviet policy clearer.
3. NATO must be more concerned with events outside NATO area.
4. West has harder task since it must rely on patience and truth.
5. Hopes all can agree not to recognize East German regime.
6. Took strong issue with Lange objections to community of six which need not harm others not now prepared to go so far.
7. Would like further information on Middle East and Berlin situation.

Bech (Luxembourg) said that in face continued Soviet objectives and their three-fold threat, NATO must keep up deterrent to maintain peace; combat neutralist attitudes by more vigorous propaganda; and build solidarity and cohesion within NATO and underdeveloped areas by more active non-military measures.

Martino (Italy): 1) agreed with Spaak on need improve propaganda. West must constantly reiterate truth about Soviet purposes. 2) Agreed Geneva had made crystal clear Soviet aim keep Germany divided and East Germany under Communist control. 3) Concurred in Beyen's answer to Lange on Six-State Grouping as necessary start toward United Europe, and compatible with interests of other European states. European idea only one to inspire youth and compete with Communism. Hopes other states will come to recognize need for common market and United Europe.

Macmillan made following points: 1) Geneva II showed fears that Soviet policy might split West were unfounded. Three Powers there worked in complete harmony which was greatly helped by German cooperation at all levels. Should pay tribute to staunchness Germans in face Geneva outcome on unity. 2) Soviet rejection Western security proposals Geneva showed attitude Germany unity based on political and not security reasons. Essential drive this point home. 3) Soviet desire disrupt NATO not solely military in purpose. They want destroy organization where Old and New World act in partnership and where likeminded nations can act together. If NATO undermined, Soviets could take over one at a time. 4) West must not accept stalemate but keep up moral, political, propaganda and other pressures on Soviets to solve outstanding issues. In "tearing up" Geneva Directive on free elections,<sup>5</sup> Soviets showed they will not voluntarily surrender ground captured for Communism and fear the effects in satellites. 5) In Middle East and Asia, fluid situation and

<sup>5</sup>Text of the Geneva Directive, July 23, 1955, is scheduled for publication in a forthcoming *Foreign Relations* volume.

deep cleavages are easy for Soviets to exploit, but methods may backfire. Reaction to arms deal may help Palestine solution. But appeals to anti-colonialist, anti-Western sentiment create real danger. 6) Northern Tier Pact<sup>6</sup> important for strategic, political and economic reasons. Great economic prospects if new wealth wisely used. Pact based on equality and partnership refutes Soviet propaganda on exploitation and domination. Hopes NATO members will support Pact. 7) Above all else, must maintain NATO unity and support Federal Republic to keep up morale of people and pressure on Soviets. UK considers self bound by London Declaration on Federal Republic<sup>7</sup> and hopes others will associate themselves with same policy. 8) Agreed with Spaak and others on importance of Communiqué. Must show our will and determination to remain united and firm.

Hansen (Denmark) said that he just invited Moscow<sup>8</sup> and would report to NATO Council on return. . . . He agreed on need for better propaganda, especially in appealing to youth.

Pinay (France) made following points: 1) After Geneva, Soviets will work have two Germanies recognized. He agrees on vital necessity keeping up West German morale. 2) Western nations should set up some group to coordinate their propaganda and develop better means for public understanding of Soviet purposes and Western policy. 3) Since underdeveloped areas are now clearly a major Soviet threat, Western nations should undertake more active program for technical and economic assistance to these areas either through NATO or UN or some other means.

Birgi (Turkey) spoke only briefly and was followed by Von Brentano, who asked Hallstein speak on question Berlin.

Hallstein then explained 1) special status Berlin under Four-Power Agreements of 1945 and 1949;<sup>9</sup> 2) Soviet transfer of authority to GDR September 1955 of "sovereignty" and control over borders and access Berlin;<sup>10</sup> 3) Three-Power protest against GDR stoppage US vehicle;<sup>11</sup> 4) significance this and other Soviet and East German move to force recognition GDR; 5) determination of Federal Republic

<sup>6</sup>The Pact of Mutual Cooperation between Turkey and Iraq, signed at Baghdad on February 24, 1955, was adhered to by the United Kingdom on April 5, by Pakistan on September 23, and by Iran on November 3.

<sup>7</sup>See footnote 4 above.

<sup>8</sup>Hansen visited Moscow, March 2-6, 1956, as a guest of the Soviet Government.

<sup>9</sup>For text of the four-power agreement on the zones of occupation in Germany signed at London, July 26, 1945, see *United States Treaties and Other International Agreements*, vol. 5, pt. 2, p. 2093. For text of the New York four-power agreement lifting the Berlin blockade and convoking the Council of Foreign Ministers, May 5, 1949, see *Foreign Relations*, 1949, vol. III, pp. 750-751.

<sup>10</sup>Reference is to the Peace Treaty between the German Democratic Republic and the Soviet Union and letters signed at Moscow, September 20, 1955.

<sup>11</sup>Reference is to tripartite protests against German Democratic Republic harassment of communications with Berlin.

avoid de facto or de jure recognition, although some technical contacts, such as postal, are unavoidable.

Ismay then said he assumed Permanent Representatives would be expected follow up suggestions made this Meeting.

Pinay thought Council should act on his proposal set up group in NATO to study more effective handling propaganda by members.

Macmillan preferred have draft resolution before taking action.

Pinay requested Ismay submit draft in order permit action, "not just talk".

Session ended 1 o'clock.

Dulles

#### 14. Telegram From the United States Delegation at the North Atlantic Council Ministerial Meeting to the Department of State<sup>1</sup>

*Paris, December 17, 1955—6 p.m.*

Polto 1038. Following is summary NATO Ministerial meeting afternoon December 16th. Verbatim text being air pouched.<sup>2</sup>

Before turning to agenda, SG emphasized importance of communiqué. Stated Spaak and von Brentano had been appointed special committee for drafting communiqué.

*Agenda Item IV (Implementation of Article 2 of Treaty).*

The discussion under this agenda item was considerably more lively than expected, and indicated a general feeling among many NATO members that more consideration than in the past should be given to the development of a collective policy in the political, economic, and psychological fields. Partly as a result of the recent change in Soviet tactics, and partly as a result of the need for types of cooperation other than military, many countries seemed to be groping for ways of implementing Article 2. It should be said, however, than in no instance did this reflect a subordination of the importance of maintaining a high degree of military defensive strength; but on the contrary, reflected an attempt to think through other ways and means of giving long-term substance and content to NATO. A brief summary of national statements follows:

<sup>1</sup>Source: Department of State, Central Files, 740.5/12-1755. Secret. Repeated to the other NATO capitals. Transmitted in two sections.

<sup>2</sup>The summary, C-R(55)60, and verbatim, C-VR(55)60, records of this session, both dated December 16, are *ibid.*, Conference Files: Lot 60 D 627, CF 644.

Martino spoke for Italy, stating that recent developments and changes in Russian attitude have transferred problems of NATO from purely military field to other fields, thus making an exchange of views on Article 2 extremely pertinent. Pointing out that non-military cooperation under Article 2 covers three aspects, political, psychological, and economic, Martino noted with satisfaction the growing political cooperation within NAC. He called for further alignment of policies with respect to psychological activities and mentioned desirability of "psychological plan of infrastructure".

Addressing need for further economic and social cooperation, Martino pointed to Russian initiative in helping underdeveloped areas as further reason for NATO's consideration of ways and means to participate in common action to help underdeveloped areas. He led from this thought into advocacy of common NATO action to build up weaker countries within NATO, stating "it is necessary to undertake collective action for development of economically weak areas within the Alliance." He pointed to need for common European market and said that Italy is not thinking so much in terms of direct action by NATO in competition with other international organizations, but rather that NATO should be forum in which action in various specialized agencies should be stimulated. He proposed study of problem at Perm Rep level and discussion at next Ministerial session.

Beyen spoke for Netherlands. He said it is generally realized that NATO more than purely military organization and that development of common way of thinking and living is basis of NATO. This is more difficult than cooperation in military field. Pointed out that political consultation in NATO had grown steadily. Expressed view that it would not be wise to bring matters into NATO forum if they can be done better in other ways. For example, accomplishments of OEEC in field of economic cooperation is partial implementation of Article 2. While favoring coordination of psychological efforts, Beyen pointed that this should not involve standardization, as problems different in each country.

Beyen discussed problem of underdeveloped countries, referring to what had been done under Point IV, UN technical assistance, international bank loans, and Colombo Plan.<sup>3</sup> Expressed view that development underdeveloped areas very complicated and gradual process; therefore was not too worried by entry of USSR into this field. Stressed his view that best way of approaching problem is to bring underdeveloped countries into partnership with developed countries. Expressed disappointment that SUNFED had not gained

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<sup>3</sup>The Colombo Plan for Cooperative Economic Development in Southeast Asia was established by the United Kingdom in 1950 to encourage investment in Ceylon, India, Pakistan, and the British territories of Malaya and Borneo.

support of US and UK. Thought NATO should not develop separate organization in this field, but could usefully discuss this subject as part of general economic problem.

Hansen spoke for Denmark. Suggested consideration of organizing rally of Western European youth as counter to Eastern European youth festival which, he said, scored big propaganda success. Proposed that NATO might consider organizing and financing such festival.

Theotokis spoke for Greece. Supported Italians on statement on Article 2, particularly in suggestion that disparity in economic status between member countries should be subject of concern to all NATO countries.

Lange spoke for Norway. Supported Dane's suggestion. Conceded there is sense of frustration re implementation Article 2, but wondered whether this not result failure to make clear what is being done through agencies like OEEC. Referred to work in Information Committee in public relations field, and suggested that NATO should be willing finance this activity more heavily.

Nuri Birgi spoke for Turkey, supporting general idea that NATO should consider other aspects of treaty, but stressing defensive military strength as most important single problem facing Alliance. Next in importance is hard-hitting propaganda campaign. Nuri welcomed Martino's ideas on economic cooperation to develop "underdeveloped areas of NATO".

Pearson for Canada said that Article 2 lends itself more easily to discussion than to action. Agreed that action thereunder can only be slow and gradual. Felt that accent should be on more thorough exchange political ideas and development of common political policies. While maintenance military strength now has top priority, time may come when more enduring roots for NATO will be required. Expressed view USSR as anxious see political unity destroyed as to see military strength dissipated.

Canada, in suggesting discussions on current economic policies among NATO countries, is not suggesting any new economic paraphernalia. Purpose is to develop better understanding of each others economic policies. Though economic discussions should not jeopardize political unity, but should contribute thereto. Re Italian point of common action to strengthen weaker areas of Alliance, said that Canada would want to study before committing itself.

Cunha spoke for Portugal, stressing need improve NATO propaganda. Expressed belief desirability development of Atlantic Alliance in economic field, but cautioned that this should not be done at the expense of splitting Europe. Advocated OEEC as best forum.

Martino introduced resolution on implementation of Article 2.<sup>4</sup> Secretary Dulles suggested that the Italian resolution be studied by Permanent Council, as US unwilling without proper study to commit itself, in view of other obligations and the possible reaction in other organizations of which US is member. After discussion and amendment, resolution was adopted as follows:

"The NAC, recognizing that recent developments in international situation make it necessary to have closer cooperation between members of Alliance as envisaged in Article 2 of treaty, taking note of statements made to this effect at present Ministerial meeting, decides to instruct Permanent Council to examine and implement all measures conducive to this end."

*Agenda Item V (no other business).*

*Agenda Item VI (date and place of next Ministerial meeting).*

Suggested that Ministers leave it to Permanent Council to make recommendations on date and place of next meeting. Suggestion accepted.

*Agenda Item VII (Communiqué).*

After prolonged discussion, communiqué finally adopted at 9:00 p.m. (Communiqué published in press and filed by USIA.)<sup>5</sup>

<sup>4</sup>Not printed; the discussion of the Italian resolution, which was the same in substance as the resolution adopted at this meeting, is in the verbatim record of this meeting, C-VR(55)60 (see footnote 2 above).

<sup>5</sup>For text of the final communiqué, issued at Paris December 16, see Department of State *Bulletin*, December 26, 1955, pp. 1047-1048.

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**15. Telegram From the United States Delegation at the North Atlantic Council Ministerial Meeting to the Department of State<sup>1</sup>**

*Paris, December 17, 1955—9 p.m.*

Secto 21. Department pass Defense. Subject: Support Costs. German Finance Minister Schaeffer and Defense Minister Blank met with British, French and American delegations December 16. British representative Selwyn Lloyd, Minister of Defense, and Boyle, Eco-

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<sup>1</sup>Source: Department of State, Central Files, 740.5/12-1755. Secret. Approved by Reinstein; repeated to Bonn, London, and Heidelberg.



conomic Secretary of Treasury; French Finance Minister Pflimlin; and US Secretary Wilson and Assistant Secretary Gray.

Lloyd chaired meeting. Stated that British intend maintain high quality defense position but in light of limited finances, foreign exchange problems and general strained condition of economy was essential to know how much troop support would be continued after May 5, 1956. Had delayed suggesting meeting with Germans until after German NATO submission. Felt determination of extension of support costs should be based upon equitable sharing of burdens in NATO. Any inequitable arrangements would lead to political strains and weaken NATO alliance. Stated it seemed possible for Germans "next year" to spend "fair" portion on own forces. Accordingly felt extension of support costs appropriate. Stated that failure to reach agreement on adequate level might have effect upon British defense level. Emphasized that British situation so tight that there was little room for maneuver.<sup>2</sup> Asked Schaeffer whether he accepted general approach.

Schaeffer stated that Germans under EDC had accepted idea of short transitional period for support costs in order to help obtain ratification. It was always clear that amount would decrease towards zero. Under EDC FedRep would have been treated on non-discriminatory basis. Non-discriminatory aspect essential to obtain public support in Germany for EDC.

At London 1954 Germans agreed to extend support costs for limited period and also to negotiate on need for supporting allied forces in Germany.<sup>3</sup> Unlike 1952 Agreement, Paris agreement did not contain obligation to provide continuing obligation to support visiting forces. Thus Germans had no obligation for any additional lump sum payment. (Schaeffer later argued even cash payment contrary to Article 4, Section 4 of Finance Convention.)<sup>4</sup>

German main obligation under current agreements is to make maximum effort to achieve agreed buildup. Germany aware of British balance of payments problem and would attempt to be helpful. Schaeffer stated that German purchases of military equipment in UK would help British and that he would be prepared discuss this prospect.

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<sup>2</sup>At a luncheon meeting on December 15, Macmillan told Dulles that all members of the NATO alliance, including Germany, should bear equitably the costs of maintaining Allied troops in Germany. A summary of this conversation is in Secto 6, December 16. (*Ibid.*, 740.5/12-1655)

<sup>3</sup>For text of Annex III, Conference Paper on "A German Defence Contribution and Arrangements to Apply to SACEUR's Forces on the Continent," of the Final Act of the Nine-Power Conference, October 3, 1954, see *Foreign Relations, 1952-1954*, vol. v, Part 2, p. 1365.

<sup>4</sup>For text of the revised Finance Convention signed at the Nine-Power Conference, October 3, 1954, at London, see *ibid.*, p. 1342.

Stated that German problem could not be looked at in terms of just one year. In view internal political problems would be impossible to increase taxes enough to meet peak year of expenditures. Thus must have some leveling out through entire period.

Schaeffer repeated intention to get on with buildup and willingness to provide what it is practice for other host NATO countries to provide. This must be non-discriminatory.

Wilson emphasized difficulty of looking too far ahead and urged review situation from time to time. Had expected that German forces would be organized earlier. Stated hard for country explain need to keep large military forces away from home during peace. We must explain that this is part of common effort in which everyone is doing best he can. He felt it reasonable to review problem at this time.

German Defense Minister Blank stated that NATO has agreed to German 3-4 year buildup from January 1. This decision could not be reviewed. In 1956, 100,000 Germans would be mobilized and German government will need all available funds for this purpose. Next year financial gap will exist, solution concerning which is as yet unclear. Thus if support costs were paid it would mean that German forces could not be established at given sizes within given period.

French Finance Minister agreed must (1) be no discrimination against Germans and (2) equitable burden sharing. Stated that the legal aspects of Article 4, Section 4 of Finance Convention indicated possibility of goods and services but also did not exclude the possibility of specific financial sum. Recommended negotiation under Article 4 covering examination of overall estimate of contribution of each power under cost-sharing formula.

Schaeffer repeated opposition to any cash payments and referred to carryover from occupation costs of over 4 billion DM on May 5, 1955. Of this amount 2.4 being taken care of in current budget and balance would represent defense expenditure in next budget. This is in addition to other defense expenditures. Stated that if German people were told that German contingents could not be formed as fast as planned because funds needed for forces of other countries that this would have immediately adverse effects on 1957 election, with probable result that Ollenhauer would be next German Chancellor. Schaeffer stated that under "goods and services" he had in mind the use by forces of barracks, public buildings, land, etc.

Schaeffer related discussion to German contention that external aid will be required in order achieve buildup. More money spent on support costs would be result increase requirement for eternal aid. Accordingly Schaeffer stated he was prepared to initiate negotiations under Article 4 excluding possibility of cash payments. There should also be discussion of the gap and of prospects of German purchases of military equipment in EPU area.

Boyle emphasized British foreign exchange problem and possible jeopardy to OEEC liberalization in absence of support costs. He said transfer of 80 million pounds for support UK forces Germany, three-quarters of which would have to be paid in gold, would place extraordinary strain on UK. Stated that German expenditures for FY starting April 1 would amount to 11.4 billion DM taking all items into account and maintained that this was not comparable to French and British effort. Therefore asked for extension of 3.2 billion DM support costs.

In reply to contention that visiting forces in Germany constituted only defense of Germany, without substantial cost to Germany, Schaeffer replied troops were in Germany to defend all free world. Strategy does not include defense of large part of Germany there is little validity to contention forces are in Germany in order to protect Germany. If the defense had to be made today, it would not include large part of Germany.

Schaeffer stated that 3.2 was "completely unacceptable" to Germany. No legal basis existed under Article 4 and it in fact would be publicly recognized as being discriminatory as no similar conditions existed in other NATO countries. Stated ready to negotiate re external aid, but was "senseless" to ask for support costs which would increase request for external aid. Gray asked whether 3.2 was "unacceptable" on fiscal or political grounds, and Schaeffer replied "both", laying primary emphasis on political. Stated that proposal would require reopening plans for first year of buildup after these plans had been settled and agreed upon by NATO.

Pflimln said that French people would not understand if told must increase payments for troops in Germany when Germany has no forces. Maintained that 1955 and 1956 German percentage contribution smaller than UK and France. Recommended examination by experts (1) relation defense expenditures as percentage of GNP; (2) foreign exchange problems; and (3) possibility of procurement outside of Germany.

Lloyd urged early negotiations and stated that if there existed a marked disparity between German and other shares there would be unfavorable political repercussions in UK. In relation to UK military situation, failure to obtain support costs would involve dangers at which he had hinted. If contingency occurred, UK would do utmost to avoid them, but they could have bad effect on alliance as a whole. Wilson said sudden changes involved real difficulties. Recognized rapid buildup created difficulties for Germans. Sudden loss of support would involve difficulties for UK and some of different character for US. He appealed for effort to reach agreement in spirit compromise and understanding. He pointed out US had just had to reach

difficult decision to increase defense budget, remarking we were not letting down our effort.

Schaeffer stated that German Government could not accept extension support costs regardless of justifications set forth because discriminatory. Should push forward strategy and therefore should put emphasis upon German buildup and not attempt to divert funds. Stated that Federal Republic prepared to render services and goods and commodities as in other host NATO countries. In case of Germany burden would be considerably larger because of number of allied troops stationed in Germany. As for opening negotiations under Article 4, stated he was prepared provided it was understood there would be no cash payments, and that goods and services would be furnished on same legal basis and same extent as provided by other host countries. Said he was prepared at any time to open negotiations on imports of military equipment and transfer problem, but would welcome negotiation on US aid first, because this necessary to clarify what Germans would have to buy abroad. Schaeffer stated that he had advised Secretary Humphrey that Germany would submit memorandum about January 15<sup>5</sup> making specific suggestions on additional external aid. He would be prepared to open discussions of Article 4 (on his terms) after that date. In reply to question by Lloyd as to whether Germans expected US reply to memorandum before opening Article 4 discussions, Schaeffer merely commented that it would be "helpful" if this could first be settled.

Wilson stated that support costs and external aid problems dissimilar. Aid is longer term problem. Today's discussion only had to do with next couple of years. Therefore better to look at next two years and will then keep working together on future.

Gray stated that it would be dangerous to assume that proposed German note of January 15 would aid in solving this problem. US interested in knowing what Germany will buy in US. Was dangerous to assume possibility of additional grant aid that could influence availability of funds for goods and services. Wilson said it would confuse matter to link two subjects. If it were known that we were giving grant aid to relieve other burdens, it would cause difficulty in US.

Lloyd asked Germans for discussions in spirit of Article 3 of NATO<sup>6</sup> to which Schaeffer replied that Article 3 meant effective self-help to build up forces plus provision to provide goods and services for allied forces.

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<sup>5</sup>Not found in Department of State files.

<sup>6</sup>Article 3 of the North Atlantic Treaty states that the Allies will help each other to maintain and develop their collective capacity to resist armed attack.

Schaeffer maintained that January 3 would be too early for negotiations for "technical reasons" (understand Schaeffer plans to go skiing) but would be prepared about middle of month. In reply to Wilson's comment stated that realized question of whether Germany could obtain items from US for payment loan, lend-lease, etc. not related to Article 4 negotiations. This would effect transfer problem and German purchases of military equipment.

Lloyd stated he saw no possibility of agreement at this meeting. Lloyd stated problem serious and he would have to report to his government which might take it up in other ways. Boyle said Chancellor of Exchequer and Prime Minister would take serious view of it. Pflimlin supported Lloyd and stated that Schaeffer's proposals would be discriminatory as Germany would not carry its full burden.

Lloyd and Pflimlin stated that they wished to make clear they did not accept Schaeffer's interpretation of Article 4. Gray pointed out Secretary Wilson had several times stressed matter should not be approached on technical basis. US representative who had participated in drafting of Article 4 had informed him he did not agree with Schaeffer's rigid interpretation. Schaeffer replied that German members who participated interpreted Article in manner he had set forth. On this inconclusive note meeting ended.

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## 16. Message From the Secretary of State to the President<sup>1</sup>

*Paris, December 16, 1955.*

DEAR MR. PRESIDENT: We have just concluded the two-day NATO Conference. It has, on the whole, been a good Conference with a spirit much strengthened by the multiplying evidence that the aggressiveness of the Soviet bloc is by no means ended. We are issuing a communiqué which has much more punch than is usual and is more than a mere narrative of what happened at the Meeting. It takes a strong affirmative line.

I have had good meetings on the side with Macmillan and Pinay, and expect tomorrow (Saturday) to have meetings with Monnet,

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<sup>1</sup>Source: Department of State, Central Files, 740.5/12-1655. Secret; Niact. Transmitted to Washington in Dulte 4, December 16, at 10 p.m. A copy was sent to the White House on December 17 where it was retransmitted to the President at Gettysburg that day as CAP REF NBR 535. This document, which bears Eisenhower's initials, is in the Eisenhower Library, Whitman File, Dulles-Herter Series.

Spaak, von Brentano and Pinay before getting away Saturday evening.<sup>2</sup>

Faithfully yours,

Foster

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<sup>2</sup>See Document 10.

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17. **Memorandum of Discussion at the 271st Meeting of the National Security Council, Washington, December 22, 1955<sup>1</sup>**

Present at the 271st Council meeting were the President of the United States, presiding; the Vice President of the United States; the Secretary of State; the Acting Secretary of Defense; the Director, Office of Defense Mobilization. Also present were the Secretary of the Treasury; the Attorney General; the Secretary of Commerce (for Items 3 and 4); the Special Assistant to the President on Disarmament; the Director, Bureau of the Budget; the Chairman, Atomic Energy Commission (for Items 4 and 5); the Acting Director, U.S. Information Agency; the Acting Chairman, Joint Chiefs of Staff; the Director of Central Intelligence; the Deputy Assistant to the President; Special Assistants to the President Anderson and Rockefeller; the White House Staff Secretary; the Director, International Cooperation Administration; Assistant Secretary of State Bowie; Assistant Secretary of Defense Gray; the Executive Secretary, NSC; and the Deputy Executive Secretary, NSC.

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

[Here follows discussion of agenda item 1, significant world developments affecting United States security.]

*Recent NATO Council Meeting*

Secretary Dulles said that he would report very briefly on this subject, since he had already reported on the meeting to the President. All in all, it was one of the best meetings that the NATO Council had ever had. It was notable for its cohesion, solidarity, and particularly for the sense of continuity. The communiqué that had followed the conclusion of the meeting had had a more dynamic

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<sup>1</sup>Source: Eisenhower Library, Whitman File, NSC Records. Top Secret. Prepared by Gleason on December 23.

quality and a better propaganda value than any that had preceded it. The members of the Council had shown particular enthusiasm for the statement on new weapons and also on our willingness to offer a pilot operation for the so-called scatter system of communications. Secretary Dulles concluded by suggesting that Secretary Humphrey might have a word to add.

Secretary Humphrey said that the only point omitted by Secretary Dulles was the obvious effort at the NATO Council meeting to expand the scope of NATO's economic activity, a development which Secretary Humphrey thought might or might not be useful. Secretary Dulles replied that of course we could always expect some effort at these meetings to involve the United States in further economic support for NATO. His own guess was that these moves were mostly propaganda and wouldn't come to very much in the realm of genuine economic planning.

*The National Security Council:*

Noted and discussed a brief oral report on the subject by the Secretary of State.

[Here follows discussion of agenda items 3-5: multilateral export controls on trade with Communist China, United States policy toward Yugoslavia; and United States policy on control of armaments; all are scheduled for publication in forthcoming *Foreign Relations* volumes.]

S. Everett Gleason

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## 18. Editorial Note

The Ministerial meeting of the North Atlantic Council held at Paris, May 4 and 5, 1956, was attended by the Foreign Ministers of the 15 member countries. The United States Delegation was headed by Secretary of State John Foster Dulles, United States Permanent NATO Representative George W. Perkins, Assistant Secretary of State for European Affairs Livingston T. Merchant, and Assistant Secretary of State for Policy Planning Robert R. Bowie.

The Secretary of State and his advisers left Washington on May 1. In his departure statement, Dulles stressed the importance of the forthcoming meeting because he believed the North Atlantic community needed "to organize itself into something more than a military alliance" and expected the representatives would begin "to search out new ways to express our common purposes." For text of this statement, see Department of State *Bulletin*, May 14, 1956, page 79.

The most extensive body of documentation of this meeting is in Department of State, Conference Files: Lot 62 D 181, CF 689-708. CF 689 contains telegrams and letters pertaining to Dulles' schedule of appointments in Paris. CF 690 and 691 contain a set of briefing papers for the delegation on topics likely to be discussed in Paris. CF 692 contains papers dealing with the administrative details of the meeting. CF 693, 699, and 700 contain copies of the Topol-Polto, Secto-Tosec, and Dulte-Tedul telegrams, respectively, which summarize the meetings and bilateral talks and include the exchanges between the United States Delegation and the Department of State. CF 694 contains a copy of the meeting's agenda, and that file and CF 695 contain copies of the reports submitted for discussion to the Council. CF 696 contains copies of the verbatim and summary records of the Council meetings on May 4 and 5. CF 697 and 968 contain documents summarizing a few of Dulles' talks with the Foreign Ministers, labeled "sidetalk papers." CF 701 contains some memoranda of conversation with the British and French Ministers; CF 702, copies of studies written by members of the NATO staff; and CF 703, miscellaneous documents. CF 704 and 705 have a schedule of Dulles' appointments for May 2 and May 3, respectively, as well as copies of the telegrams and memoranda of conversation which summarize the bilateral talks held on those two days. CF 706 and 707 contain copies of the summary and verbatim records of the Council meetings on May 4 and 5, respectively, and documents and telegrams describing the bilateral talks held on those days. CF 707 contains a copy of the final communiqué. CF 708 contains copies of telegrams summarizing Dulles' tripartite talks on May 6, his press conference with American correspondents in Paris, and a copy of this statement made on May 7 upon his return to Washington. Reports and documents, which discuss preparations for the meeting and summarize the proceedings, and copies of some of the telegrams described above are also *ibid.*, Central Files, 740.5.

During his stay in Paris, Dulles discussed problems of mutual concern with some of the Foreign Ministers. On May 2, the day of his arrival, he met with Pineau. Their discussions are summarized in the following telegrams: Secto 2, May 3, on the Middle East; Secto 3, May 3, on the Far East; Secto 4, May 3, on the French proposal to establish an agency for world economic development; and Secto 5, May 3, on disarmament.

On May 3, the Secretary of State met separately with several Foreign Ministers. Summaries of his discussions with Lloyd are in the following documents: Secto 8, May 4, on Cyprus; Secto 11, May 4, on the Middle East; the memorandum of conversation, May 9, on the Near East and Syria; Sectos 12 and 19, both dated May 4, on German support costs and disarmament, respectively; Secto 13, May 4, on



East-West trade; and Secto 20, May 4, on NATO and the Soviet economic offensive (printed *infra*).

Dulles' discussion with von Brentano on reunification and German troops support costs is summarized in Secto 10, May 4. The Secretary's discussion with Koprulu on the Middle East and Cyprus, is summarized in Secto 9, May 4, and his discussion with Theotoki on Cyprus, is summarized in Secto 14 of the same date. Dulles' discussion with Pearson about the Canadian supply of arms to Israel is summarized in Dulte 5, May 4. Their discussions about an advertising tax and about the nonmilitary aspects of NATO where Dulles found Pearson "generally sympathetic" to his ideas are summarized in Secto 6 and Secto 7, May 4, respectively. The Secretary reported to the President on his discussions that day in Dulte 3, May 4.

The Secretary met with several Ministers on May 4. His talk with Cunha about the Azores is summarized in Dulte 7, May 5, and his conversation with Lange about the Iceland base difficulty is summarized in Secto 21, May 5. His talks with Caccia and later with Lloyd are summarized in Dultes 6 and 8, respectively, both dated May 4. For his talk with Mollet about European integration, summarized in Dulte 9, May 5, see Document 169. His conversations on May 5 with Gudmundsson about the Icelandic base difficulty and with Beyen about bilateral air transport negotiations are summarized in Secto 26 and Secto 25, May 5, respectively.

On May 6, Dulles held talks with Pineau and Lloyd on the Middle East. Their discussion is summarized in Secto 29, May 6. Secto 28 of the same date outlines their agreement on the shipment of aircraft to Israel.

Many of these telegrams and documents summarizing these discussions are scheduled for publication in the relevant compilations in forthcoming *Foreign Relations* volumes. Copies are in Department of State, Conference Files: Lot 62 D 181, CF 704, 705, 706, 707, and 708.

The Council meeting followed this agenda:

I. Report by the Secretary General of Progress During the Period 1st December, 1955 to 21st April, 1956

II. The International Situation in the Light of Current Developments

(a) Trends and Implications of Soviet Policy Including the Political and Economic Penetration of Underdeveloped Countries

(b) Political and Economic Questions Arising from Current Soviet Tactics

(c) Other Matters of Common Concern in the International Situation, Including North Africa, the Middle East, the Far East, Germany, Disarmament

III. Extension of Non-Military Co-operation Between NATO Countries

(a) Survey of Article 2 Activities

Introductory Statement: Note by Working Group

(b) Political Consultation

(c) NATO Information Policy

IV. Any Other Business

V. Date of Next Ministerial Meeting

VI. Communiqué

The final communiqué issued on May 5 reflected the decision taken at this meeting to develop the Atlantic community further in the political and economic fields.

Upon his return to Washington on May 7, Dulles reported briefly to the press on the meeting and on the following day made an address on the subject which was broadcast to the nation. On May 9, the President asked Senator Walter F. George to serve as his personal representative "in the development of this evolutionary step within the North Atlantic Community." The text of the Secretary's arrival statement, the final communiqué, his address, and the President's letter to Senator George are printed in Department of State *Bulletin*, May 21, 1956, pages 831-837.

Because the documentation covering this meeting is extensive, the editors are presenting a selection of the most significant documents which best illustrate the main points of the Council's discussions pertaining to NATO.

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19. **Telegram From the United States Delegation at the North Atlantic Council Ministerial Meeting to the Department of State<sup>1</sup>**

*Paris, May 4, 1956—6 p.m.*

Secto 20. Subject: Bilateral talk with British<sup>2</sup>—NATO and Soviet economic offensive. Lloyd at outset referred briefly to recent visit

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<sup>1</sup>Source: Department of State, Central Files, 740.5/5-456. Top Secret. Drafted by Rountree. Repeated to London.

<sup>2</sup>A copy of the May 17 memorandum of this conversation among Lloyd, Caccia, and Dulles (NATO/MC/7), which took place the morning of May 3, is *ibid.*, Conference Files: Lot 62 D 181, CF 701.

Soviet leaders London.<sup>3</sup> He said they appeared very confident and intended proceed with their program for economic expansion.

Secretary referred to his recent statement regarding NATO<sup>4</sup> and said that a number of people had thought he was suggesting NATO assume responsibility for economic operations. That was not his intention. We were confronted with new types of problems with which NATO had a legitimate concern, and his suggestion was far more fundamental than proposing that NATO assume a new economic operating function. He observed that following Stalin's death Soviet Government embarked upon a new line of: 1) exploiting differences between Western countries; 2) endeavoring wean away newly independent countries through economic offers, and capitalizing upon latent prejudices in those countries, and 3) trying to wreck the West through economic competition. We were now faced with situation in which a totalitarian power was operating in competition with free world economic system, where profits were essential to commercial enterprises. For political reasons Soviets were using their industrial power, cutting down their own requirements and setting prices regardless of commercial considerations. Secretary thought it essential that NATO powers do some careful thinking about this problem and how to cope with new Soviet policy.

Lloyd stated that he thought NATO could perform usefully in the exchange of information and planning, but he questioned whether it should have any role for economic action.

Secretary agreed that it should have no operating role in this field. It was a good body to discuss, on a community interest basis, how the objectives might be achieved. Actual implementation of an action program would fall elsewhere.

Lloyd observed that one possible course in meeting this new Soviet challenge might be to rely upon United Nations for provision of international aid and to force Soviets to do likewise. He would not favor this course unless it were essential. Alternative might be to set up an organization of "donors" who had capital surpluses available for aid to other countries. He inquired whether the Secretary would prefer this course to some other, such as use of existing institutions like the IBRD and creation of other organizations like proposed African Bank.

Secretary said he had been thinking about this problem but had no firm views as yet.

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<sup>3</sup>Reference is to the State visit of Bulganin and Khrushchev to the United Kingdom, April 18-23, 1956.

<sup>4</sup>For text of Dulles' speech entitled "Developing NATO in Peace," delivered to the Associated Press luncheon meeting in New York on April 23, where he explored the possibility of strengthening the nonmilitary ties of the Allies, see Department of State *Bulletin*, April 30, 1956, pp. 706-710.

Lloyd commented he had discussed this question with Brentano and latter had indicated he likewise had no clear idea as to what would be most suitable type organization.

Secretary stated he hoped that out of NATO Council discussion might come a small committee of Ministers who would study matter over next few months and come up with some sort of conclusions. We were studying it in United States and group engaged in this work would make its report about middle of November so that it would be available before Congress met in January. He hoped NATO committee would be giving thought to question at same time. He thought it might be useful to have special NATO Ministers meeting in late fall or early winter to pursue matter on basis of proposed committee of Ministers report.

Lloyd commented that while he was impressed by Secretary's ideas, he would much rather embark upon wider international discussions after he had made up his mind as to what he would want to do. He suggested possibility of United States, United Kingdom and Canada talking over the problem before bringing in all NATO powers.

Replying to Caccia's question, Secretary said US would not necessarily desire be a member of suggested NATO committee to study problem.

Responding to Jebb's query as to whether Pineau had expressed any views on question, Secretary stated that Pineau had given him elaborate paper May 2 which he had not yet had an opportunity to study,<sup>5</sup> but he understood that essence of his suggestion was using UN and having NATO take initiative through UN. Merchant elaborated, saying that Pineau's proposal envisaged global OEEC which would report to ECOSOC.

It would involve standing committees on technical assistance, banking funds, etc., leaving complete scope of freedom for execution such bilateral and multilateral arrangements as Colombo Plan.

He understood paper would be distributed to other delegations and that Pineau would speak to Council on this subject May 4.<sup>6</sup>

Caccia observed that an advantage to forming small committee, as suggested by Secretary, would be that it could study problem and submit a report to all members of NATO for consideration.

Secretary, replying to question by Lloyd, said that while US did not insist upon being member of committee it would take an active role in consulting with committee members.

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<sup>5</sup>A copy of the French proposal to establish an agency for world economic development, transmitted in Secto 18, May 4, is in Department of State, Conference Files: Lot 62 D 181, CF 706.

<sup>6</sup>See Document 22.

Lloyd agreed it would be much better to have small committee members of which would come to us for ideas. He inquired whether Secretary would put forward the idea at Council meeting.

Secretary replied he would, and would like rearrange agenda to have matter discussed May 4 rather than May 5 to give more time for consideration.

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20. **Telegram From the United States Delegation at the North Atlantic Council Ministerial Meeting to the Department of State<sup>1</sup>**

*Paris, May 5, 1956—2 a.m.*

Polto 2019. 1. First session NATO Ministerial meeting opened 10:15 a.m. May 4 with short remarks by Chairman (Gudmundsson, Iceland).<sup>2</sup> Suggested Council work must be sketched in sufficiently broad lines to satisfy expectations which this meeting has aroused. Whatever decided should show way clearly to future policies of action which can be taken either within NATO or elsewhere to achieve our aims. Public opinion in NATO countries feels something ought to be done meet new Soviet challenge. Concern that ties which bind us must be strengthened and that NATO countries act in closest cooperation not merely military but also political and economic spheres. Hoped this meeting would enable FonMins establish clearly our aims. Press in NATO countries has built up this meeting so that peoples are expecting decisions as momentous as those reached at Lisbon NATO meeting.<sup>3</sup> This poses problem with respect to communiqué. Asked how Ministers wish handle drafting communiqué. Would they wish entrust task to group of Ministers? Pineau opposed suggestion on ground would be difficult for other Ministers criticize work done by several of their colleagues. Prefer drafting group made up of PermReps or officials. Spaak, saying it easier for him criticize fellow Ministers than officials, suggested that decision re handling of communiqué 1 be postponed until discussion had evolved to some extent. Chairman suggested and Council agreed that after item II(b)

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<sup>1</sup>Source: Department of State, Central Files, 740.5/5-556. Secret. Drafted by Timmons. Transmitted in two sections and repeated to the other NATO capitals.

<sup>2</sup>The summary, C-R(56)20, and verbatim, C-VR(56)20, records of this session, both dated May 4, are *ibid.*, Conference Files: Lot 62 D 181, CF 696 and CF 706.

<sup>3</sup>For documentation on the North Atlantic Council meeting in Lisbon, February 20-25, 1952, see *Foreign Relations, 1952-1954*, vol. v, Part 1, pp. 107 ff.

of agenda, Council turn to items III(a) and (b), and then return to Item II(c).

2. After Ismay had briefly presented item I of agenda, Chairman called attention Working Group report on Soviet policy and other reference documents,<sup>4</sup> and asked Lloyd open discussion on agenda item II(a). Lloyd reported on Bulganin-Khrushchev visit along lines known to Department. He added that Brit have overall impression visit may mark beginning improvement Soviet relations with rest world. Lloyd does not think Soviets want war, nor to risk a war. He feels Soviets wish be accepted as respectable member family of nations. Russians still thinking of "steamroller" tactics. However, not military but technical, economic, surplus arms, etc. Lloyd went on to speculate what is happening inside Soviet Union itself. Middle class emerging and private property permitted. Can Soviet state contain pressures generated by this kind evolution? Objective of Communist domination of world remains same, though tactics changed. New tactics are massive penetration economic, technical, cultural of rest world. Russia has appeal to under-developed and uncommitted countries. Was under-developed herself. Need for NATO greater than ever. Must be ready change our tactics. Must retain military strength and nuclear deterrent, but must review pattern our forces. Must revise and preserve political aspect alliance. Find ways and means of competing with new political and economic threat. Co-existence challenge must be met on worldwide basis. Not much time to decide on action we must set in train. Russians have been moving with their new policy for better part of year. Must hold fast to basic concept NATO alliance. Attack on one is attack on all. Our continued unity will be our strength.

3. Koprulu said peaceful co-existence is Stalinist conception. Return to Leninism means nothing. Previously Stalin had called for peaceful co-existence when Soviets needed peace on their frontiers in order to cope with internal problems. This maneuver had been purely tactical, strategy had remained the same, that of Lenin, world domination. Today parallel situation, Soviets need peace, are resorting to same maneuver. Must draw attention our peoples that Soviet professions of peace not corroborated by facts. If we fail to do this risk compromise our security. If we allow public opinion believe there is chance Soviets sincere, we playing with fire. Khrushchev says imperialism continues exist, and that causes of war always present. Cannot forget aim of Communism always remains same. Agreement

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<sup>4</sup>Copies of the 10-page Report by the Working Group on Trends of Soviet Policy, C-M(56)49, dated April 20; the 6-page report on Soviet Economic Penetration, C-M(56)52, dated April 24; and the 4-page report on the Soviet Sixth Five Year Plan, C-M(56)50, dated April 26, are in Department of State, Conference Files: Lot 62 D 181, CF 694.

in Council on analysis of Soviet political trends not sufficient; must strive to draw from these exchanges of views principles of common action. Convinced NATO countries can do more in gradually developing closer cooperation. Soviet policy in long run founded on exploitation of weaknesses of free world. Since Geneva, Soviets seem prefer bilateral contacts with NATO countries. Therefore we must strive establish as close political coordination as possible.

4. Hansen added details regarding his recent visit Soviet Union.<sup>5</sup> Khrushchev had said NATO came into existence under influence war psychosis caused to some extent by Soviet policies, and it understandable, according to Khrushchev, that Denmark "jumped into jaws US." Khrushchev frank in saying Soviets aiming at dissolution NATO. As long as West does not lose sight real motives behind Soviet readiness to be "on speaking terms" with West, Hansen felt East-West contacts could be continued and that scales might be turned in favor West.

5. Lange said Soviet leaders may be groping for way out of complete isolation and may have sincere desire lessen tension. If so, completely negative West attitude might strengthen elements in Russia seeking return hard Stalinist policies. Taking some risks might strengthen hands those seeking modify Stalinist policies. Lange discouraged over Soviet attitude toward disarmament, but Russians should be tried out on other questions, such as trade. Expanded trade contacts with Bloc might encourage Russians relax grip on satellites.

6. Secretary spoke next. Summary his remarks being transmitted in separate message.<sup>6</sup>

7. Martino feared history shows collegium may be followed by other dictatorship. Raised question whether closer East-West contacts good for states with strong Communist parties. Italy has so far said no cooperation without solution real problems, e.g., Germany. To offer cooperation now would give appearance we have abandoned hope solution those problems.

8. Spaak referred recent evidence lack coordination policies among NATO countries, and conflicts between them. Re new Soviet tactics, not adopted just to impress US. Soviet leaders have been forced to take some steps because of internal pressures. However, there could be internal changes in Soviet Union but no changes in Soviet foreign policy, whose aims are disappearance NATO, refusal settle great problems of world, prevent European integration, hope of Communist triumph throughout world not by force but because of decline of West. We must "relaunch" Atlantic pact and at this meeting reaffirm our Alliance and solidarity. Should recall why NATO

<sup>5</sup>Hansen made an official State visit to the Soviet Union, March 2-6, 1956.

<sup>6</sup>Polto 2018, *infra*.

created the necessity of pooling our efforts. NATO not just military alliance. Also political alliance, formed to defend certain ideas. This defense must also be common. NATO still vital. Must spread our own ideas. Point out to Soviet leaders we first to fight Stalinism and we glad see they now approve policy we have long followed. There must be adaptation by NATO nations in common of Atlantic political policy. Be bold yet cautious. Willing establish contacts but exchanges must be reciprocal. Also should broaden trade relations. Should show Russians up on their position of refusing accept control of disarmament. All these would constitute adaptation in common of Atlantic policy. Spaak then turned to Articles 2 and 4 of NAT.<sup>7</sup> Need find formula for political consultation. Coordination of policy good before Geneva but since then number difficulties have arisen. Criticism should be expressed Council before being made public, so that solution can be sought. Entrust organization of this consultation to PermReps who should have clear guidance. Re Article II, not easy give new content to this. For example, is it wise place aid to under-developed countries under NATO "hat"? This could work against us. Could we convince under-developed countries NATO economic aid to them given without military and political strings? He has serious doubts these scores and wishes know opinions his colleagues these questions. There has been enough propaganda re economic functions NATO; must now pass to actualities, if possible. Communiqué must reaffirm necessity Atlantic alliance. We must adapt ourselves to new situation, which gives new reason for reasserting our unity and solidarity.

9. Pineau said he believed Soviets must be interpreted not on basis their internal declaration (e.g. 20th Congress)<sup>8</sup> but on our contacts with them. Differed with Martino on question contacts, which Pineau felt necessary. Important not to renounce our defense effort, but must take advantage what is happening in Soviet Union. NATO countries give impression we less peaceful than Soviets, who always talk of peace. This has aided growth Communism in some Western countries. We must begin speak more than Soviets of disarmament. Cultural and intellectual contacts with Soviets are important and West has nothing to lose, since Communist parties in West already propagandize for Soviets. West has no party inside Russia and must penetrate Soviets through technicians, students, etc., with our idea of liberty. If West remains on defensive, Soviets will have initiative.

<sup>7</sup>Article 2 of the North Atlantic Treaty encouraged development of the nonmilitary aspects of NATO. Article 4 obligated the Allies to consult if one of them was threatened.

<sup>8</sup>Reference is to Khrushchev's secret speech of February 25, 1956, delivered at the 20th Congress of the Communist Party of the Soviet Union in Moscow, February 14-25, 1956.



21. **Telegram From the United States Delegation at the North Atlantic Council Ministerial Meeting to the Department of State<sup>1</sup>**

*Paris, May 5, 1956—2 a.m.*

Polto 2018. Following is summary Secretary's statement North Atlantic Council, morning May 4.<sup>2</sup>

Soviet tactics started to change last year. Trend has continued with less emphasis on violent methods and more on other ones suitable to accomplish Soviet ends.

Change inside USSR, manifested by denial of Stalin, could not have occurred without demand from within for liberalization.

Must remember Soviet tactics subject to rapid change. Could change back to threats as rapidly. No public control of foreign policy in USSR. Is still despotism, and this important respecting military situation. They appear to rely less on violence, probably due to alliances, which frustrated their aims. Khrushchev attitude London indicates change only skin deep and shows danger of Soviet military blackmail and threats if Free World weakens.

Likely Soviets may unilaterally reduce military force levels. Need manpower. Soviets like others cannot accomplish all goals at once. They can cut substantially in force levels and still leave Soviets dominant on Eurasian continent. If this happens, should not be taken as signal West can cut its forces. They have advantages of ability to call back reserves and have no logistic problem such as faces United States with transoceanic lines of communication.

New tactic of keeping force in hand but in background creates serious problem for allies.

Tactics primarily designed disrupt unity of West and bring under Soviet and ChiCom domination newly independent nations which have one-third world population and vast resources.

Must look at strength and vulnerabilities of Atlantic community. This community of four hundred million people based on views of nature of man which led Western civilization to invent, explore and carry its beliefs throughout world, with advantage both to us and to recipients.

Most important weakness is West not yet able establish peace system within own members. Recurrent wars with waste of youth and resources appears morally bad to rest of world. Though West dominated half the world, this concept of freedom and rights of man meant this domination was transitory, not permanent. The recent

<sup>1</sup>Source: Department of State, Central Files, 740.5/5-556. Secret. Approved by Timmons and repeated to the other NATO capitals.

<sup>2</sup>For reports on this meeting, see Polto 2019, *supra*.

creation of many new states is tribute to Western civilization, but it is not accepted with gratitude by new nations. Resentment, sensitivity and prejudice, based on old attitude of white superiority, expose new states to Communists, who exploits these factors. We are very vulnerable concerning this vast area, once a reserve for the West, which now may become one Communist.

Soviets rapidly being industrialized and making offers to new and under-developed states. Profit system faced with statism, which does not count costs. Should remember Stalin not only said war not inevitable, but that Soviets should sit on sidelines, add a push where weakness in West appears and take West piece by piece. Soviets have never repudiated that line.

No reason be discouraged. West has vast assets; and its belief in nature of man sound will prevail as it always has against those who treat men like cogs. Fabulous production of United States possible because of free men's desire. United States now has three times production of USSR. Though Soviet production increasing percentage-wise, margin of productivity not likely to change appreciably.

Will developments of those who seek freedom be thwarted by victories abroad of Soviet pseudo liberals, who then will not have to grant greater liberties at home? "Winning cold war" could mean evolution of Soviet into respectable member of society of nations, when two or three men no longer able decide to start war, with informed public opinion affecting government decisions. There is a beginning here, which stems from firmness and unity of West. We have passed first decade with no war and some liberalization inside USSR. If we can continue do the same in second decade, liberal forces within will demand more freedom. But if they get victories before they make concessions, West will lose. This is task to which we will say more later.

## 22. Telegram From the United States Delegation at the North Atlantic Council Ministerial Meeting to the Department of State<sup>1</sup>

*Paris, May 5, 1956—2 a.m.*

Polto 2017. Following is summary afternoon North Atlantic Council session May 4:<sup>2</sup>

Greece emphasized its experience with Communist-inspired subversive action. Said some nations appreciated threat of CP action more than others. Tended support Italian statement morning session.<sup>3</sup>

Reiterated Greek line of December meeting<sup>4</sup> of need for coordinated propaganda, particularly before East-West contacts occur. Should consult before contacts and approach whole problem of contacts cautiously.

NATO has been successful, witness Soviet attacks on it. Must increase awareness Communist threat. Problems should be discussed in Council. Must really do something, not just issue communiqué.

Portugal said USSR still dictatorship with no change ultimate goals. Change to sweeter tactic is for CP purpose.

Cautious approach to East-West contacts recommended. Danger of opening door too wide, particularly in countries where CP outlawed.

Should develop common political front in NATO under Article 4. This will lead to obtaining goals of Article 2. Must develop real unity, based on political consultation, so each can speak in name of all. Should not change policy on mere guess as to scope of real change within Russia.

### *Item II (B)*

Germany said thanks to NATO defensive alliance Soviet threat diminished, but Soviet military capabilities increased and we cannot neglect any military commitment. GFR ready cooperate modernizing forces and create required divisions. Non-military NATO task is to complement, not to impair, NATO military task.

Soviet goals remain same, with new system of aggression. Free world superior so long as it coordinates its strength and retains common goals.

<sup>1</sup>Source: Department of State, Central Files, 740.5/5-556. Secret. Approved by Timmons. Transmitted in two sections and repeated to the other NATO capitals.

<sup>2</sup>The summary, C-R(56)21, and verbatim, C-VR(56)21, records of this session, both dated May 4, are *ibid.*, Conference Files: Lot 62 D 181, CF 696 and 706.

<sup>3</sup>See Document 20.

<sup>4</sup>For documentation on the NAC Ministerial meeting, December 14-17, 1955, see Documents 10-17.

Must not just react to Soviet moves, but develop own political forward strategy. Need not develop rigid rules limiting national freedom of action. Perhaps can deal with matters on case by case basis.

NATO can deal with any political problem affecting security and interests of Atlantic Community. Any modification Soviet tactics should be studied. Action can be coordinated in accordance Article 2. Help underdeveloped countries remain free as well as give financial and technical assistance. Coordinate political, economic and social action. Use unfair trade methods only in special cases. Coordinate programs to avoid race for markets. NATO not to administer aid programs, but NATO can coordinate guidelines for programs. No rules re organization; should be flexible and give major opportunity to private enterprise.

Conclusions: create NATO politico-economic working group to see what countries should be center our operations. WG to submit agreed proposals to NAC. International staff to assist in analyses. Use to maximum all present organizations national and international.

France: non-military area now more important than military. Time ripe to improve civilian infrastructure of members with full international works: communications (especially trunk highways and tunnels, e.g. under Channel), dams, prospecting for oil and minerals. NATO need not do work, but would establish principals and discuss financing which could be NATO-wide, bilateral or multilateral. If agreeable, committee of experts could study and report later.

For under-developed areas, committee of experts should study what to do. Opposed to triangular trade.

Proposes world agency for economic development under UN-ECOSOC, with steering committee of all participants, statistical office, bank or fund to lend on low or no interest. Text being pouched.<sup>5</sup>

Dutch: no change Soviet goals. Hungry lion has become hungry serpent. We need not apologize for maintaining military effort. Favors East-West contacts.

Task now more complex: (1) can no longer concentrate on European situation, (2) economic problems inherently difficult to face on unified basis.

Need greatly increased consultation all non-military matters before taking position on any matter before outside world. While certain members have different responsibilities outside NATO, must coordinate and follow common line.

Development under-developed areas will take long time. Education necessary. Soviets face same problem. No strings on aid: egotism through altruism.

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<sup>5</sup>See footnote 5, Document 19.

French proposal for aid through UN seems vague and unnecessary at first blush. Why not do through SUNFED?

Aid to under-developed areas should not be through NATO.

Triangular trade bad as weapon economic warfare. Use only as last report.

If we want NATO strong, should not go outside NATO to build strength and unity. Can do economic work through OEEC.

*Item III(A)*

Italy: should (1) reinforce unity within Alliance and give proof of progress toward political economic and social community; (2) intensify and coordinate action for aid under-developed areas.

Military threat remains and requires continuing preparedness.

NATO need not take direct action in economic and social field. Other organs exist, should be supported.

Tabled resolution (text cabled separately).<sup>6</sup>

For under-developed areas, North Atlantic Council should undertake periodic detailed review Soviet economic offensive to adjust lines of action and appoint group of high level counsellors to review problems and suggest solutions. Taking account of existing national and international organs.

NATO label on aid must be avoided.

Turkey: must not appear just react to Soviets. Closer political consultation desirable with NATO on political economic and military matters. Defense effort must be maintained.

Suggests committee of experts to study proposals so far submitted.

Discuss economic problems in NATO, as Canada suggested December. NATO should also consider political implications of economic questions. Study common economic policy and method re under-developed areas.

United States: text Secretary statement sent separately.<sup>7</sup>

Canada: agrees with Secretary on tasks before us. Must be strong, healthy and unified and publicize unity. More difficult task in view relaxation of tensions.

Must collaborate more and consult on both political and economic matters. Welcomes Italian resolution.

NATO should not be agency to administer aid. UN should be brought in more and more, not as executive agency but top coordi-

<sup>6</sup>A copy of the Italian resolution entitled "Future Action Under Article 2," C-M(56)44, which proposed that the Council review periodically progress achieved in the economic field and increase cooperation in the scientific and technical spheres, is in Department of State, Conference Files: Lot 62 D 181, CF 695. It was transmitted in Polto 2015, May 5. (*Ibid.*, Central Files, 740.5/5-556)

<sup>7</sup>Polto 2016, *infra*.

nate all plans of gives and receives. Could exchange economic blue-prints.

NATO could be forum for political and economic strategy co-ordination.

More political consultation needed but no substantial NATO organizational changes required.

Ministers should attend NAC meetings at will without waiting for all to attend Ministerial sessions.

Should become habit to take no action substantially affecting other members without prior NATO consultation.

Should refer to or advise Permanent Council on matters which one or two may have special responsibility, e.g., Germany, disarmament, etc.

Agrees with Secretary coordination of effort most important.

NATO best agency to deal with political aspects.

Norway: accepted Secretary's definition the three main problems.

Prior consultation is way to develop unity. Consult where common policy on matters of equal concern; where special responsibility of a few, inform others and give them chance to express views.

No new economic agency within NATO needed. But NATO can handle discussion political aspects economic problems, including aid to under-developed countries.

Likes UN and SUNFED. Can find way to associate Germany with UN action.

After much debate, agreed Spaak communiqué, to be reviewed by Spaak, Pineau, Martino and Pearson and Perm Reps other states and then refer to Council.

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**23. Telegram From the United States Delegation at the North Atlantic Council Ministerial Meeting to the Department of State<sup>1</sup>**

*Paris, May 5, 1956—2 a.m.*

Polto 2016. Following is text Secretary's remarks on Agenda Item III afternoon May 4:<sup>2</sup>

Analysis of what has so far been said indicates that the task before the Atlantic community is three fold:

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<sup>1</sup>Source: Department of State, Central Files, 740.5/5-556. Secret.

<sup>2</sup>For a report of this meeting, see Polto 2017, *supra*.

1. We must achieve and maintain a military posture which will deter armed aggression and which will prevent the Soviet Union from gaining such a relatively strong military position that it could employ threats of violence to extract from the free nations such concessions as would in effect make them subject to the Soviet will.

2. We must create such strong bonds of unity as between the members of the Atlantic community that they will not fall out among themselves, or follow divergent policies vis-à-vis the accepted source of danger, that is the Soviet-Chinese Communist world. Either would enable the Communist leaders to play one of the free world nations against another.

Moreover, members of the Atlantic community should seek to find the ways to strengthen and broaden the base of their own economies so that they will be better able to meet the expanding needs and aspirations of their own peoples.

3. We must maintain such economic relations with the newly developing countries of the world that they will see that they can in freedom achieve their legitimate aspirations for improving economic conditions and a beginning of industrialization which will tend to diversify their economies. Today, Communism rules about 800 million or one-third of the human race. About 1,600 million are free, but of these free, approximately 1,000 million belong to so-called underdeveloped countries which are exposed to the Soviet economic tactics. If those tactics should prevail, the world ratio as between Communist dominated peoples and free peoples would change from a ratio of two-to-one in favor of freedom to a ratio of one-to-three against freedom.

## II

I think it can fairly be said that of these three tasks only one is adequately organized—that is the first. The North Atlantic Treaty Organization provides an effective mechanism for assuring the strength of the Atlantic community and this organization is supplemented by collective defense arrangements which cover much of the Far East, Southeast Asia and the Middle East. So long as the free world maintains its own strength and unity it can feel that there are adequate mechanisms to defend that unity as against open armed attack.

The Atlantic community is not yet adequately organized to maintain union between its members and to ensure harmony of policy of its members toward the Soviet-Chinese Communist bloc. There are a whole series of organizations designed to promote such unity. There is NATO itself. There is the Brussels Treaty for Western European Union. There is the Council of Europe. There is the

Coal and Steel Community. There is the OEEC and EPU. These represent important unifying efforts, but it cannot be confidently affirmed that these organizations are clearly adequate to ensure against a tragic repetition of the past where the Atlantic community, and particularly Western Europe, has been torn apart by internecine struggles. Already today we see that the unity of our Alliance is seriously disturbed by the Cyprus question. The NATO Ministerial Council does provide a place to exchange views with reference to the international policies of the members, which are of common concern, but this consultation is sporadic and by no means systemized by any agreement as to what should be brought here in a search for common counsel and what can be dealt with independently without such consultation, nor has Europe yet achieved adequate institutions to ensure the freedom of commerce and the wide markets essential for economic vitality and growth.

With respect to the newly developing areas considerable action is being taken, but here again the action is not assuredly adequate to give these countries confidence that they can without dependence upon Communist aid develop their economies in accordance with their legitimate aspirations. Their hopes are perhaps now inflated by Communist propaganda which exaggerates the Communist achievements while it ignores the price paid in terms of human misery and servitude.

There are a number of programs such as the Colombo Plan, a series of bilateral arrangements, certain United Nations activities and certain economic appendages to collective security arrangements, all of which concern themselves with this problem, but there is no consensus as to how best to deal with the problem nor is there adequate appraisal or coordination as to such planning as occurs.

### III

In the light of the foregoing it seems appropriate that this Council should urgently initiate a study of how the Atlantic community can best meet the new problems which confront us and for which, as yet, no adequate solution has been found.

A number of specific and interesting proposals have been made.

I do not desire at this point to give any precise indication as to what the United States thinks a solution should be other than to say this:

(1) The search for unity in the Atlantic community has two aspects. First we should extend, deepen and regularize the habit of consultation which has been developing. Only in this way can we ensure that we will agree and remain agreed on our basic policies in the period when the divisive tactics of the Soviets are less crude.



Only in this way can we ensure that incipient quarrels among the members of our own community will not grow into proportions which threaten our own strength and unity. Secondly, the Atlantic community should constantly strive to develop the possibilities for greater unity as between its component parts. These possibilities should be explored at all levels and not assume that any one formulation is itself sufficient: There are degrees of unity which can be practically and usefully achieved by a few but which cannot be similarly achieved by many. This particularly applies to unities along functional and geographic lines. There are, however, certain areas where unity needs to be sought on a broad basis. That notably applies to foreign policies involving relations with the source of common danger, but the establishment of this area of unity should by no means exclude, but should be assigned to promote, other forms of unity and integration which would preserve the West from a continuance of internal struggles which have been characteristic of its past.

(2) The efforts of the Atlantic community to sustain the freedom of the newly developing countries and to maintain friendly relations with them would not be promoted by any organized effort of the Atlantic community to develop the seemingly imposed economic programs upon others. This might be misrepresented as a revival, in an economic form, of Western colonialism. Any acceptable way must provide equality for the underdeveloped countries and the taking of their viewpoint into consideration at the outset of any planning, not merely at the end after plans have been formulated. The Colombo Plan is perhaps the best method yet devised for cooperative planning between the more highly developed and the less highly developed countries of the world. However, we cannot realistically ignore the relationship which exists between defensive military efforts by certain of the less developed countries and the need for giving them what the United States calls "defensive support", that is economic aid without which an adequate defense establishment cannot be sustained.

(3) The United States does not think that NATO should be converted into an economic body. Already there are many such bodies like the OEEC, Colombo Plan, the economic agencies of the United Nations and of the collective security organizations to which I have referred. There is also the International Bank and Monetary Fund. Also there always will be a role for bilateral arrangements.

Naturally, policies in relation to economics are part of the overall policies as to which there might be consultation as suggested above. Also, there may be useful periodic overall appraisals of existing efforts as the Italian proposal suggests, but this is very different

from funneling aid through NATO or making it an economic planning body.

## IV

The free nations have had what has not been called, but which in retrospect we might well call, a "first postwar ten-year plan". It is time to be thinking in terms of a "second-year plan" which will solidify freedom and enable the free peoples so to use their vast moral and material resources that their conduct and example will exert an attracting influence throughout the whole world.

I suggest that we might ask two or three of our number to undertake urgently to consult with each of the members of the North Atlantic Treaty and indeed, if they deem desirable, with non-members who are associated with the West in other ways, with a view to reporting not later than next fall how, it seems, the Atlantic community can best further organize itself to deal with the problems that lie ahead.

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**24. Telegram From the United States Delegation at the North Atlantic Council Ministerial Meeting to the Department of State<sup>1</sup>**

*Paris, May 5, 1956—4 p.m.*

Polto 2022. 1. NATO Ministerial meeting resumed 11 a.m. May 5.<sup>2</sup> Spaak reported draft communiqué considered by Ministerial drafting group in presence reps all dels. Draft modified somewhat since Council discussions on Pineau and Martino proposals not concluded, drafting will be resumed and draft text submitted to Council afternoon May 5.

2. Lloyd opened Agenda Item III (A). Said NATO must be certain not give impression military effort will be disbanded. Must maintain essential military framework. This he said consistent his earlier remarks that NATO countries must get full value for defense funds expended, and pattern of forces must be up-to-date. While on military side NATO is of course defensive organization, on political side we need go into offensive. Make positive presentation our

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<sup>1</sup>Source: Department of State, Central Files, 740.5/5-556. Secret. Approved by Timmons. Repeated to all other NATO capitals.

<sup>2</sup>The summary, C-R(56)22, and verbatim, C-VR(56)22, records of this session, both dated May 5, are *ibid.*, Conference Files: Lot 62 D 181, CF 696.

democratic faith—freedom thought, speech, vote, trade unions, political opposition, etc. These values and beliefs need be propounded and propagated. More political consultation needed. Each should take others into confidence re intentions in advance. Suggested more attendance by individual Ministers at regular Council meetings. Should not be modest re what members Alliance doing. Referring to international staff report on Article II,<sup>3</sup> said much done this field of which NATO countries can be proud. Convey this to rest world. Can improve what we do. Re economic side, NATO should not decide how much aid to under-developed countries nor how to be given. NATO should not be vehicle for giving aid. NATO should exchange info about threat and what being done counter it. Suggested statistical survey of what has and is being done. Thought Martino proposal good,<sup>4</sup> with some drafting amendments. Wondered if technical committee required. Agreed with Dulles' suggestion for small committee Ministers study over next few months what should be done. Adequate thought cannot be given in two day meeting. Suggested Pearson, Lange, Martino as members group.

3. Von Brentano spoke briefly on political consultation. Never has necessity been so great to concert attitudes toward Soviets and work out counter measures. Must react quickly and coolly. Must be full exchange info. Proposed Permanent Under-Secretaries participate in regular Council meetings when important and urgent matters discussed. Would make for most efficient cross-fertilization of ideas. Also suggested PermReps meet several times weekly to discuss current political developments. This group could decide if special Ministerial Council meetings should be convened.

4. Council went into restricted session at 11:30 a.m.<sup>5</sup>

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<sup>3</sup>A copy of this 82-page report by the International Staff, C-M(56)45, "Survey of Article 2 Activities," is *ibid.*, CF 695.

<sup>4</sup>See footnote 6, Document 22.

<sup>5</sup>See Polto 2025, *infra*.

25. **Telegram From the United States Delegation at the North Atlantic Council Ministerial Meeting to the Department of State<sup>1</sup>**

*Paris, May 6, 1956—3 p.m.*

Polto 2025. This message reports latter part Ministerial meeting morning May 5 (re Polto 2022<sup>2</sup>). Secretary opened by saying that he felt NATO is at a critical moment in its life and that there might be misunderstanding between us if it was felt by many of the NATO members that the danger was over. The US does not think so. Secretary then said while there may be less danger of open armed attack on Europe, danger would be no less than it ever had been if Soviet ever gained a clear military supremacy. Dulles then reviewed world situation in light of increased dangers in Far and Middle East. He agreed with previous remarks Lange and Lloyd that we need to accentuate our efforts of demonstrating strength and vitality of basic values of West. Sec said problem is how Atlantic community can best organize itself not only to continue military effort but also to move into other fields. A change as basic as this requires careful explorations. Secretary then reviewed pros and cons of various economic proposals which had been made, listed the problems of using OEEC because of its neutrals, problems of use NATO, including its relation to the UN. Secretary then returned to his view that problem of what Atlantic community should do to meet present day conditions required thorough and exhaustive study, including how to make the most of the many already-established multilateral organizations, and ended his statement by saying he would be greatly disappointed if NATO Council did not feel time had come for evolutionary development and that a group was needed to study problem very carefully. As far as personnel concerned, he endorsed Lloyd's suggestion (Pearson, Martino and Lange).

Hansen agreed in general with Secretary's and Lloyd's remarks but he said he thought task of economic aid to underdeveloped countries should be left to UN, but admitted there was not much hope of this happening soon, and since problem is an urgent one, other means would have to be found.

Lange urged that a precise definition of what committee was supposed to do be made immediately. Pearson spoke of difficulties committee would face but agreed that NATO is reaching a critical point and said that unless we recognized that while we are right in giving emphasis to non-military matters, this should not obscure fact

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<sup>1</sup>Source: Department of State, Central Files, 740.5/5-656. Secret. Repeated to all other NATO capitals.

<sup>2</sup>*Supra.*

of other (military) dangers, which if forgotten might mean quick end of NATO.

Ismay asked if Council would adopt conclusion that a group of their own members should be set up to undertake terms of reference. On Secretary's suggestion Ismay elaborated by calling his proposal interim approval to set up a Committee of Three to undertake work, which would be defined later.

Spaak spoke next and said he had not heard anyone say that military effort should be lessened and he saw no disarmament around corner or any reason to relax. Believes it important that we increase attempts at NATO political solidarity. If we do not have a political understanding, then truly there will exist a crisis in NATO. As for economic problems and what NATO should do, said for time being NATO should concentrate on military and political fields. Spaak said economic problems so difficult and important he wished to think it over later. General line of Spaak's remarks was that NATO was not doing too badly in the military and political fields and certainly should not relax in them, but that it should stay out of economic field. Secretary said he disagreed with Spaak if Spaak thought Atlantic community was doing all it could to strengthen its own unity. United States believes that there was a time when cohesion except in a more positive, more dynamic association. US is willing to associate itself in strengthening of Atlantic community through increased political consultations, but we wish to make sure that what we do is well defined. We can find ways to deal with the situation if other members do not desire to make community a more vital and stronger political force, but there will be a crisis if feeling here is that everything is fine and nothing more has to be done.

Pineau spoke next. He affirmed faith of France in Atlantic Alliance, said he did not think NATO was organized to get into aid business, recounted France's domestic difficulties at some length, and felt with Spaak that NATO was not doing so badly.

Cunha spoke next and said he, too, was surprised at talk of crisis in NATO and recommended any expansion of its activities be done slowly and prudently and after much study.

Martino said Council had not dealt with his resolution on a committee within NATO to deal broadly with economic problems, said there was no crisis in NATO but that there would be one if the Ministers left this meeting without doing something. Bech concluded by supporting suggestion for Committee of Three to study carefully what should be done. Meeting adjourned until afternoon.<sup>3</sup>

<sup>3</sup>See Polto 2026, *infra*.

26. **Telegram From the United States Delegation at the North Atlantic Council Ministerial Meeting to the Department of State<sup>1</sup>**

*Paris, May 6, 1956—3 p.m.*

Polto 2026. 1. Theotokis opened afternoon session, 3 p.m., May 5, continuing discussion item III(A).<sup>2</sup> Said military posture had to be kept up, and reinforced. To do so might induce favorable changes in Soviet policy. Political problems were of two kinds—first, against Russia where NATO action should be concerted, and second, among NATO members, where he thought NATO was not as effective as it should be, more should be done. On economic side practical application of Article 2 should be concentrated on NATO members, leaving other existing organizations to help in development of countries outside of NATO.

2. After some discussion by Brentano, Spaak, Martino, Lange, Koprulu and Lloyd, Council adopted substance of Italian resolution for inclusion in communiqué.<sup>3</sup>

3. Following considerable discussion of draft communiqué,<sup>4</sup> Council took up agenda item III(C). Pearson said report before Council, C-M(56)18, was useful document.<sup>5</sup> Information policy and procedure very important part NATO activity. However, we have not yet succeeded in informing either own peoples of importance NATO or those of neutral or uncommitted nations. Of course, no information organization can be effective unless substantive policies and actions provide right foundation. Should see if we cannot make further progress in coordinating information policy in NATO. Our information output should stress danger military aggression had not disappeared, and also interdependence NATO countries and their importance to each other. Cited Iceland as example. Small member of community but vitally important cog in NATO collective defense mechanism. Without free and wholehearted cooperation Iceland, strength NATO as deterrent to aggression would be less. Said more encouragement should be given NATO information activities and closer

<sup>1</sup>Source: Department of State, Central Files, 740.5/5-656. Secret. Approved by Timmons and repeated to all other NATO capitals.

<sup>2</sup>The summary, C-R(56)23, and verbatim, C-VR(56)23, records of this session, both dated May 5, are *ibid.*, Conference Files: Lot 62 D 181, CF 696.

<sup>3</sup>A copy of the Italian resolution, dated May 4, which proposed that NATO undertake periodic examinations of the political aspects of economic problems is *ibid.*, CF 685.

<sup>4</sup>A copy of the draft final communiqué, dated May 5, is *ibid.*

<sup>5</sup>A copy of the 14-page report by the Chairman of the Committee on Information and Cultural Relations, C-M(56)18, "Information Programme for 1956," dated February 20, which recommended ways to improve the dissemination of information about NATO and the cultural relations between the Allies, is *ibid.*, CF 695.

contacts with national information agencies so as to harmonize national information policies. Lange suggested that if more frequent meetings of Council with Foreign Ministers attending are to be held, they might with advantage occasionally be held in capitals of various member countries. Suggestion will be explored by PermReps.

4. Discussion agenda item II(C) followed. Separate report follows.<sup>6</sup>

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<sup>6</sup>Polto 2027, not printed. (*Ibid.*, Central Files, 740.5/5-656)

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## 27. Message From the Secretary of State to the President<sup>1</sup>

*Paris, May 5, 1956.*

DEAR MR. PRESIDENT: I dictate this as we have recessed at 8 o'clock to reconvene later tonight at 10:30 or 11. It has been a difficult day, primarily dealing with our project and trying to develop further the Atlantic community particularly in terms of its own unity. All of our allies are willing to follow the Italian lead and have NATO turned into an economic organization which can probably extract a little more money out of the United States; but when it comes to doing anything to develop Western European unity or any real cohesion with respect to policies vis-à-vis the Soviet Union, then there is very marked evasiveness. I believe we shall get in some form recognition of the need to develop the purposes of NATO along other than military lines, and it has been tentatively agreed to designate as the "Three Wise Men" Pearson, Lange and Martino to study this project with the governments concerned and make recommendations next fall. But the decision will, I am afraid, be expressed in rather grudging and minimum terms that hardly are responsive to our hopes or the needs of the situation. However, I am perhaps a bit tired and cynical at the moment and our night session might take a turn for the better.

Faithfully yours,

Foster

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<sup>1</sup>Source: Department of State, Central Files, 110.11-DU/5-556. Secret; Niact. Transmitted to Washington in Dulte 10, May 5, at 10 p.m. A copy was sent the same day to the White House where it was retransmitted to the President at Gettysburg as CAP REF NBR 556. Copies of these documents are in Eisenhower Library, Whitman File, Dulles-Herter Series.

28. **Telegram From the Acting Secretary of State to the Secretary of State, at Paris<sup>1</sup>**

*Washington, May 5, 1956—11:45 p.m.*

Tedul 13. For 9 a.m. delivery. Eyes only Secretary from Acting Secretary. I have read your Dulte 10<sup>2</sup> to the President in Gettysburg, and he discussed it with much interest. He asked me to cable you this evening along the following lines:

1. This meeting, with all of its surrounding circumstances must have been a most difficult ordeal for you. He fully appreciated the problems you are up against and wants you to know that you have his full support for the way you have handled them.

2. It could not be expected at this meeting that many of the NATO countries could reach an agreement on totally new concepts affecting their association in this organization without long and serious discussions within their own governments, and without further exchanges of views with each other.

3. He would feel content if out of the meeting could come a promise to study earnestly what additional could be done to advance the unity of the North Atlantic Community, and if it resulted in awakening the NATO nations to the need for closer collaboration and integration.

4. He thought they should realize that our aid to the European countries must be drawing to a close, and that assistance from all must go increasingly to help the more backward nations.

The President expects to return to Washington late Monday afternoon and looks forward to seeing you then or early Tuesday morning.

**Hoover**

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<sup>1</sup>Source: Department of State, Central Files, 110.11-DU/5-556. Secret; Niact. Drafted by Goodpaster and approved personally by Hoover. A copy was sent to the President at Gettysburg on May 6.

<sup>2</sup>Dulte 10 transmitted Dulles' message to the President, *supra*.

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29. **Message From the Secretary of State to the President<sup>1</sup>**

*Paris, May 6, 1956.*

DEAR MR. PRESIDENT: We have just finished at 1 o'clock Sunday morning and the result is not too bad, much better than seemed pos-

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<sup>1</sup>Source: Department of State, Central Files, 110.11-DU/5-656. Secret; Priority. Transmitted to Washington in Dulte 11, May 6, at 3 a.m. A handwritten notation on the source text indicates it was delivered to the White House at 9:30 a.m. on May 6.



sible earlier today. We obtained a reasonably firm dedication to increased unity within the Atlantic community and have set up a working group of three—Pearson, Lange, and Martino—to discuss with the member governments what needs to be done and to make a recommendation based thereon.<sup>2</sup> The communiqué as a whole is firm in tone but we had to battle throughout with the softness of the French. . . . They wanted NATO turned into an economic body and sought the closest possible cultural and trade relations with the Soviet bloc. All of the others were reasonably solid. . . . However, “sufficient unto the day is the evil thereof”, we have reasonably overcome today’s evil and hope to be able to keep going.

Faithfully,

Foster

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<sup>2</sup> Regarding the final report of this committee, see Documents 47 and 48.

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### 30. Memorandum of Discussion at the 284th Meeting of the National Security Council, Washington, May 10, 1956<sup>1</sup>

The following were present at the 284th NSC meeting: The President of the United States, presiding; the Vice President of the United States; the Secretary of State; the Secretary of Defense; and the Director, Office of Defense Mobilization. Also present were the Secretary of the Treasury; the Special Assistant to the President for Disarmament; the Director, Bureau of the Budget; the Chairman, Atomic Energy Commission (participating in the action on Item 3); the Director, International Cooperation Administration; the Director, U.S. Information Agency; the Under Secretary of State; Assistant Secretary Bowie; the Chairman, Council on Foreign Economic Policy; the Chairman, Joint Chiefs of Staff; the Director of Central Intelligence; the Assistant to the President; Special Assistants to the President Anderson and Jackson; the White House Staff Secretary; 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.

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<sup>1</sup>Source: Eisenhower Library, Whitman File, NSC Records. Top Secret. Drafted by Gleason on May 11.

*1. Report by the Secretary of State.*

In his opening remarks, Secretary Dulles emphasized that the meeting he had just attended consisted of the Foreign Ministers of the NATO nations. Accordingly, the military aspects of NATO, as such, had not been gone into. He regarded the meeting as particularly important because so much of the future of NATO depended upon it, especially the non-military aspects of the future of NATO. Secretary Dulles reminded the Council of the sentiment which had developed in recent months respecting the need for greater political unity among the NATO powers. Secretary Dulles had responded to this with his suggestion for a discussion of this subject and, indeed, his suggestion had been the principal topic at the recent meeting. Secretary Dulles confessed that he had detected among his colleagues more enthusiasm over the possibility of the United States giving economic aid through NATO and submitting its foreign policy for review by NATO, than to the reverse idea of the other NATO powers submitting their policies for review. Moreover, a certain lack of solidarity among the NATO powers was quite evident at the meeting. As examples of this lack of solidarity, Secretary Dulles cited the fact that the following important issues had never been discussed by the NATO powers: The withdrawal of French NATO forces from Europe to North Africa; the Cyprus question; Middle East policy; and British action in Buraimi.

Secretary Dulles had pointed out to his colleagues at the meeting that the unity of the NATO could never be maintained if the issues and problems cited above were in each instance treated independently and unilaterally. If this continued to be the practice, the alliance of the Western powers would gradually fall apart, as had happened in the past as the aftermath of a war. As a result of Secretary Dulles' warning, and after a considerable battle, the NATO Foreign Ministers finally agreed to the establishment of a committee of three, the Foreign Ministers of Canada, Norway and Italy, who were to confer with all the member governments of NATO and thereafter make a report, perhaps in the early autumn, on what could and should be done, through NATO or otherwise, to create an Atlantic Community Council with the objective of achieving greater unity in Western policy. Secretary Dulles thought that this was a good committee and one which would be sympathetic to the goals we have in mind.

. . . . .

Secretary Dulles said that in view of the fact that he would have to leave shortly to go down to Capitol Hill, he would like to mention at this time a point which he would normally have brought up in the

course of Governor Stassen's report later on in the meeting,<sup>2</sup> because it was related to the disarmament problem. His point, said Secretary Dulles, related to the prospect that the Soviet Union would in the near future possibly announce a unilateral reduction in the conventional armed forces of the Soviet Union. In the course of their visit to London, Bulganin and Khrushchev had given the British fairly clear evidence of the Soviet intention to make some such spectacular announcement, possibly involving a cut of 1,000,000 in the number of men in the Soviet armed forces. Some consideration had been given to this possibility in the course of the NATO discussions. The British, for instance, had indicated that they might have to respond, in some degree at least, to such a Soviet move if it occurred. Von Brentano, the German Foreign Minister, had stressed the adverse effect of such a Soviet announcement on the Federal Republic's rearmament program. Specifically, the Soviet move might force the Germans to limit the period of service of the soldiers in their new army to twelve months rather than to the eighteen months which von Brentano wanted. Over and beyond these difficulties, such a Soviet move would create a strong tendency for all the other continental NATO powers to twelve months. In general, a Soviet unilateral reduction of its forces would tend to strengthen neutralism and pacifism in Germany. There was no doubt in Secretary Dulles' mind that any Soviet move in this area would be focused on the German situation, with the objective of upsetting Chancellor Adenauer's rearmament program.

Parenthetically, Secretary Dulles said that he had the impression that Chancellor Adenauer was showing some of the signs of age and illness. He appeared a bit cranky and difficult, and given to antagonizing unnecessarily the people with whom he came into contact. Accordingly, the situation was not running as smoothly in Germany as it had in the past, when Chancellor Adenauer was in full possession of his strength. In any event, the military situation, which the Foreign Ministers were not supposed to be discussing directly, was of such a nature as to underline the dangers and difficulties we would face in maintaining the vigor and effectiveness of the military alliance of the NATO nations. In Secretary Dulles' view, this made it all the more important to strengthen the non-military aspects of NATO.

When Secretary Dulles had concluded his report, the President wondered why the continental NATO powers expected the United States and Great Britain to enforce a period of 24 months' service for

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<sup>2</sup>For discussion of this report, see agenda item 3 of this memorandum of discussion, scheduled for publication in the compilation on regulation of armaments in a forthcoming volume of *Foreign Relations*.

their military personnel stationed in Germany, if the other NATO powers reduced their period to twelve months.

Admiral Radford said that he had rather recently himself talked to Chancellor Adenauer and to the German Defense Minister. The Chancellor had told him that the length of service for troops in the new German Army would depend on the justification of the Defense Minister, who had in turn repeated firmly that this period would extend for 18 months. Admiral Radford was therefore at a loss to understand the apparent change in the German point of view.

Secretary Dulles replied that whatever had been said earlier to Admiral Radford, von Brentano had informed him no later than last Thursday that there was no chance of inducing the German Parliament to accept a period of 18 months' service for the German recruits.<sup>3</sup> The issue had found the lines drawn on a strict party basis, and the proposal for an 18-month period could never be got through the upper house of the German Parliament. Admiral Radford repeated that the German Defense Minister had not seemed the least concerned about this problem, despite the fact that Ambassador Conant had questioned him very closely on the subject. Moreover, said Admiral Radford, Chancellor Adenauer seemed very well and healthy to him.

Secretary Dulles then warned that the expected Soviet announcement might well include a statement that all Soviet forces in East Germany would be removed. This was part of the British "educated guess" as to the contents of the Soviet announcement. In any event, Secretary Dulles believed that Governor Stassen and the President's Special Committee on Disarmament Problems should now be asked to give the most urgent consideration to the nature of the U.S. response to the Soviet announcement. We must not be caught flat-footed when the Soviets made their move.

Governor Stassen said that if the Secretary of State so desired, he would be glad to undertake consideration of this problem. Indeed he had already talked to Under Secretary Hoover about the matter.

Apropos of the likelihood that the Soviets would announce a unilateral reduction of 1,000,000 men, the President commented that after all the Soviets would be doing nothing in the world, in making such a reduction, except to imitate what this Government had done earlier in connection with its formulation of the so-called "new look strategy". Agreeing with the President, Secretary Dulles further pointed out the heavy demands on manpower in the Soviet Union and the need of the Soviets to put more people into industry and es-

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<sup>3</sup>This May 3 discussion between Dulles and von Brentano is summarized in Secto 10, May 4, scheduled for publication in a forthcoming volume of *Foreign Relations*.

pecially into agriculture. This would certainly be a factor in inducing them to cut the level of their armed forces.

Secretary Wilson said he believed that such a Soviet unilateral cut would mark a definite change in the policy of the USSR, though the purpose behind the move was a different matter. In any event, of recent months the Soviets were trying to "mark down" their war talk. This was in the right direction, even though we did not clearly know the motives behind the change. It was certainly significant that the Soviets had not put on much of a military display at the recent May Day ceremonies. Secretary Dulles reminded the Council that there had been a fly-by of 20 Bisons in the preparation for the May Day celebration.

After further discussion of this matter, the President counselled that we should do a lot of hard thinking on the meaning behind the anticipated Soviet move, and he indicated his agreement with the assignment of responsibility to Governor Stassen for preparation of a U.S. response to such a move. Governor Stassen should have the help of anyone he felt he needed to call upon for this task.

Thereafter, Secretary Dulles informed the Council of the widespread inclination among our NATO allies to downgrade in importance the role of the NATO ground forces because of their conviction that, at least in the initial phases of a future general war, the role of air atomic power would be crucial and ground forces would not have a very important part. On the basis of this reasoning they deduced that there was not much point in developing and maintaining large ground forces. This sentiment was strengthened by the fact that the Russians, while perhaps reducing the total level of their armed forces, were selectively strengthening these forces, particularly in terms of nuclear armament. Since our NATO allies do not have nuclear armament of their own, this fact contributed to the general feeling of discouragement. Finally, as a last discouraging note, Secretary Dulles commented on the current struggle to secure adequate German financial support for NATO forces based on West German territory.

Secretary Humphrey observed that these problems were the same that we have been facing for over a year's time, although they were now entering a more intense phase. We would be faced with a very serious problem if the Soviet Union really does undertake a unilateral reduction in the level of its armed forces.

Secretary Wilson referred to the difficulties he had experienced in recent days in defending the Defense Department programs before Congressional committees, which were critical of the adequacy of these programs. He complained that the American people and the members of Congress were engaged in comparing our present military position with the military position the Soviet Union would have

in the year 1960. Of course, for security reasons we were in no position to reveal to the critics the nature of our program for a military build-up between now and 1960.

Apropos of further comment by Secretary Wilson on the effects of the recent Soviet economic offensive, particularly as it related to the underdeveloped nations, Secretary Dulles cited with some amusement the situation in Rangoon. The entire harbor of Rangoon and all the docks were choked with cement sent to Burma from the Soviet bloc and which the Burmese had not the slightest idea what to do with. Despite the amusing aspects of the matter, Secretary Dulles repeated his very serious concern about the Soviet tactics and the difficulty we were experiencing in competing with them.

The President admitted that it was a serious problem, but it was in a certain sense a recent manifestation of an age-old problem—namely, the disadvantages which a democracy faced in trying to compete with a dictatorship, which could change its tactics with no more than a moment's notice. Look at Stalin. A year ago he had been a saint, and now he was a devil.

Secretary Humphrey said he disagreed with the President's statement that dictatorships could change their tactics and policy with impunity and very little notice. They really couldn't change over in a minute, and we should not be too worried. After all, American businessmen did not get very excited about a competitor until that competitor really began to bite into their market.

Speaking forcefully, the President looked at Secretary Humphrey and said there was one hell of a difference between what the Soviets were doing and business practice. The Soviets were engaged in the great game of international politics, and in that game they didn't have to show a cent of financial profit. Nevertheless, continued the President, it was hard to explain what advantage the Russians thought they were going to get from the indefinite building up of their war machine. After this war machine got to be a certain size and could do what was required, a further build-up seemed to be sheer waste. The President also expressed great concern about the progress made by the Soviets in their economic offensive to secure the allegiance of the uncommitted and underdeveloped nations. He wondered whether we were going to wake up some morning and find what Egypt, for instance, had slipped behind the Iron Curtain.

Secretary Dulles pointed out with emphasis that the delivery of Soviet bloc military supplies to Egypt moved a lot faster than any munitions which we shipped to foreign nations friendly to us. Secretary Wilson replied that we could provide these shipments just as rapidly as the Soviets did if we really wanted to do so. If that was the case, said the President, we certainly didn't seem to want to.

Secretary Dulles invited a comparison of the speed with which we delivered it to Egypt. Secretary Wilson replied that no one could tell him that we could not deliver \$100 million worth of military matériel to Pakistan in very short order if we really wanted to. Secretary Dulles then asked Secretary Wilson why in this case the Defense Department had not made rapid delivery to Pakistan. Secretary Wilson was unable to explain clearly the facts of the situation, but reiterated his conviction that prompt deliveries could be made by the Defense Department.

The President pointed out that of course the United States had to move more cautiously than the Soviet Union in order to avoid antagonizing people. The Soviets did not have to give a thought to the problem of domestic political support. In a life-and-death struggle, democracy would prove itself superior to dictatorship, but in situations short of such a struggle, dictatorship has many advantages over democracy.

Secretary Wilson said that in any event the Defense Department would live up to the expectations and desires of the Secretary of State. The President pointed out further difficulties which afflicted our military assistance program, and the length of time required by the budget process, the pipeline, and the rest. Secretary Wilson agreed with the reality of all these difficulties, but said that if we really needed to get matériel to one of our allies, such as Pakistan, such matériel could be promptly taken out of the stockpile for the U.S. armed services if the President so desired. If Secretary Wilson were given authority by the President, he would be able to send promptly whatever it was thought desirable to send. The President said that he doubted if he could legally give such authority to the Secretary of Defense. In reply, Secretary Wilson cited the speed with which military equipment had been sent to Formosa at a time when it seemed likely that the island would be attacked by the Chinese Communists.

The President remarked that this was a unique situation, where Congress had provided the requisite authority.

In conclusion, Secretary Wilson said that he was obliged to admit that the carrying out of the military assistance program had been in past years the most poorly organized aspect of the business of the Defense Department. He desired and expected Secretary Gray to get this job done more efficiently than had been the case in the past. A major difficulty derived from the fact that, from the point of view of the military services, foreign assistance came last in terms of priority to the implementation of our military assistance program.

The President concluded the discussion of the agenda item by stating that it was not enough for the National Security Council to meet once a week to discuss this vital subject. The problem of for-

eign assistance should be constantly studied at all times by the responsible departments. Moreover, it would be desirable to bring in outside people—businessmen, educators, and others to assist in helping to solve the problem.

At the end of this discussion, Secretary Dulles left the Cabinet Room, and his place at the table was taken by Secretary Hoover.

*The National Security Council:*

Noted and discussed a report by the Secretary of State on the recent NATO Foreign Ministers Conference.

[Here follows discussion of agenda items 2 and 3: significant world developments affecting United States security and United States policy on control of armaments, scheduled for publication in the compilation on regulation of armaments in a forthcoming volume of *Foreign Relations*.]

S. Everett Gleason

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### 31. Editorial Note

At the 285th meeting of the National Security Council on May 17, the President, Secretary Wilson, Governor Stassen, and Admiral Radford discussed the outmoded character of current NATO planning and current NATO force levels in terms of nuclear warfare. The memorandum of discussion at the meeting is scheduled for publication in the compilation on national security policy in a forthcoming volume of *Foreign Relations*.

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### 32. Memorandum of a Conversation Between the Secretary of State and the British Ambassador (Makins), Department of State, Washington, June 29, 1956<sup>1</sup>

#### SUBJECT

UK Proposal for NATO Review of Strategy

The Secretary asked Sir Roger Makins to call on him at 3 o'clock today.

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<sup>1</sup>Source: Department of State, PPS Files: Lot 66 D 487, Europe. Top Secret. Drafted by Timmons.



The Secretary opened the conversation by referring to the meeting on June 18, at which time Sir Roger had discussed with him the British Government's proposal for an early Ministerial meeting of the NATO Council to issue a new directive to the NATO military authorities to review NATO strategy.<sup>2</sup> The Secretary said that the U.S. Government had now formulated its views on the matter, and he handed Sir Roger a memorandum setting forth those views, which Sir Roger read.<sup>3</sup>

The Secretary commented that, as Sir Roger would see from the memorandum, the U.S. Government felt that the British proposal was too spectacular and would cause public opinion to feel that a serious crisis exists. The Secretary said that we felt it was much better to start from the bottom, as it were, with the military studies now in process.

Sir Roger commented that the idea of the British Government had been not to get this matter in the first instance into military channels, which the British felt might not produce the desired results, but rather that it should be dealt with first at a political level.

The Secretary said he had had a long talk on this matter with General Gruenther, during the latter's recent visit to Washington.<sup>4</sup> The Secretary said that he thought it would be possible to bring political considerations to the forefront and to make them known to the military authorities in an appropriate way. The Secretary said he did not feel that a Ministerial meeting, which was open to all of the objections set forth in the U.S. memorandum, was needed for this purpose.

The Secretary commented that he felt that political views could be presented informally to the military. He felt certain that if our Governments indicate to the military authorities what is wanted, the latter will cooperate.

Sir Roger said that he was glad to have the Secretary's views on this point and that he would direct London's attention to them.

The Secretary went on to say that he had stressed to General Gruenther, and that General Gruenther was in full agreement, that the military posture in NATO must not be allowed to fall apart, but must evolve to meet changing situations.

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<sup>2</sup>A copy of Timmons' June 18 memorandum of conversation of the meeting held that day is *ibid.*, Central Files, 740.5/6-1856. A copy of the British Government proposal is attached to that memorandum.

<sup>3</sup>Attachment below. The Department of Defense approved the memorandum.

<sup>4</sup>While in Washington, June 21-25, Gruenther met with MacArthur on June 21 and with Dulles and Radford on June 25 to discuss the British proposal. A copy of MacArthur's June 21 memorandum of the meeting that day is in Department of State, Central Files, 740.5/6-2156, but no record of the June 25 meeting has been found in Department of State files.

Sir Roger said that, as regards the timing foreseen in the U.S. memorandum, it seemed to him to be too slow. He remarked that he had already told London that a July meeting was out of the question. Sir Roger inquired what was meant by the phrase "early autumn". Mr. Timmons said that he felt it was difficult to be more precise at this time, until the NATO military commanders had had an opportunity to consider the state of the various studies now in process, and to indicate when it might be feasible to complete such studies.<sup>5</sup> The Secretary said he thought "early autumn" would not be before the latter part of September.

Sir Roger said that on this schedule it did not appear that there could be any consideration by the Council before November, which he felt certain was "too late" for London. He went on to say that the British Government does not feel the situation can be allowed to go along until December. Sir Roger then said he felt he should say no more at this time on the question of timing. He would report at once to London the U.S. views, as set forth in the memorandum. He then did add, however, that the U.S. reply does not correspond to the "more radical" views of the British Government. He said that it could, of course, be said that the procedure referred to in the U.S. memorandum was a possible way of facing the problem, particularly if the military authorities are ready to respond to political guidance given in an informal manner. The Secretary wondered if it would not be possible to have an informal meeting between the political authorities of the U.K., the U.S., and France, and their military representatives on the Standing Group, to talk over the whole situation toward the end of July or in early August. This could provide an opportunity for giving the military authorities informal political guidance.

The Secretary emphasized how imperative it is to avoid public discussion of a proposed review of NATO strategy while the mutual security legislation is before the Congress. He spoke of the encouraging developments with respect to this legislation yesterday, but reminded Sir Roger that it will now be necessary to go through the whole process with the Appropriation Committees. Sir Roger said that he had this point fully in mind and had strongly emphasized it to London.

The text of the memorandum handed to Sir Roger Makins is attached hereto.

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<sup>5</sup>None of these studies under reference has been found in Department of State files. Presumably they are the ones referred to in paragraphs 3 and 5 of the attached memorandum.

**[Attachment]****Memorandum Prepared in the Department of State<sup>6</sup>**

[Washington,] June 29, 1956.

1. The proposal of the British Government for an early Ministerial Meeting of the North Atlantic Council to prepare a directive to the NATO military authorities, has received the most serious consideration of the United States Government.

2. The United States Government believes it would be most undesirable to call a special Ministerial Meeting. Its concern in this matter stems from a number of important factors, among which are the following:

It is feared that public opinion would interpret a call for such a meeting as indicating that NATO is faced with some kind of dire emergency.

The effect is even stronger on the United States Mutual Security Program and would, it is believed, be adverse and far-reaching.

The impact on German efforts to develop its military contribution, which is essential to NATO security and a meaningful defense posture in Europe, as well as on the orientation of German foreign policy, would in the view of the United States Government, be very serious.

The implications of the assumptions set forth in the British approach, on which the directive to the NATO military authorities would be based, are of such a nature as to affect the very basis of the NATO alliance.

There might be important counter-productive results with respect to the general posture of NATO, both political and military, vis-à-vis the Communist bloc.

In view of the foregoing considerations, the United States Government urges that no further approaches to other governments on this subject be made at this time.

3. Moreover, the existing directive to the NATO military authorities already calls for a continuing review and study with respect to the problems of NATO defense, including the level of forces. Paragraph 39 of M.C. 48 states, "The most effective pattern of all NATO forces must, of course, be examined continuously in the light of new problems posed by the advent of atomic weapons."<sup>7</sup> Such studies are already being conducted by the NATO subordinate military commanders, under the direction of the Military Committee.

<sup>6</sup>Top Secret. Handed to Makins on June 29.

<sup>7</sup>On December 18, 1954, at its meeting in Paris, the NAC approved MC 48, "The Most Effective Pattern of Military Strength for the Next Few Years," as a basis for planning and preparation by NATO military authorities. This document has not yet been declassified by NATO authorities. For a report of this meeting, see *Foreign Relations*, 1952-1954, vol. v, Part 1, p. 557.

4. As the British Government is aware, the Permanent Council will be meeting informally with General Gruenther at SHAPE on July 13. This will afford the various NATO representatives an opportunity to raise with SACEUR and the SHAPE staff any questions they may wish to discuss regarding European strategy, including those of according full weight to the deterrent effects of thermonuclear weapons and of maintaining NATO forces at the lowest possible level consistent with security requirements.

5. The United Kingdom Permanent Representative might wish to suggest that the Permanent Council urge that the current military studies, including the SHAPE re-evaluation, be completed as soon as feasible, possibly in the early autumn, so that they could be forwarded to the Standing Group for consideration by the Military Committee and the Council. This procedure would enable orderly consideration by the NATO military authorities, and allow the NATO Council, prior to the end of this year, to consider the question further if that were deemed desirable.

6. This procedure would obviate the unfortunate effects that would be produced by a new directive to the military authorities and would take advantage of outstanding directives which contain adequate provision of a prompt review of the situation.

7. The United States Government attaches the highest importance to avoiding publicity on these matters until the Council has determined appropriate action that could be taken with respect thereto. The question of the level and type of forces required to maintain the deterrent and to provide defense in the event of aggression is a military and political question of great complexity. Premature disclosure of the fact that a review is being undertaken might, in addition to the considerations mentioned above, be misleading as to the outcome of such a study. In addition, the timing of the disclosure of such studies and of any reductions that might result therefrom should receive most careful consideration in light of the status of relations with the USSR, particularly the negotiations on disarmament and related matters.

33. Memorandum of a Conversation Between the Secretary of State and the British Ambassador (Makins), Department of State, Washington, July 13, 1956<sup>1</sup>

SUBJECT

British Proposal to Review NATO Strategy

The Secretary said he recognized the urgency which the British attached to receiving some word from us regarding their proposal to review NATO strategy, looking to a reduction in conventional forces, and therefore had discussed this matter with the President when he saw him this morning.<sup>2</sup> The Secretary said the President is prepared to bring our thinking on this subject to a head during the first fortnight in August so that we would be in a position to discuss this problem with the British about the middle of August, with a view to proceeding thereafter as we might mutually agree to some broader exchange of views with other NATO powers. He added that part of the problem was whether we could deal with the British proposal until such time as we had completed our own thinking in some detail regarding our own problem of the level and composition of US forces. However, in view of the urgency which the British attached to this problem, the President felt that we need not complete in detail our study of all aspects of our own problem before talking with the British. To summarize, the Secretary said, we will try to be in shape to hold discussions with Ambassador Makins about mid-August.

Sir Roger expressed deep appreciation and said this news would be most welcome to his Government. He then made reference to the article in the *New York Times* this morning indicating that Admiral Radford was seeking an 800,000-man cut in the US military forces.<sup>3</sup> The Secretary said it was a terrible article and was obviously based on speculation coupled with some vague knowledge that studies of various assumptions and possibilities were in progress in the Pentagon. The Secretary explained that in approaching the problem of our own forces a number of teams were set up to deal with different assumptions and that his was simply a part of the normal planning cycle. The Secretary thought he could assure Sir Roger that nothing like what was portrayed in the article would emerge when the final solution was arrived at.

<sup>1</sup>Source: Department of State, Central Files, 740.5/7-1556. Top Secret. Drafted by MacArthur. Cleared by Dulles.

<sup>2</sup>The July 13 memorandum of Dulles' conversation with the President is in Eisenhower Library, Dulles Papers.

<sup>3</sup>See the *New York Times*, July 13, 1956, p. 1.

Sir Roger said that one of the problems about studying these matters was leaks, and that London had certainly been guilty of some during planning duties, although he thought the situation had improved in the last three weeks to Selwyn Lloyd about the dangers of leaks. The Secretary agreed that leaks create much confusion and said that while we had been unhappy about some of the stories coming out of London, we ourselves were now guilty. However, a statement was issued this afternoon by the Department of Defense to explain the situation and to correct the impressions created by the *New York Times* article<sup>4</sup> of this morning.

<sup>4</sup>*Ibid.*, July 14, 1956, p. 1.

### 34. Letter From Prime Minister Eden to President Eisenhower<sup>1</sup>

*London, July 18, 1956.*

DEAR FRIEND: I am so happy to hear that you are back at the White House again.<sup>2</sup> This tempts me to send you some thoughts on the future of NATO which have been in my mind for some time.

2. I am fully in sympathy with the current project for improving the political cohesion of the Organisation,<sup>3</sup> but I am sure that this alone will not suffice. It was on the military aspects of the alliance that the strength of the Organisation was founded; and its military policy must command public confidence if its authority is to be maintained.

3. As it seems to me the strategic situation has been evolving since the development of the thermo-nuclear weapon. Two new factors have now been introduced. First, both sides now stand possessed of this weapon, and each now realises the devastation which its use would involve. Second, and perhaps as important, public opinion throughout the democracies has begun to realise that the danger of major war has for this reason receded and that the nature of such a war, if it came, would be very different from anything we have

<sup>1</sup>Source: Eisenhower Library, Whitman File, International File. Secret; Personal. Sent as an enclosure to Makins' July 18 letter of transmission to the President.

<sup>2</sup>Reference is to the President's absence from the White House while recuperating from surgery performed on June 10.

<sup>3</sup>Reference is to the Committee of Three Ministers appointed at the NAC Ministerial meeting on May 5 to study ways to increase unity and nonmilitary cooperation within the Atlantic community. See Documents 27-29. Regarding the final report of the committee, see Documents 47 and 48.

known hitherto. As this understanding deepens there is bound to be a growing reluctance, among the peoples of the free world, to accept the social and human sacrifices required for the maintenance of large forces of the conventional pattern.

4. It can be argued that even the Russians are adjusting the balance of their resources. They are certainly doing everything they can to develop the most up-to-date weapons and the means of delivering them. From this it is pretty clear that they believe in the power of the deterrent. Having taken that decision they have decided, it seems to me, to increase their labour force for industrial expansion and correspondingly to reduce their conventional military forces. They are skillfully making the maximum propaganda use of this decision.

5. We have surely to take account of these new elements in the situation. Some no doubt will say that these considerations lead to the logical conclusion that you, at any rate, and perhaps we, should fall back on a peripheral defense. This is not my view. I feel sure it would not be yours. The maintenance of independence and freedom in Western Europe is essential to any policy designed to preserve our free way of life in the world. You know, better than anyone, how the increasing military strength of the North Atlantic Alliance helped to build up political stability in Western Europe, for you did it. It was the forces in being under NATO Command, and particularly the presence of United States and British forces in Europe, that gave confidence and courage to those who were ready to resist political encroachment by Communism in Europe. Or to put it another way: the political cohesion of the Western European countries in resisting the internal threat of Communism was inspired by growing confidence in the military side of the Alliance. The political need to maintain the solidarity of the European countries is as strong as ever. For this purpose, even if for no other, it would still be important that some United States and British forces should remain on the ground in Europe under NATO Command.

6. The military purpose for which these forces are now required are, however, different from those on which the military policy of NATO was first framed. It was originally designed to meet the threat of a Soviet land invasion, and its pattern was established before the advent of the nuclear weapon. Today, the situation is changing. It is on the thermo-nuclear bomb and atomic weapons that we now rely, not only to deter aggression, but to deal with aggression if it should be launched. A "shield" of conventional forces is still required; but it is no longer our principal military protection. Need it be capable of fighting a major land battle? Its primary military function seems now to be to deal with any local infiltration, to prevent external intimidation and to enable aggression to be identified as such. It may be that it should also be capable of imposing some delay on the progress of a

Soviet land invasion until the full impact is felt of the thermo-nuclear retaliation which would be launched against the Soviet Union.

7. The application of this concept would, I think, involve significant changes in the shape and size of the NATO forces, and possibly in their deployment. It would certainly have a profound effect on existing plans for reserve forces and for logistic support. I believe that it could lead to a reduction in the numbers of conventional forces stationed in Germany—though I should not wish such a reduction to be carried below the levels necessary to serve the political objectives outlined in paragraph 5 above. A reappraisal of the military policy of NATO along these lines is, I believe, necessary and urgent. It is necessary on its merits. It is urgent because we believe that NATO will not continue to command public confidence unless it shows its ability to adjust its policies to accord with changing circumstances and, as I have said, I doubt whether the peoples of the free world will be willing to go on bearing the heavy burden of defense programmes unless they are satisfied that these are directed realistically towards the new situation.

8. Much of this, as you know, was put by Roger Makins to Foster last month.<sup>4</sup> His reaction was most helpful. Since then we have had useful and encouraging conversations here in London with Al Gruenther.<sup>5</sup> But above all I have now been greatly heartened to hear that you are yourself proposing to take a hand in all this next month. Big decisions will be called for and maybe we shall have to take some risks if we are to carry our people with us and maintain public confidence in the Alliance. However, I am quite sure that this can be done and that we shall go forward together to shape the future as we have done the past. We have had many more difficult problems than this and as long as we are in step I have no doubt that we can handle this one without causing disarray. It is for this reason that I am writing to you now to let you know how my mind is working. I should be much encouraged if I could hear that you were in general agreement with this broad approach.

9. I hope that you will enjoy your trip to Panama.<sup>6</sup> Do not let any other kinds of Americans tire you too much.

Yours ever,

**Anthony<sup>7</sup>**

<sup>4</sup>See Document 32.

<sup>5</sup>Gruenther reported on this meeting, July 4, in telegram 58 from Paris, July 5. (Department of State, Central Files, 740.5/7-556)

<sup>6</sup>The President visited Panama to attend the commemorative meeting of the Presidents of the American Republics, July 20-24, 1956.

<sup>7</sup>In his July 27 reply to Eden, Eisenhower said he appreciated knowing the Prime Minister's thoughts on this matter in which he had the deepest personal interest. He wrote:



35. Memorandum of a Conversation, Department of State,  
Washington, August 13, 1956<sup>1</sup>

SUBJECT

NATO Force Levels

PARTICIPANTS

Secretary Dulles  
Under Secretary Hoover  
Mr. Bowie (S/P)  
Mr. Murphy (G)  
[Mr. Howe (S/S)]

Secretary of Defense Wilson  
Admiral Radford  
General Gruenther

Secretary Dulles opened the discussion with a reference to the need for a review of NATO force levels with special reference to American forces in Europe. Mr. Wilson expressed himself as being in thorough sympathy with the idea of a review looking to a reduction of American personnel stationed in Europe. There was an exchange of comments regarding German participation and a review of the position by General Gruenther. Secretary Wilson said he had made it quite clear to the Germans at the time of their recent visit<sup>2</sup> that the German contribution of 500,000 men should be considered in ratio to the United States' contribution. He had pointed out that our force level was now 2 million 850 thousand, and that in ratio to our population, if our contribution were to be comparable to the one asked of the Germans, we would have a force level of only 1 million 650 thousand. Secretary Dulles explained that he had made the same point to the German Ambassador in a recent conversation.<sup>3</sup> There was considerable discussion with General Gruenther regarding the makeup of the American forces stationed in Europe, the size of the divisional slice, which was estimated roughly at 40,000. General

<sup>1</sup>"I know that you are aware of the profound and far-reaching political and military implications of the question of NATO defense policy, which must be considered most carefully in terms of their effect on the continuing unity and strength of our NATO alliance. We have to think about the effect on Germany and on our friend Adenauer.

<sup>2</sup>"As Foster has told Roger Makins, we are giving our urgent attention to these matters and we hope to be ready about the middle of August to give you our views. I am confident that our exchange of views will help us to find the right solution." (Telegram 547 to London, July 27; Department of State, Central Files, 740.5/7-2756; Eisenhower Library, Whitman File, International File)

<sup>3</sup>Source: Department of State, Central Files, 740.5/8-1356. Top Secret. Drafted by Murphy.

<sup>2</sup>Chancellor Adenauer made an official State visit to the United States, June 9-14, 1956.

<sup>3</sup>A memorandum of conversation by Reinstein, July 17, is scheduled for publication in a forthcoming *Foreign Relations* volume.

Gruenther laid emphasis on the morale factors involved which required services relating to schooling, commissaries, housing, dependents, etc., the importance of which he said should not be overlooked.

Secretary Wilson inquired as to how many American personnel are stationed in Europe at the present time and the Defense representatives were unable to give a figure, Admiral Radford saying that he was not certain, and General Gruenther indicating that it might be in the neighborhood of 400,000. There seemed to be agreement between Secretary Dulles and Secretary Wilson that a reduction in the size of the American establishment in Europe is possible and should be effected, although this should not necessarily take the form of a reduction of units but rather decreases in unit strength.<sup>4</sup> General Gruenther emphasized that this would have to be studied very carefully as the effectiveness of the units would of course be reduced and many technical questions regarding handling of equipment would be raised. Admiral Radford was distinctly noncommittal. There was some conversation about the possibility of reducing the divisional strength by "X" number of thousands and the possibility that this might amount to as much as 5 to 10,000 based on a divisional slice of 40,000. There was no agreement on this point. General Gruenther referred to an extensive study which is being made by the Army involving, he said, some 600 men. Secretary Wilson said he thought the question could be settled much more effectively by five or six men than by 600. Secretary Dulles and Secretary Wilson recalled that reductions of our forces in Japan and Korea had been effected notwithstanding grave apprehensions expressed at the time, but the reductions had been made and the situation seems to have developed satisfactorily since then. They both expressed the opinion that a similar operation could be successfully accomplished in

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<sup>4</sup>At a meeting at the White House on August 12, the President discussed the question of American force levels in Europe with John Foster Dulles, Allen Dulles, Gordon Gray, Admiral Radford, General Gruenther, General Persons, Arthur Flemming, and Dillon Anderson. In a memorandum for the record dated August 13, Anderson recorded the President favored a reduction and wrote as follows: "The President said that he was speaking about units reduced in size and overhead but with equivalent strength through increased fire-power as a result of tactical atomic weapons. Secretary Dulles observed that we had a job of changing the German psychology from the present feeling that if we did make *any reduction whatever*, we are abandoning them. With this thought, the President expressed hearty agreement, and pointed out that the entire responsibility for German defense could not be construed to be our own." Dillon concluded, "I gathered that the line of decision was the President's request that there be further work on ways and means of reducing the size of our forces without reducing strength, by the use of tactical improvements in weapons, and effort should likewise be made to reduce the number of overhead or supporting elements." (Eisenhower Library, Whitman File, Eisenhower Diaries)

Europe, but there was no specification as to the magnitude of the reduction.<sup>5</sup>

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<sup>5</sup>Fisher Howe's record of this meeting, dated August 14, which received the concurrence of Murphy and Bowie and the approval of Dulles, reads as follows:

"*NATO Review—Agreed* with Secretary Wilson and Admiral Radford, as general conclusions, that a) it would be unwise at this juncture for NATO to adopt a new political directive to underlie a revision of NATO military force levels; b) it would be a mistake to withdraw any US/UK divisions from Europe at this time although c) we should consider reducing in the order of 25–50,000 the troop strength within existing divisions and in service troops; and d) the above conclusions could serve as a basis for the talks with the UK now scheduled for September." (Department of State, Central Files, 740.5/8–1456)

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### 36. Editorial Note

In fall 1956, the NATO Allies expressed in the North Atlantic Council their concern for the crises which arose as a result of Egypt's nationalization of the Suez Canal on July 26 and of the Hungarian uprising which began at the end of October. At the request of the United Kingdom, the situation at Suez was discussed for the first time at the North Atlantic Council on September 5. (Polto 462 from Paris, September 5; Department of State, Central Files, 740.5/9–556) On October 27, Secretary General Ismay called a special private meeting of the Council to discuss the situation in Hungary (Polto 928 from Paris, October 27; *ibid.*, 740.5/10–2756) and on October 30, the Council discussed both crises (Polto 947 from Paris, October 30; *ibid.*, 740.5/10–3056). At the Council meeting on November 1, the Secretary General appealed for unity within the NATO Allies and expressed his concern for the existing rancor against Great Britain and France over Suez. (Polto 975 from Paris, November 1; *ibid.*, 740.5/11–156) At the October 31 meeting, there was support for the United States position that the Suez Canal problem should have been dealt with in the United Nations (Polto 960 from Paris, October 31; *ibid.*, 740.5/10–3156) and at the Council meetings in November, the representatives in general favored a United Nations resolution to both crises. Discussion of these crises continued at the North Atlantic Council Ministerial meeting in December.

37. Memorandum From the Secretary of State to the President<sup>1</sup>

Washington, October 1, 1956.

## SUBJECT

United States Position on Review of NATO Strategy and Force Levels

## I.

Following his conversation with you prior to departure for Europe, Senator George told the Foreign Ministers of Germany, the Netherlands, Belgium, and Luxembourg that the Administration would not withdraw any forces from Germany; that there might conceivably be some streamlining reducing the number of men in a division, but no overall reductions or withdrawals.<sup>2</sup> You will recall that prior to my departure for London on September 17,<sup>3</sup> I reported this to you and asked whether this called for any corrective action.<sup>4</sup> You thought not and confirmed that what Senator George had said was in accordance with your views. As you requested, I informed the Secretary of Defense accordingly.

When Senator George saw Chancellor Adenauer in Bonn on September 28, he said he wished to give the Chancellor the complete

<sup>1</sup>Source: Eisenhower Library, Dulles Papers. Top Secret; Personal and Private. Dulles sent a draft of this memorandum to the President as an enclosure to a letter of October 1. He had previously sent a copy of the memorandum to Wilson in a letter of September 13 and received Wilson's comments in a letter of September 25. (Department of State, Central Files, 740.5/9-1356 and 740.5/9-2556, respectively) Wilson also sent his comments to the President in a memorandum entitled, "United States Position on the Review of NATO Strategy and Force Levels," a copy of which is attached to Wilson's September 25 letter to Dulles. Wilson's argument to both the Secretary of State and the President was that Dulles' memorandum did not adequately reflect the position the Department of Defense felt it must take in planning for the succeeding 3 years. Wilson recommended a sizable reduction of both U.S. combat and support forces in Europe and preparation of plans for further reduction of combat divisions in Germany.

The draft of the memorandum was discussed at the White House on October 2 and the memorandum of that conference with the President is printed *infra*. The memorandum as revised at the meeting and approved by the President on October 2 is printed here.

<sup>2</sup>Senator George was in Europe from September 5 to October 16, 1956, discussing Alliance concerns with leaders in London, Paris, Bonn, and Rome. No record of George's August 29 conversation with the President was found in Department of State files or the Eisenhower Library. While in Paris, George attended the NAC meetings and met with Pearson, Lange, and Martino, September 11-22, to discuss the answers which the member governments sent in reply to the Committee of Three's questionnaire about ways to increase nonmilitary cooperation. Reports on his discussions are in the Eisenhower Library, Whitman File, and Department of State, Central Files, 740.5.

<sup>3</sup>Dulles was in London, September 17-21, 1956, to attend the Second Suez Canal Conference.

<sup>4</sup>Dulles' September 17 memorandum of a conversation with the President that day is scheduled for publication in a forthcoming *Foreign Relations* volume.

assurance of the President that there is no intention of withdrawing or reducing our forces so long as their presence is agreeable to the Germans and to the rest of the NATO group.<sup>5</sup>

Pressures in the North Atlantic Council for the immediate commencement of a review of political guidance to the NATO military authorities have now become irresistible, and our failure so far to present the United States position has generated much doubt and confusion as to U.S. intentions and purposes. There has been a serious deterioration in the situation, which, if uncorrected, can have a serious adverse effect on the whole NATO structure.

It is therefore proposed that the United States position be stated promptly in the North Atlantic Council. Prior thereto, we are obligated to present our views to the British, who have proposed a major reduction in NATO conventional forces.

## II.

Our presentation to the Council and to the British would be based on the following:

1. The NATO military mission now includes the defense of the NATO area against all types of aggression, including any local attack, by a satellite force for example. The maintenance of an effective shield for these purposes must include sufficient conventional ground forces to avoid inflexibility.

2. Accordingly, we find unacceptable any proposal which implies the adoption of a NATO strategy of total reliance on nuclear retaliation.

3. Despite reports to the contrary, the United States has no present plan for withdrawing divisions from Europe. In the light of developments in matériel and techniques, a streamlining of forces appears desirable and will permit economies in manpower without weakening NATO's defensive strength.

4. The United States will continue to carry out its undertakings of October 1954 to "continue to maintain in Europe, including Germany, such units of its armed forces as may be necessary and appropriate to contribute its fair share of the forces needed for the joint defense of the North Atlantic area while a threat to that area exists, and will continue to deploy such forces in accordance with agreed North Atlantic strategy for the defense of this area."<sup>6</sup>

What constitutes a "fair sharing" of burdens among the members of NATO is not static. The burden on the United States of

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<sup>5</sup>A summary of this conversation in telegram 1233 from Bonn, September 28, is scheduled for publication in a forthcoming *Foreign Relations* volume.

<sup>6</sup>For text of the Final Act of the London Nine- and Four-Power Conferences, September 28–October 3, 1954, see *Foreign Relations, 1952–1954*, vol. v, Part 2, p. 1345.

maintaining the nuclear deterrent, of assuring the defense of the North American portion of the North Atlantic Treaty area, and of maintaining naval forces to keep the sea lanes open, is steadily and rapidly increasing with the growing complexity and cost of these programs.

Accordingly, it seems only fair that the European nations should increasingly assume a greater share of responsibility for the ready forces required on the Continent to provide the shield which NATO strategy envisages.

5. We recognize the desirability of adjusting European thinking as rapidly as possible to the application of the "fair share" concept, but we would exercise discretion in the timing and nature of our presentation so as to avoid collapsing NATO as a result of any misconception of our purpose.

6. We would, however, urge a prompt restudy of the political and military situation by the NATO Permanent Representative with a view to assuring the fullest possible understanding by all NATO members of the current need and justification for the continued defense effort.

7. We believe that this review should be conducted by the Permanent Representatives, calling upon the NATO military authorities for advice as required. On the basis of the Permanent Representatives' study, political guidance to the NATO military authorities should be agreed at the Ministerial Meeting in December.

8. In the course of the review, consideration should be given to urging the NATO military authorities to accelerate the adjustment of their plans to take account of modern weapons and techniques so as to reduce manpower and matériel requirements to the extent consistent with security.

9. Secrecy with respect to the conduct of the review is politically imperative until final conclusions are reached.

10. Under the current treaty limitations, we could not agree to the UK-French proposal regarding the role of NATO or its members in event of hostilities solely outside the NATO area.

### III.

If you approve this course, we would immediately inform the British Ambassador on the basis of the foregoing and advise the UK of our intention to speak in the North Atlantic Council along the above lines at an early date. We would also inform the UK of our hope that they would accept our views, but that we feel it necessary to proceed promptly in the Council in any event. Shortly thereafter,

the United States would make a statement in the North Atlantic Council on the basis of the foregoing.

John Foster Dulles

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38. Memorandum of Conference With the President,  
Washington, October 2, 1956<sup>1</sup>

OTHERS PRESENT

Secretary Dulles  
Mr. MacArthur  
Mr. Elbrick  
Secretary Robertson  
Secretary Gordon Gray  
Mr. McNeil  
Admiral Radford  
Colonel Goodpaster

The meeting was concerned with views relating to any reduction of U.S. force strength in Europe, and possible statements to NATO regarding such reduction and related matters, including questions of NATO strategy raised by the British and French.

The President opened by saying that he felt very definitely that we cannot take divisions out of Europe at this time. The effect on Adenauer would be unacceptably damaging. He could not agree with a Defense position contemplating such reductions,<sup>2</sup> and statements to this effect at this time. He recalled that he had always supported the idea of reducing our forces after the initial period of crisis was over—he had always considered that they had been sent over to add strength temporarily while European forces were developed. Referring to recent reference indicating that Senator George had implied a sixth division might be established in Europe out of manpower saved through streamlining, he indicated that these comments seemed to reflect a misunderstanding. He did not plan to go above five divisions, but he did feel that the strength should be maintained at five divisions.

The President went on to say that we must make use of every art of statecraft to bring the Europeans to an understanding of our way of thinking regarding our forces there, but for the moment we

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<sup>1</sup>Source: Eisenhower Library, Whitman File, Eisenhower Diaries. Top Secret. Drafted by Goodpaster.

<sup>2</sup>Reference is presumably to Wilson's memorandum for the President entitled "United States Position on the Review of NATO Strategy and Force Levels." See footnote 1, *supra*.

could not remove major units. He felt we should examine closely all of our other high priority programs. He mentioned the earth satellite, initially estimated to cost \$22 million, now at \$60 million, with this latter figure "only a beginning." He noted that we had not yet dropped any of the four lines of development of ballistic missiles. (Secretary Robertson pointed out the figure is now five.) He referred to the major programs of the Air, the Navy, ground forces, and Marines, and thought we should look them all over.

Secretary Robertson said that to get within a reasonable budgetary range, it appears we must be ready to go down to a strength of about 2.6 million. Careful studies are being made with the aim of cutting overhead. The President broke in to say he agreed strongly on cutting overhead, and particularly on cutting down the strength of the Army division. Secretary Robertson said that even if we were to cut out 4,000 men per division in Europe, and make reductions in administrative overhead and support, plus reductions in tactical air strength, and reduction in families accordingly, it will be hard to find the needed savings. He said he wants to keep digging. The President said he has felt since the first atom bomb was dropped that the infantry division should be substantially cut; it shouldn't be over 12,000 men. He felt that support echelons could be cut down (not incorporating all of the units cut out of the division) since it would be possible to deploy some support units in time of war.

Secretary Robertson thought we should tell our allies what we are doing. Information would, in any event, leak out during the budget hearings.

The President said he had always insisted that the Europeans should develop ground forces to replace ours. Also he had supported offshore procurement so that they would develop an ability to produce capital equipment and not depend entirely on us. As events developed in the past, however, there was always an unwillingness to put the matter squarely to the Europeans and now it has become extremely difficult.

Admiral Radford said that the trends discussed in the Defense paper<sup>3</sup> are well reflected in NATO papers going back all the way to 1950. It is apparent that Adenauer has not read these papers. Admiral Radford referred to the problem of cutting off spare parts. Each time this has been proposed, it has been necessary to postpone this action.

Secretary Dulles said that we must be fairly specific in our ideas very soon, because the NATO Council will be taking this matter up. He proceeded to a discussion of the points in Section II of his memorandum to the President dated October 1, 1956.<sup>4</sup> There was general

<sup>3</sup>Reference is to Wilson's memorandum cited in footnote 2 above.

<sup>4</sup>*Supra*.



agreement on the desirability of streamlining our forces in Europe, and paragraph 3 of the Secretary's memo was revised to meet the views of the Defense representatives.

There was next discussion of paragraph 2 which also resulted in some revision to make it acceptable to the whole group. In the discussion, Admiral Radford said the original version overstated the UK position. They were simply adopting the new look, which we had already adopted. Secretary Dulles indicated that it was one thing for us to rely on the new look, not being subject to insurrectionary or conventional attack as the Europeans are, and it is something else to propose it for the Europeans. . . . The President confirmed that we have simply said that we will proceed with plans and preparations on the basis that, if the Soviets invade, atomic weapons would be used.

The President next suggested that we should send someone to discuss these matters with Adenauer, whose understanding of the problem is apparently incomplete and possibly in error in some respects. An explanation should be given as to how we plan to use atomic weapons. Admiral Radford agreed that this would be useful and said he would like to do it himself sometime. The President thought it might be well to have the discussion before General Gruenther comes back since he has Adenauer's confidence.

Admiral Radford next pointed out the tremendous increase in the firepower of military units that has occurred over the last several years—with one division having a strength much greater than many divisions had in the past. A good deal of cutting down could be considered. Secretary Robertson suggested that streamlining would not go far enough; further cuts would be required. The President thought that substantial savings could be found through streamlining, but that reduction in number of divisions does not look practicable at this time.

Admiral Radford referred to paragraph 10 of the Secretary's memo, and indicated he pre-judged the matter on which a position had not yet been developed in the U.S. Government. The Secretary and the President pointed out that the proposal seemed to go beyond the scope of the treaty and its legislative history. Admiral Radford said the Chiefs see some merit in the proposal. It is now up for consideration in a Standing Group paper, and the United States has reserved its position in the matter. The President indicated that the matter could be brought up for consideration, including consideration of possible treaty revision, and suggested an amendment which would leave the matter open for this purpose. No further objections

were indicated to the outline of presentation set forth in the Secretary's memorandum.

**A.J. Goodpaster**  
*Colonel, CE, US Army*

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### 39. Editorial Note

On October 12, the Department of State handed to the British Embassy in Washington a memorandum which outlined its reaction to the principal points of substance in the British draft Political Directive and expressed the hope that the views of the United States Government would be considered in the preparation of the final draft. (Memorandum of October 9; Department of State, Ambassador Martin's Files: Lot 74 D 484, S/WF; telegram 2672 to London, October 12; *ibid.*, Central Files, 740.5/10-1256) Without altering their draft, however, the British Government presented their proposed NATO Political Directive to the North Atlantic Council on October 19. In his statement to the Council that day, Representative Perkins stated that while the United States Government did not think it was possible to prepare a new overall NATO force plan in time for action in December, it believed that the first task of NATO was to reach a firm understanding on NATO strategy. Such an understanding would in turn permit a careful reexamination of NATO force plans. He also stated that the United States had no plans for withdrawing any divisions from Europe at this stage. (Topol 592 to Paris, October 12; *ibid.*)

On November 19, when discussing the Political Directive, the North Atlantic Council agreed to Canada's suggestion that the final Directive be composed of two separate parts: 1) the conclusion of the Soviet trends paper which was an analysis of Soviet intentions, and 2) a brief and clear guidance for NATO military authorities. The Council also agreed that a working group which included the United States, the United Kingdom, and French Delegations begin drafting a directive along the lines suggested by Canada. (Polto 1135 from Paris, November 19; *ibid.*, 740.5/11-1956) On November 21, the working group presented its draft and the text was sent to individual governments for comments. (Polto 1164 from Paris, November 21; *ibid.*, 740.5/11-2156) Discussion and redrafting continued at the November 26, 28, 30, and December 5, 6, and 7 meetings; and on December 7, the Council completed a draft Political Directive for consideration by the Foreign Ministers at the December meeting.

#### 40. Editorial Note

The Ministerial meeting of the North Atlantic Council held at Paris, December 11-14, was attended by the Foreign Ministers of the 15 member countries. The United States Delegation was headed by Secretary of State John Foster Dulles, Secretary of Defense Charles E. Wilson, Secretary of the Treasury George M. Humphrey, and United States Permanent Representative to the North Atlantic Treaty Organization George W. Perkins. Among the senior advisers were Robert R. Bowie, Assistant Secretary of State for Policy Planning; C. Burke Elbrick, Coordinator, Acting Assistant Secretary of State for European Affairs; Gordon Gray, Assistant Secretary of Defense for International Security Affairs; and Admiral Arthur W. Radford, USN, Chairman of the Joint Chiefs of Staff.

The Secretary of State and his advisers left Washington on December 8. In his departure statement, Dulles stated that this meeting would perhaps be the most important meeting NATO had held. He said the Council would review the international situation, discuss the need for closer cooperation among the Allies, and would draw up a new directive through their military representatives which would "take into account both the present international situation and military developments in terms of the role of new weapons." For text of this statement, see Department of State *Bulletin*, December 17, 1956, pages 950-951.

The most extensive body of documentation on this meeting is in Department of State, Conference Files: Lot 62 D, 181, CF 807-828. CF 807, 808, 809, and 810 contain a set of briefing papers for the delegation on matters to be discussed at the meeting. CF 811, 812, and 813 contain papers dealing with the administrative details of the meeting. CF 814 contains copies of memoranda of conversation which summarize the bilateral talks and meetings between members of the United States Delegation and representatives of the Allies attending the Council. CF 815 and 816 have only miscellaneous documents. CF 817 includes copies of telegrams sent to Paris for information during the Council. CF 818, 819, 820, and 821 contain copies of outgoing cables from Paris, Topol-Polto, Dulte-Tedul, and Tosec-Secto telegrams, respectively, which summarize the meetings and bilateral talks and include the exchanges between the United States Delegation and the Department of State. CF 822 includes copies of the summary and verbatim records of all the Council meetings, copies of both the draft and final directive, and a copy of the final communiqué. CF 823 has only a copy of Dulles' December 11 statement to the Council. CF 824, 825, 826, 827, and 828, which contain the schedule of bilateral talks and the Council meetings for December 10, 11, 12, 13, and 14, respectively, also have copies of the sum-

mary and verbatim records of the Council meetings and the telegrams and memoranda of conversation summarizing those talks held on those individual days. Reports and documents, which discuss preparations for the meeting and summarize the proceedings, and copies of some of the telegrams described above are also *ibid.*, Central Files, 740.5.

During his stay in Paris, Dulles discussed problems of mutual concern with some of the Foreign Ministers. On December 10, Dulles and several of his advisers met with Lloyd. Their discussions are summarized in the following memoranda of conversations: USDel/MC/1, December 10, on Suez; USDel/MC/1/1, December 10, on the Baghdad Pact; USDel/MC/1/2, December 10, on Jordan; and USDel/MC/1/3, December 10, on United States policy on the use of force and the scheduling of another Ministerial meeting. A memorandum of conversation, USDel/MC/2, December 10, summarizes Admiral Radford's conversation that day with Strauss on the German military buildup and the United States contribution to NATO. On the afternoon of December 10, Secretary Dulles met with Pineau; a memorandum of conversation, USDel/MC/5, December 10, describes their discussion of Suez, NATO, Israel, Lebanon, Syria, and Algeria (also summarized in Secto 6, December 11; *ibid.*, 740.5/12-1156).

On December 11, Dulles met with Pearson. The memorandum of conversation, USDel/MC/3 (Secto 8 summarized the discussion about the United Nations peacekeeping force in the Middle East), is dated December 11. On that same day, Dulles met again with Lloyd when they discussed defense expenditures and forces in Germany. See Document 44.

On December 12, Dulles met with Averoff to talk about Cyprus and later met with Macmillan to discuss the effect of the Suez crisis on relations between the United States and the United Kingdom. These discussions are summarized in Dulte 14, December 12.

Dulles talked with Brentano on December 13 about German rearmament and Germany's contribution to NATO forces. Secto 18, December 13, summarized this conversation. Dulles also met that day with Menderes; their conversation about Cyprus is summarized in Secto 20, December 14. A more complete account of this talk is in the memorandum of conversation, USDel/MC/8, December 13. The memorandum of conversation USDel/MC/8 describes Dulles' conversation with Lange about nuclear tests, and Secto 21 describes his talk with Cunha about the impact of prospective Soviet explosives in the Arctic area; both are dated December 13.

On December 14, Secretary Dulles met first with Pineau. The memorandum of conversation, December 12, USDel/MC/12, describes their conversation about Suez. The memorandum of conversation, December 14, USDel/MC/7, reports Dulles' talk with Bartels of

the Suez Canal Users' Association. The memorandum of conversation, December 14, USDel/MC/10, describes the Secretary's talk with Averoff about Cyprus. The memorandum of conversation, December 14, USDel/MC/6, reports Dulles' conversation with Lloyd that day about Suez.

Many of the telegrams and memoranda of conversation cited here are scheduled for publication in the relevant compilations in forthcoming *Foreign Relations* volumes. Copies are in Department of State, Conference Files: Lot 62 D 181, CF 824, 825, 826, 827, and 828.

The Council meeting followed this agenda:

I. Report by the Secretary General of Progress During Period 21st April to 30th November 1956.

II. Review by Foreign Ministers of International Situation

(a) Trends and Implications of Soviet Policy

(b) Comparison of Economic Growth in Sino-Soviet Bloc and in NATO Countries

(c) Memorandum by Turkish Delegation on Middle East

III. Report of Committee of Three on Non-Military Cooperation in NATO

IV. NATO Defense Effort—Political Directive to NATO Military Authorities

(a) Oral Intelligence Briefing by Chairman of Standing Group

(b) Draft Directive to NATO Military Authorities from North Atlantic Council

V. Present Status of NATO Military Effort

(a) Military Progress of North Atlantic Treaty Organization—Report Number 9; Report by the Military Committee

(b) 1956 Annual Review

VI. Any Other Business

VII. Date of Next Ministerial Meeting

VIII. Communiqué

Upon his return from the NAC meeting on December 15, Dulles issued a brief statement about the progress made by the Allies in their discussions. The Secretary concluded, "I have reported to President Eisenhower, and he shares my own sense of satisfaction that the Atlantic Community is showing renewed evidence of vigor and unity for its security and well-being." The text of Dulles' statement of December 15 and of the final communiqué of December 14, are printed in Department of State *Bulletin*, December 24–31, 1956, pages 981–982.

Because the documentation covering this meeting is extensive, the editors are presenting the most significant documents which best

illustrate the main points of the Council's discussions pertaining to NATO.

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**41. Telegram From the United States Delegation at the North Atlantic Ministerial Meeting to the Department of State<sup>1</sup>**

*Paris, December 11, 1956—noon.*

Polto 1392. Subject: First NAC restricted session 11 a.m. Dec 11.<sup>2</sup>

Meeting was called to order by Martino who acted as chairman. Lange (Norway) who spoke first made following points:

1. Recent actions of Soviets in Hungary and Middle East have shown they are as brutal as ever and have dissipated the illusion of reduced tensions and underscored the importance of maintaining NATO unity and strength.

2. These Soviet actions may mean relapse to Stalinist methods in some satellites but probably not Poland and perhaps Czechoslovakia or within Soviet Union itself, where basic forces causing the Soviet leaders to move away from mass terror probably cannot be reversed. Thus liberalization approved at 20th Congress<sup>3</sup> will probably continue inside Soviet Union and after a period in satellites as well.

3. Soviets still appear to want to avoid war under conditions of atomic stalemate; hence we should expect Soviets to continue economic and political offensive.

4. The NATO paper on Soviet economic growth<sup>4</sup> does not stress enough the differences in consumers' standards between Soviet Union and West and the increased burden of depreciation of Soviet industry. There is also danger of overstating Soviet economic assistance to the less developed areas especially compared with the Western effort. Even so, their challenge is serious.

[5.] To counter it West must foster its own growth by closer cooperation in creating the Scandinavia Common Market, European Common Market, and European Free Trade Area. The current crisis is short-term and can be overcome with U.S. help.

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<sup>1</sup>Source: Department of State, Central Files, 740.5/12-1156. Confidential. Drafted by Bowie. Transmitted in two sections and repeated to the other NATO capitals and Moscow.

<sup>2</sup>The summary, C-R(56)69 (part II), and verbatim, C-VR(56)69, records of this session, both dated December 11, are *ibid.*, Conference Files: Lot 62 D 181, CF 825. The summary record of the Council meeting held from 10:30 to 11 a.m., when the Secretary General's report was noted, is dated December 11, C-R(56)69 (Part I), and is in the same file.

<sup>3</sup>Reference is to the 20th Congress of the Communist Party of the Soviet Union held in Moscow, February 14-25, 1956.

<sup>4</sup>No copy of the Note by the Chairman of the Committee on Soviet Economic Policy, C-M(56)139, has been found in Department of State files.

6. The Middle East crisis must be considered in context of relations with the less developed nations which is so important for West. Regarding the British and French action in Egypt he expressed shock and surprise at lack of consultation and disregard of NATO treaty and UN Charter. The British and French action could only harm relations with the Afro-Asian nations and Western influence there. He had no desire for recriminations but felt frank discussion of the crisis was essential for health of the Alliance. He would talk about question of consultation later under the report of Three Wise Men.<sup>5</sup>

7. He considered that under UN Charter there was no right for unilateral use of armed force except defense against aggression. Thus not even having exhausted peaceful means the Israeli British French were not justified despite provocations.

8. Despite its weaknesses UN is only hope for achieving rule of law and obligations under Charter are paramount. Justice as well as peace is required but cannot be achieved by force. The UN emergency force is not designed to compel solutions to the Suez or Arab-Israeli issue.

9. The West must seek by diplomatic means to bring out real community of interest between consumers and producers of oil and all users of the Canal so as to bring pressure by the Afro-Asian powers as well as the West for fair solutions of the Canal dispute and Arab-Israeli issue. NATO must convince these Asian nations that it is not a coalition in support of colonial interests of some nations and show that it stands for peaceful change within the nations and for the dependent areas.

Secretary Dulles then spoke. (Substance in immediately following telegram.<sup>6</sup>)

Lloyd (Great Britain) after expressing pleasure at recovery of the Secretary<sup>7</sup> made following points:

1. Both the crisis in Hungary and Middle East shed light on Soviet policy. As Soviet trends paper shows, Soviet policy, like ours, has been influenced by the atomic factor and danger of global war. Khrushchev had said as much on his visit to England.<sup>8</sup> While war might still result from irrational acts we should assume that Soviets still want to avoid war even though hostile. Hence Soviet effort is not early military aggression but longer range growth in power and economic penetration. The NATO paper on Soviet growth may overstate somewhat but still shows that their rate of growth will be rapid and will make them strong competitor in world markets within decade or so.

2. Hungary has shown how strong is popular opposition to Soviet domination in satellites. By their statement of October 30 Soviets recognized the strong nationalist feelings and were prepared to make concessions so long as East European nations remain within Soviet bloc. They have shown they are ready to use force to prevent

<sup>5</sup>See footnote 4, Document 47.

<sup>6</sup>Polto 1393, *infra*.

<sup>7</sup>Dulles was recovering from surgery performed on November 3, 1956.

<sup>8</sup>Reference is to Bulganin's and Khrushchev's State visit to England, April 18-23, 1956.

any defections from bloc. The sharp shift in their actions in Hungary which occurred when Nagy demanded free elections and renounced the Warsaw Pact shows where they draw the line.

3. These events are likely to have further effects in satellites which could cause pressures for West to intervene with the probability of a direct Soviet response and World War III. Khrushchev said that Soviets would fight for Soviet Union and Warsaw members and that warning should not go unheeded. The West should not intervene in such a case. If that is our policy we should avoid encouraging satellite people toward violent uprisings and stress instead evolutionary change. The BBC has followed such a restrained policy. Thus in Poland we should encourage gradual evolution, not forceful change. Members should discuss issue.

4. In Hungary our objective should be free elections. Certainly we should not encourage the present government or appear to condone its actions but we should avoid any concerted break and seek to maintain our missions in Belgrade so as to keep open that channel. There is no need to change our policy toward the other satellites. We can hope by fostering exchanges to encourage critical attitude among intelligentsia. Britain intends to concentrate on Czechoslovakia for the present.

5. As to Yugoslavia he felt the Soviet policy of rapprochement had come to an end with the circular to the other satellites.<sup>9</sup> He thought that a doctrinal battle was in process and doubted whether Tito now had great influence in either USSR or satellites but thought it might increase.

6. We should recognize the continuing hostility of USSR and should take advantage of the great troubles which they are facing. They have had recent reports of discontent among students, intelligentsia, and even some army officers which may be important but we should not indulge in wishful thinking. Our aim should be to foster growth of critical faculty in Soviet Union and satellites. Outside we can use the recent events to destroy the myth that history is on Soviet side or that Communism is the wave of the future. This should be especially important in Asia.

7. For present British opinion would oppose any wide exchange program with Soviets and much of it has been suspended. They intend however, to continue some exchanges with a pragmatic basis.

8. These are largely short-term points. On more basic issues such as German unity we should continue to press the existing policy. In particular NATO should consult on all these matters.

9. Regarding the Middle East he welcomed frank comments by Lange and the Secretary. While he felt it important to look to the future and not to the past he did have several comments to make:

a) Before Britain and France intervened the situation had not been peaceful but had been deteriorating rapidly. In the month between September 10 and October 11, 116 people had been killed on the Israeli border.

<sup>9</sup>On October 30 the Soviet Government issued a declaration on relations with the satellites which stated its position on the stationing of advisers and troops in Eastern Europe. In discussing the situation in Hungary, it stated a counterrevolutionary regime would not be tolerated there.



b) Soviet penetration by technicians and arms, which we knew about, was apparently greater than realized according to the Israeli information from Sinai.

c) In the light of this situation it is hard to describe the Israeli action as aggression, especially when Egypt, Syria, and Jordan formed a combined command with the avowed purpose of destroying Israel. France and Britain intervened in good faith to stop the spread of the war and succeeded in doing so. Before the ultimatum the other Arabs had been ordered to join. Thus there is more justification for the British and French action than some have admitted.

10. The French/British action has not damaged the interests of the West if advantage is taken of the opportunity created by the action and by the UN response, but if the UN does not act effectively it will damage itself and the prospects for peace. The UNEF is a great step which could contribute despite the disputes about its functions and the fact that some nations would not want similar forces in their territory. He hopes that NATO members will help to extend the scope of the UNEF in time and space.

11. Soviets have also suffered a setback despite the propaganda advantages. The damage to Nasser's military prestige has also hurt theirs. Even so, they might still get control over Egypt, Syria, and the Canal and pipelines. He would not want to scorn moral force, but the forces of evil can make progress by physical means, especially in the many vacuums where there are no policemen. You must face such situations with realism. Today's trouble may result from failure to do so in the past. This NATO meeting must consider the flanks in the Middle East and the broader scope of the interests of its members and the need for common policies. The British/French action has brought these problems to a head and given NATO and the UN a new opportunity.

Mr. Pineau (France), after thanking Lange for his manner of handling the Middle Eastern problem, made the following points:

1. In the interest of solidarity, NATO will have to decide what should be the area of the obligations. He questions whether the Alliance can be less than worldwide in the geographic limits of solidarity. NATO must consider such issues as the Israeli question before they become critical.

2. He approved everything said by Mr. Lloyd.

3. Israel had to recognize that the UN has had the Arab-Israel question before it for years but has not seriously tackled it since its existence was not even accepted by the Arabs. Israel considered that preventive war was its only means of protection.

4. He then turned to the question of Egypt. Britain and France had shown good will to Egypt by a British withdrawal from the Suez base and by French disregard of Nasser's interference in North Africa. Then came the Canal seizure. While the first London Conference gave some hope, the second one was less encouraging.<sup>10</sup> The

<sup>10</sup>The 22-power London Conference, August 16-23, 1956, and the Second Suez Conference, September 19-21, 1956, also held in London, were convened to discuss the Suez crisis.

French and British, not abandoning their efforts to settle by peaceful means, turned to the UN. While the Security Council adopted the Six Principles,<sup>11</sup> these were not made effective either by action or negotiations with Fawzi whose commitments were not backed up in Cairo.

5. When Israel decided to act under these conditions, French and British had to decide what to do. Even if they had not intervened, the Canal would probably have been blocked. They sought to limit the damage by confining the hostilities and protecting the Canal zone. They should probably have gone on for several more days despite the call for a cease fire so as to occupy the whole zone, which would have enabled them to prevent Nasser from sinking some of the boats and helped in reopening the Canal more quickly.

6. On the moral question, the letter of the UN Charter should not be taken too literally. In the case of Korea, would we have failed to intervene if the Soviets had vetoed action, or would we let the Soviet veto prevent action against aggression in Europe. Also, we must define when aggression begins, especially since preparation and subversion can be serious threats as in Egypt and Syria. If East Germany rose up like Hungary, the West Germans might be expected to react even without UN action. The double standard in the UN was shown by the stress on Suez instead of Hungary because the pressure on the democracies was likely to be more effective than on the dictators.

7. He did not regret the action taken but took pride in their French/British compliance. But the UN must take more effective action to require compliance by the Communist nations. Some nations voted against France and Britain and abstained on Hungary. If we accept this double standard, it will allow the Soviet Union to move in on Asia and Africa by subversion and other means.

8. As to Lange's remarks on colonialism, this myth has given rise to many criticisms which are unjustified. Often it has been used to justify disregard for international commitments. Even so, he favors aid to the underdeveloped countries (as shown by the Pineau plan)<sup>12</sup> but this must be based on their respect for obligations undertaken and maintaining of order in these countries. Without those, no investment or technical assistance is feasible.

9. In the case of Tunisia and Morocco, France has given freedom but has received no gratitude. Nonetheless, France has voted 48 billion for these areas. He will talk later about Algeria.

10. He considers that he understands the positions of Lange and Dulles. He only asks that they recognize the realities of a world which is not as moral as we might wish.

Meeting adjourned at 1:10 p.m.

<sup>11</sup>Text of the Six Principles adopted by the U.N. Security Council on October 13, 1956, is scheduled for publication in a forthcoming *Foreign Relations* volume.

<sup>12</sup>See footnote 5, Document 19.

42. **Telegram From the United States Delegation at the North Atlantic Council Ministerial Meeting to the Department of State<sup>1</sup>**

*Paris, December 11, 1956—midnight.*

Polto 1393. Re Polto 1392,<sup>2</sup> in restricted session NAC 11 am Dec 11, Secretary spoke along following lines:

*Begin statement:* Preface: Need of philosophy of faith, for living and acting, at critical point in our history.

I.

1. Second postwar decade one of great promise and opportunity but also fraught with great danger.

2. Soviet Communist structure in deteriorating condition. Disintegrating power of rulers.

There is sharp contrast at least superficially between today and two or three years ago. Several years ago there was iron discipline within Sov Union. Satellites were under firm control providing reliable bases and dependable forces. Communist parties in free world followed Sov line and exerted considerable influence. Now there is great change. Communist parties in free world in disarray. Satellites no longer reliable bases and their forces may even be liability. Within Sov Union there is greater demand for liberalization and consumer goods.

3. Good reason believe forces so manifested will ultimately prove be irresistible, not in detail but in overall impact.

4. However, this situation creates dangers. Sov rulers have difficult, hazardous and unsatisfactory choices. Therefore they may take some of their risks in their external relations and thus create greater chances of war.

5. It is this situation which creates opportunity for an evolution of Sov system into something tolerable. But also there is danger.

Khrushchev last Feb stressed that Stalin's successes made rigors of regime acceptable at home and in period new strain leaders might seek foreign successes to relieve pressures at home, especially with greater Sov military power. He would therefore rate military danger somewhat higher than Lange had because of this tendency to take greater risks.

6. In face of this situation it is necessary for free nations:

<sup>1</sup>Source: Department of State, Central Files, 740.5/12-1156. Confidential. Drafted by Bowie. Transmitted in two sections and repeated to the other NATO capitals and Moscow.

<sup>2</sup>*Supra.*

- a. To maintain moral pressures which helping undermine Sov-Chinese Communist system; and
- b. To maintain their military strength and their resolution for defense.

II.

1. US believes that at present juncture it more important than ever to conform to high ideals, expressed in Charter of UN and in Article 1 our own Treaty, that international disputes should be settled by peaceful means.

2. We well aware of interconnection of justice and peace and that it is difficult preserve peace with perpetration flagrant injustices. I personally expressed this view on many occasions, including London Suez Conference August and at UNGA at its emergency session called end last October.<sup>3</sup> Indeed the interconnection is expressed both in UN Charter and in our Treaty. But I did this not as argument for war but as argument for more effort to obtain justice.

3. Wherever we look we find those subject to what they believe to be grave injustices. In Far East, partition of Korea, subjection of China to what Republic of China on Taiwan regards as forcible aggression from without, partition of Vietnam. In South Asia there is problem of Kashmir. In Europe partition of Germany, subjection and oppression of nations of Eastern Europe; in Middle East there is problem of Israel. Risk to Europe that production and transportation of oil may be under unfriendly or hostile control. These are but few of many situations where nations tempted to use force to redress injustice.

4. We must be aware of fact that under present world conditions we could not accept concept of each nation, subject to injustice, attempting to remedy that injustice by force. That would set loose forces which would almost surely lead to World War III, particularly given present predicament and power of Sov rulers.

5. Heretofore concept of "just war" has been deeply rooted even in religious belief. But there is growing tendency to doubt that modern war can in fact eliminate more injustices than war itself inevitably inflicts. Both morality and expediency now reject deliberate resort to war as instrument of national policy. That indeed is our engagement. If we live up to that engagement it is more likely, not less likely, that we shall live up to others.

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<sup>3</sup>For text of Dulles' statement of August 20, 1956, at the London Suez Conference, see *The Suez Canal Problem, July 26-September 22, 1956* (Washington, 1956), pp. 178-182. For text of Dulles' statement in the U.N. General Assembly on November 1, 1956, see *United States Policy in the Middle East, September 1956-June 1957* (Washington, 1957), pp. 151-157.

6. Restraint exercised, often under great provocation, by divided and menaced nations is proof, not of cowardice or irresolution but of moral strength. It serves mightily to create moral climate which gives stimulus and encouragement to forces which disrupting Sov Communist system. Notable is recent acceptance by France and UK of recommendation of UN.

7. Also this tends to inhibit Sov rulers from themselves engaging in undisguised armed aggression. It enables immorality their conduct be exposed.

8. Nations of Europe and Asia which are subjected to grave injustices and dangers understandably find it hard accept double standard which results from respect of free nations for opinions of mankind, notably as expressed through UNGA. While rulers of Sov bloc follow only their own devices, we must all bear in mind that existence of double standard of conduct in world bears heavily upon many nations. Also it bears more heavily upon some more than upon others. US feels however that we do not need to contemplate that this double standard will go on forever. We convinced that free nations should continue to conform to high standards of conduct which are prescribed by Charter and which indeed were written into Charter primarily at their behest as expressing ideals their peoples. They are Article 1 of our Treaty.

We believe impact this conduct will become steadily greater and Sov despotism will become unable go on living by standards decent people despise. If we pursue with resolution course we have set before ourselves, we can expect it to prevail and that dangerous division of world will draw to end.

Many of difficulties which beset free nations soluble, particularly if each nation does its utmost to secure justice for others even where its own interests are not directly involved. There are deficiencies in this respect. Much can be done by cooperation and resourcefulness. Also we should recognize fact that since burdens of double standard do not fall equally upon all free nations, consideration for each other is not charity. US has in past tried to act in accordance with this principle, and I hope we shall continue do so for future.

9. We aware of fact UN an imperfect organization and that voting procedures both in SC and GA are inadequate. Nevertheless UN is great step toward organization of international order. It has gained greatly in stature within recent weeks. Some nations, despite their own views or national interests, have conformed to the recommendations of the United Nations General Assembly. Also this assembly has been able to organize on quick notice a military emergency force. Despite the fact that so far the UN recommendations have been disregarded in relation to Hungary, the UN has nevertheless fo-

cused the attention of the world upon the dramatic strength of captive people to regain freedom.

Despite its imperfections the UN has achieved a prestige and an influence which make it a power for good. It cannot do everything and should not be expected to do everything. But to destroy the UN, or to reject the basic principles expressed in its Charter, would be a disaster. Then each nation of Europe and Asia would feel at liberty to try, by force, to remedy the injustices which so far it has not been possible peacefully to correct. This would lead almost certainly to global war. The disaster would be the more inexcusable because the peaceful correction of these injustices which lie within the free world is now a possibility. And to the extent that they are due to the Soviet Communist world, a change of the character of that world seems now to be within the realm of possibility.

### III.

1. It is necessary to rely upon moral pressures to disrupt powerful Sov despotism based upon materialistic and atheistic concepts which deny concept of justice, which deny sanctity and dignity of individual and which admit use of violence and trickery wherever and whenever this expedient. But meanwhile it so necessary also to have, for defense, military capacity to resist what Sovs trying to make greatest military machine which world has ever had.

2. We all know at least in general terms of immense intensive effort being made by Sov rulers to gain military position which would enable them to dominate world.

3. For a time there was illusion in some quarters—even in NATO—that those who build formidable military machine at so great cost would never think of using it. Recent events Hungary have shattered that illusion.

4. It is of utmost importance that NATO strength be maintained and that there should be no doubt of our resolve to use that strength if need be. Some quarters had curious impression that because US under very difficult circumstances lived up to what it believed to be its obligations under Article 1 of our Treaty, made it less likely we should live up to other articles—that we could not be depended upon. It seems it is just other way around. Fact we did live up to first Article of Treaty even though that required us to act in discord with our closest historic friends made it more likely, not less likely, we would be faithful to provisions of Treaty. Hope there no doubt about that in any quarter and assure there need be no such

doubt. Only thus can we be confident that Red Army tanks which rolled into Budapest<sup>4</sup> will not also roll on into Western Europe.

5. We do face of course very difficult problem maintaining proper balance between military and economic expenditures. Free nations not willing, and indeed not able, treat their working people as slave labor. Every one our countries needs find way to improve living standards and give those who labor increasing benefits from their labor. That is why we strongly endorsed development of Common Market and other means building stronger economies and fostering growth. Failure to achieve such growth would expose us to subversive penetration which could be as disastrous as military occupation because it would pave way to military domination. Our policies must not invite economic collapse.

6. US believes however it is possible consistently with maintenance acceptable economic standards, to maintain strength adequate to deter and if need be to repulse Sov aggression. One of great advantages of collective security system is that no one of us has to carry unaided that gigantic task. We can each help the other.

7. A principal deterrent is atomic retaliatory power and protection of sources that power. This potential largely resides in US but is aided by many countries which contribute bases necessary to assure intercommunication.

8. We cannot however assume that deterrent of nuclear power will solve all our military problems. One certain thing which history proves is that it is impossible forecast certainly the character of future war. We dare not put all our eggs in one basket. There must be diversity of capability and must be flexibility.

9. Also there must be fair sharing of burdens so that they do not become excessive for any one or so there is not fatal gap because of inadequacy of any one. These are matters which will presumably be discussed further as we consider political directive to be given our military authorities. We see however both necessity and possibility of creating as between us a situation such that Sov rulers despite their temptations will see folly of their attempting to attack NAT area.

#### IV.

1. We also face problem of bringing about closer and more intimate understanding between us with respect our foreign policies, particularly as these seriously affect each other. Need for this has been strikingly demonstrated. At prior meetings we alluded, almost

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<sup>4</sup>Soviet troops entered Budapest first on October 24, 1956, and again on November 4.

casually, to problems such as that of Middle East which vitally affect Western Europe. But we did nothing here to seek common policies with respect these and other vital problems which threaten very life of our Alliance.

2. Lessons of recent past will we hope reinforce recommendations of three FonMins which we shall have to consider under another item of agenda.<sup>5</sup>

3. So far as US concerned, past differences are usefully considered only as they help us to build more wisely and more firmly for future.

In conclusion we reaffirm our conviction that future is one of great opportunity as well as of danger. Perhaps order these words and emphasis should be reversed. For we confidently believe dangers can be and will be surmounted and that opportunities will be seized.

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<sup>5</sup>See Document 47.

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**43. Telegram From the United States Delegation at the North Atlantic Council Ministerial Meeting to the Department of State<sup>1</sup>**

*Paris, December 12, 1956—3 p.m.*

Polto 1398. Subject: Second NAC restricted session, 3:30 p.m., December 11.<sup>2</sup>

Martino opened afternoon restricted session by reminding those present matters discussed in restricted meeting should not be disclosed to public or press. He said it would be his purpose to limit sessions to two hours at a time. He requested views re communiqué drafting group and after some indecisive discussion it was left that he would consult Ministers and make proposal at later session.

Spaak (Belgium) then spoke. Re Soviet policy, he said fact gradually emerging that de-Stalinization has produced no change in basic Soviet policy. He said judging by recent events Yugoslav-Soviet rapprochement is more apparent than real. Basic intent of Soviet policy is to make problems facing Western world more difficult. While Soviet Government does not want to push matters far enough

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<sup>1</sup>Source: Department of State, Central Files, 740.5/12-1256. Confidential. Drafted and approved by Elbrick. Transmitted in four sections and repeated to the other NATO capitals and Moscow.

<sup>2</sup>The summary, C-R(56)70, and verbatim, C-VR(56)70, records of this session, both dated December 11, are *ibid.*, Conference Files: Lot 62 D 181, CF 825.



to run risk of World War III, latter might occur as result of miscalculation. In this connection he said most dangerous incidents might occur in East Germany. Soviets have done nothing to help Middle East crisis but, to contrary, have done all they can to make solution more difficult. Spaak mystified by spectacular course of de-Stalinization program and considerable risks taken by Khrushchev in carrying out program.

Re disturbances in satellite countries, Spaak wondered if basis for such disturbances did not result from internal situation. He said Soviet boast of great economic power is bluff and Western world should not be taken in by this. He felt Soviets experiencing much greater difficulty internally than we had thought.

In underdeveloped countries Soviet deeds have not lived up to Soviet promises. He thought Western nations should have generally agreed policy toward Asian and African countries and described as false concept idea that we should necessarily help all such countries regardless of their feelings toward West. He opposed giving aid to hostile countries which, he said, would not in any case show gratitude. They take attitude that they have the right to such aid and West could reap more spectacular results by limiting aid to countries favoring Western policies.

Recent rift in NATO has caused considerable disillusionment. At very time that Three Wise Men were formulating recommendations for coordinating policies, international crisis broke in Middle East. He deplored fact smaller European countries faced with problem of choosing between United Kingdom and France on one hand and U.S. on other and described their positions as "most difficult". Unfortunately no one had thought of convening NAC before first London Conference on Suez and NAC meeting after that conference had not been fruitful because some refused to participate in discussion.<sup>3</sup> He said Anglo-French action in Egypt could have provoked chain reaction affecting all of NATO. If West desires to maintain its existence, NATO governments must comply with requirement for consultation.

He then turned to United Nations. He said efforts made at first UN conference in San Francisco<sup>4</sup> were directed at setting up complete system which would result in barring use of force in settling international problems. Security Council as diplomatic council of world was heart of this system. He charged system is now bankrupt and cannot prevent war or insure rule of law. He described attempt

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<sup>3</sup>A summary of the discussion about the Suez crisis at the NAC meeting on September 5 is in Polto 462 from Paris, September 5. (*Ibid.*, Central Files, 740.5/9-556) The representatives of the United States, Denmark, Greece, Iceland, Italy, Luxembourg, Netherlands, Norway, and Portugal refused to participate in the discussion.

<sup>4</sup>Delegates from 50 nations met in San Francisco, April 25-June 26, 1945, to complete the U.N. Charter.

to transfer authority to General Assembly as "unthinking". He had just returned from New York<sup>5</sup> and what he had seen there would not inspire any Western European representative with confidence or optimism.

General Assembly is divided on political lines into intransigent majority and minority. It is able to a certain extent to avert war but is incapable of anything "concrete". He cited unjust cases and denial of right to smaller powers such as Israel and said, UN only capable of taking action when series of provocations brings countries to brink of war. He expressed great pessimism regarding future of UN. Referring to "double standard" he said Soviet champions recommendations of UN in one part of world and takes no notice of recommendations concerning another part. He asked how UN could be reorganized to perform its task properly.

He referred to Lange's remarks on colonialism and warned against falling prey to idea that issue of colonialism should govern decisions of Western countries. Under guise of reaction against colonialism, treaties, alliances and human rights have been violated by certain countries. As for dependent areas, it is not question only of independence but of what such areas can do with independence, and it would be capital mistake to urge full independence for some areas such as Belgian Congo which is not prepared for such status. No one believes in 19th century colonialism which must one day be liquidated but there would be no advantage in making dependent areas suddenly independent and responsible for solution of their own problems. Spaak closed by reaffirming great importance of Atlantic Alliance and need for change in organization which would make possible fruitful consultation.

Averoff (Greece) referred to Lange's statement warning against overestimating Soviet economic capabilities. He said Soviets have promised much but have given very little, although they exert great influence even by mere promises. Shepilov had promised to turn Greece into a paradise but Greek Government rejected his offers and did not make them public for fear of Greek public reaction in favor of Soviet. He said there has been no change in Soviet foreign policy and NATO must continue its military and political defense efforts. He described Hungarian tragedy as "re-awakening" for Western nations. He described crisis in satellites as far from being completed and economic disruption there so serious it will lead to further convulsions. He referred to visit of Greek Prime Minister to Belgrade,<sup>6</sup> said he was convinced Yugoslavia decided to follow independent

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<sup>5</sup>Spaak was in New York for the sessions of the U.N. General Assembly in October and November until he left for Brussels on November 26, 1956.

<sup>6</sup>Karamanlis visited Belgrade as a guest of President Tito, November 18-20, 1956.

course. As for other satellites, Greek relations with Albania are "tense", relations with Bulgaria "poor". Yugoslav Government, which seems to be drawing away from pure Marxism, desires close relations with Greece as in Balkan Pact.<sup>7</sup> Averoff deplored fact that this pact is "in abeyance" as it concerns Turkey. Cyprus "affair" makes it difficult to revive pact now but hope expressed that Alliance would be renewed again in near future.

Re Middle East, Averoff said countries in that area undergoing fundamental evolution and are awakening to status of individuality as nations. We must reckon with this new nationalistic trend. Greece has special interest in Egypt because of 200,000 compatriots residing there. Nevertheless, Greek Government had rejected request for Soviet planes to overfly Greece en route to Egypt. He believed Egyptian Government still wary of Soviet despite its hostility toward West and willingness to profit from Soviet assistance. He said immediate objective of all Western countries should be to assure Arab-Israel peace and thus deprive Soviet Union of reason for interference in area. He concluded by expressing concern for serious economic difficulties confronting Greece and importance to Greece of Cyprus problem which he intended to discuss later in meeting.

Hansen (Denmark) said people looking to present NAC meeting with greatest interest as result of differences among Western countries over Middle East crisis. In addition, Europe vitally concerned over developments in Hungary which have made deep and lasting impression and these developments, as well as those in Poland, are of far-reaching significance for future. He agreed with Secretary Dulles that once forces of liberty are loosed they cannot be stopped. He said East-West exchanges, now temporarily suspended, are not only of value to Soviet but also to West and warned against lowering Western Iron Curtain.

Re Middle East crisis, he felt NATO should not dwell on what has passed. While Denmark disappointed in French-British action, Danish Government has refrained from indulging in public criticism. As for solution of Suez Canal problem, he expressed interest in hearing Lloyd's views, particularly with respect to part which could be played by SCUA.

Hansen said that the importance of North Atlantic Alliance is emphasized by recent developments in Eastern Europe. NATO is prerequisite to our survival. As Secretary Dulles said earlier, NATO countries must take offensive in moral field and must maintain strong defensive in military field.

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<sup>7</sup>Reference is to the Treaty of Alliance, Political Cooperation, and Mutual Assistance signed by Greece, Turkey, and Yugoslavia on August 9, 1954, at Bled, Yugoslavia, which entered into force on May 15, 1955.

Luns (Netherlands) referred to increased political tensions between Soviet and West Europe as result of brutal repression in Hungary and to increased tensions between West and uncommitted nations of Asia and Africa. He deplored latter and said unless we work to improve relations with these countries they would move more and more into Soviet orbit. He advised increased technical assistance on multilateral basis. He said widespread misery and illiteracy in these countries is fertile soil for anti-Western actions and sentiments. Today two words confuse men's minds: 1) sovereignty and 2) colonialism. Newly independent nations set great store by former and have exaggerated ideas re its meaning. Sooner they understand there are always limits to sovereignty better off they will be. As for colonialism, it would appear that anything Western nations do is attributed to colonialism but nothing that Soviet state does is so called. This myth should be exploded. U.S., for example, is well-known champion of anti-colonialism but is no more exempt from criticism by uncommitted nations than other Western European powers. While urging we persist in seeking better relations with these countries, he warned against trying to overbid Soviet Union in encouraging nationalistic and anti-European trends and policies.

With respect to Middle East crisis and rift in Western Alliance, Luns said we must not sacrifice future to past. We should make sure no such rift occurs again. Whatever may be said re Anglo-French action, their motives could not be described as dishonorable in any way. Britain and France were not interested in any material gain or in threatening independence of Egypt, fact which contrasts glaringly with brutal repression by Soviets in Hungary.

Turning to UN, Luns said Secretary Dulles rightly congratulated UK and France for abiding by UN resolutions. He said they had right to expect during stay of UN force in Egypt solution to three basic problems: Israel-Arab conflict, Arab refugee problem and Suez Canal. UN has duty to take advantage of its new strength to cure illness itself and not merely to treat symptoms. If we return to status quo ante UN prestige will be reduced and one more failure chalked up on UN record. He lauded Spaak's realistic appraisal of UN and said high ideals of architects who animated UN at San Francisco have been perverted. Luns termed NATO necessary to defense of West and said if its effectiveness is to be increased, efforts in military field must be unrelenting and policies must be coordinated by all members. Recent history teaches that negotiating from position of strength is only way to deal with Soviet. In military field he cautioned that reassessment should not be pretext for avoiding responsibilities and commitments and spoke particularly of maintaining level of U.S., British, Canadian forces on continent. Luns concluded by expressing hope that present frank exchange of views will bring about cohesion in NATO and an

awareness of interdependence of NATO countries. He said Wise Men report only useful if recommendations for consultation are translated into action on day to day basis.

Cunha (Portugal) said NATO faces two varieties of problems which he described as "occasional" and "permanent". He described Suez crisis as "occasional" problem and said that while he did not wish to fix responsibility for crisis, he was obliged to emphasize serious situation created, particularly with respect to rift created in NATO between most important members of Alliance. He counseled NATO members to look to future and to work to establish mechanism which would help avoid repetition of such situation. He said that danger for Western world had increased and emphasized need for maintaining unity within the Alliance. He praised Wise Men's report as providing a basis for consultation, but said that apart from consultative mechanism proposed, main thing necessary for success of NATO is "will" for common action. Future will depend on willingness of members to speak frankly and openly around Council table.

Cunha referred to Secretary Dulles' remarks concerning moral offensive and military defense<sup>8</sup> and said that dangers in military field were never more serious. NATO military potential must therefore be further developed as only means for avoiding even more dangerous situation. With respect to moral offensive, Cunha said we must be able to preserve respect for human rights and international obligations. He agreed with Spaak's previous comments re UN and said he also had suffered recently in New York.<sup>9</sup> He said he had no hope that UN under present conditions of membership and procedure could solve any major problems and, in impassioned and somewhat unintelligible burst of oratory, he spoke of doing away with or rebuilding UN.

On subject of colonialism, Cunha said today is first time NATO countries have mentioned word "colonialism" in NAC. He said some colonialism is good and some is bad and recommended that NAC make study of subject. He was glad that subject had been raised in this forum.

In conclusion, Cunha said that this serious moment in NATO history when organization has been greatly weakened. NATO members must demonstrate need and will to strengthen Alliance by deeds rather than words or communiqués.

Menderes (Turkey) referred to present as time of great danger, and expressed his deep interest in defending common interests of Atlantic community and world peace. He referred to memorandum of

<sup>8</sup>See Polto 1393, *supra*.

<sup>9</sup>Cunha visited New York and Washington, December 3-10.

Turkish Delegation presented to Council re NATO defense planning, its relation to Baghdad Pact, and said NATO planning, heretofore limited to area, must take account of developments outside.<sup>10</sup> NATO, he said, should not lose sight of fact that its interests are not confined to area and events elsewhere might seriously affect NATO members. Middle East, where Soviet Union is trying to create local disturbances through subversive efforts, is where present danger lies. Soviet penetration should be subject of study and guiding principles should be established for handling situation. He felt that action should be taken now in Middle Eastern area before Soviets become more solidly entrenched. Connection between NATO and Baghdad Pact is best means of associating East and West, and such association cannot be maintained merely by bilateral relations. He expressed profound satisfaction of his government at recent U.S. statement re support for Baghdad Pact.<sup>11</sup> He expressed appreciation U.S. participation in certain committees of Baghdad Pact, and noted U.S. efforts to strengthen nations of area in order to maintain their independence. Question of NATO connection with Baghdad Pact deserves urgent study, and Menderes asked Council to undertake such study.

Menderes said Greek Foreign Minister had mentioned Cyprus and noted that question had been taken to UNGA by Greek Government where Greeks apparently hoped to solve this problem. He questioned Greek Foreign Minister's purpose in raising question in NAC, and wondered whether he had done so for propaganda reasons or whether he proposed a settlement by NAC. Greek reference to Balkan Pact and Greek-Yugoslav relations would indicate pact has taken on bilateral character in Greek eyes. Averoff, due to lateness of hour, said that he would reply to Menderes later in meeting.

Session adjourned at 5:30 p.m.

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<sup>10</sup>Not found in Department of State files.

<sup>11</sup>For text of this statement issued by the Department of State on November 29, 1956, see Department of State *Bulletin*, December 10, 1956, p. 918.

44. Memorandum of a Conversation, Paris, December 11, 1956,  
5:45 p.m.<sup>1</sup>

USDel/MC/4

## PARTICIPANTS

*United States*

Secretary Dulles  
 Secretary Humphrey  
 Secretary Wilson  
 Ambassador Perkins  
 Ambassador Aldrich  
 Admiral Radford  
 Mr. Elbrick  
 Mr. Gordon Gray  
 Mr. Bowie  
 Mr. Overby  
 Mr. Barbour  
 Mr. Wolf

*United Kingdom*

Mr. Selwyn Lloyd  
 Mr. Head  
 Sir Harold Macmillan  
 Sir Christopher Steel  
 Sir Richard Powell  
 Lord Hood  
 Mr. Beeley  
 Mr. Dean  
 Sir Leslie Rowan  
 Mr. Stephenson  
 Air Marshal Dickson

## SUBJECT

Defense Expenditures and Forces in Germany

The meeting started at the Residency, Embassy Paris, at 5:45 p.m., December 11, 1956. Mr. Selwyn Lloyd said that he understood this talk would deal with our position with respect to Germany, in line with what he had indicated on leaving Secretary Dulles yesterday.<sup>2</sup> There were two aspects of the problem: (1) military organization and manpower and (2) financial questions. The Chancellor would speak to the latter point.

Mr. Macmillan said that the NATO problem had to be approached from two points of view: (1) what was right to do from the European point of view and (2) how to finance it. On the second point, it was paradoxical that we, who had come to Germany as occupying power, and are now there as allies, have to bear a great burden, while the Germans have a good economy, are the greatest commercial rivals to the UK, are without internal or external debt, have no armed forces and no defense budget burdens. The UK, after February, will have a critical foreign exchange problem with respect to their troops in Germany. Because of the strategic and tactical requirement for troops in Germany, the situation is that there is a large

<sup>1</sup>Source: Department of State, Conference Files: Lot 62 D 181, CF 825. Top Secret. Drafted by Wolf and approved by Elbrick.

<sup>2</sup>At the conclusion of a conversation with Dulles at 9:45 a.m. on December 10, Lloyd had said that while the British intended to keep four divisions in NATO, they could not keep troops in Germany unless a way was found to reimburse the British for this expense. To Dulles' question "Unless the Germans pay for it?" Lloyd replied, "Unless someone pays for it." (Memorandum of conversation, USDel/MC/1/3, December 10; *ibid.*, CF 824)

foreign exchange cost if the Commander in Chief requires forces abroad, while there would be none if he said they could be stationed at home.

Without discussing the military factors, Mr. Macmillan said, the question was how to find the wherewithal by some sort of pool or monetary arrangement. The location of forces should not put a foreign exchange burden on the UK or the whole thing could break down, and very quickly too, he added. We are therefore faced with two questions: (1) what is the best approach to the military question and (2) what is the best approach as to how to make the Germans contribute. Secretary Wilson said the US had the same problem and in addition had the problem of dependents, amounting to some 250,000 people who required schools and so forth. Mr. Head said that the UK had a similar problem together with the need for schools and other facilities.

Secretary Dulles asked whether the UK had discussed this problem at the WEU meeting yesterday.<sup>3</sup> Mr. Selwyn Lloyd said they had discussed it generally. Secretary Dulles said that the UK had in a way a different sort of commitment than the US. The UK had said that it would not withdraw forces against the wishes of the Brussels Treaty Council.<sup>4</sup> The Secretary considered this a wise international pledge. The Secretary thought the problem was primarily with Germany. He did not think the Germans were playing a game because he has great faith in Adenauer; but the Germans do suggest that if the UK and the US can run out on their obligations, the Germans can also run out on their obligations which are very moderate by comparison. He again inquired what had happened in the WEU meeting. Mr. Selwyn Lloyd said that there had not been a discussion of specifics. He had told the WEU Council that the balance of payments situation for the UK was very bad and could not go on. He had received no reaction.

Mr. Selwyn Lloyd then said that on the military side the UK was committed to have four divisions and a tactical air force. The size of these elements was not specified in the UK commitment. The UK Divisions of 18,500 men is the largest in the world. The German Division is about 10,500 men. If the fire power of the UK Division were improved, SACEUR might reconcile himself to a strength reduction. The air force already has greater fire power. The problem is with the soldiers. Mr. Selwyn Lloyd said that the US is now arming

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<sup>3</sup>The WEU Council met in Paris on December 10, 1956.

<sup>4</sup>Reference is to the consultative council established by the Brussels Treaty signed on March 17, 1948, to coordinate the policies of the five signatories (United Kingdom, France, Belgium, the Netherlands, and Luxembourg) of this 50-year alliance.



its forces with atomic weapons and asked if the US had any plans along those lines for the Germans.

Secretary Dulles referred the question to Admiral Radford who said we did not have any such plans. Secretary Wilson remarked that the Germans could not have atomic weapons under the Treaty. Secretary Dulles said that the Germans were forbidden from making atomic weapons but were not forbidden by the Treaty from buying them from the US.

Mr. Selwyn Lloyd said that the strategic concept contemplated that everyone should have an atomic capability. Secretary Dulles responded that that was the implication of MC 48—that we should plan on the assumption that atomic weapons would be used. This subject might come up under the agenda of the Ministerial Meeting in connection with the Political Directive. Present US legislation does not permit us to give atomic warheads to others in peacetime. We can, in peacetime, give weapons which can deliver atomic warheads. Mr. Head remarked that the UK was already buying the Corporal. But, added Secretary Dulles, the giving of warheads in peacetime is restricted. We are studying the problem of increasing the capability to use such weapons. We are prepared to make samples of weapons that can deliver atomic warheads available for research and production. We are studying what can be done under the present legislation with respect to training and use of atomic weapons. In addition, the Secretary said, there are policy questions of cost, strategy and so forth as to what is to be done.

Secretary Dulles said that we do not wish our capability to be so exclusively dependent on atomic weapons that there is no measure of flexibility. We must have a measure of flexibility although our main reliance must be on atomic weapons in the event of major attack.

Secretary Dulles then asked to what strength the US was cutting its divisional organization. Admiral Radford replied that we were cutting to about 12,000 for the infantry division from the old figure of about 17-18,000. He said the process was slow.

Mr. Head said that there was a time lag for the UK with respect to availability of atomic warheads. The UK has lagged behind on having atomic warheads available. It does not have this increased fire power available to it now. The UK must reduce manpower in order to balance costs if its forces are to be armed with the best weapons available.

Secretary Dulles said that there were two problems, as Mr. Macmillan had noted. First there was the question of what is a sound strategic concept. The US felt that no unsound strategic concept should be forced on NATO to meet financial problems. The US could not support the view that he believed the UK had once suggested that NATO should go entirely on a "trip-wire" basis, nor

could the US accept the idea that there was no need for substantial manpower because any attack would set off massive retaliation and in that provide a sufficient deterrent. While in about 90% of the possible situations nuclear retaliation would cover the situation, there are, he said, particularly with respect to the partitioning of Germany and perhaps with respect to Berlin, certain types of risks requiring the presence of German troops. Secretary said the trip-wire theory would, he feared, perhaps mean that there would be no German troops at all. The idea of a defense build-up is unpopular in Germany as it is in Japan. In addition, from an economic standpoint, the Germans are thriving. This is particularly true because they have no defense budget and are receiving foreign exchange from the presence of foreign forces there. The Germans should consider these factors seriously.

Secretary Dulles noted that the US commitment was for a "fair share". In view of what the Germans are doing, he said he was not at all sure that the large effort that the US is making was justified under that formula. The US is doing more in percentage of gross national production, manpower, length of service, and in many ways are contributing more than the Germans as, he supposed, was the UK.

Secretary Wilson said that in relation to manpower, and assuming a 500,000 man German contribution, the US was contributing almost twice as much as the Germans. In addition, our defense effort was very expensive in light of new developments, SAC, bases and other aspects.

Mr. Selwyn Lloyd said that Mr. Dulles was correct: there should be no rigging of the strategic directive to excuse a reduction in forces.

Secretary Dulles said we must face up to the British financial problem. Secretary Humphrey said the US was in the same boat. We had a 1.5 billion dollar balance of payments deficit for the last year and a half. This cannot continue. Our largest single item is troop maintenance abroad.

Mr. Macmillan said that he wondered whether we cannot work out some sensible plan between the trip-wire and the World War II type of organization. After we found that this took a certain number of thousand men, we would then have to figure how long it would take to develop plans on that basis, and see what the Germans could contribute until they could make their proper contribution. Thirdly, we must try to see how to meet the foreign exchange problem to avoid inequality for nations whose troops were stationed abroad.

Secretary Dulles said the fact seemed to be that the UK and the US provide the only real effective manpower strength on the continent, and asked Admiral Radford if that was not right. Admiral Radford said that that was substantially right. Secretary Dulles noted

that the French forces were in North Africa and there was little contributed by the others. The largest strength was contributed by the two non-continental countries.

Secretary Dulles added that the Germans have a manpower shortage, are in an economic boom, do not like the draft, and are looking toward the election. Secretary Wilson said the defense effort is about the right to have elections. Secretary Dulles said that the problem was that electioneering for the Germans starts a year ahead of the election. We must consider the possible consequences of this election; it would not be good if the Socialists came into power.

Secretary Wilson said that we think the German build-up plans are sensible. They are taking in careerists and technicians first and will have a good force. Mr. Head remarked that their term of service was for only one year. Admiral Radford said it was graduated, with eighteen month terms for technicians. Secretary Wilson said our experience was that one needed two year service for technicians and that careerists were required for that work.

Secretary Dulles asked what the Germans were paying for British troops. Secretary Wilson remarked that it was politically difficult for them to admit supporting UK troops and that the payments must be concealed somehow. Mr. Selwyn Lloyd agreed that payments could not be called "support". But unless some fund of some kind was established, the UK could not leave its people in Germany.

Secretary Wilson asked if the Germans could buy equipment from the UK. Mr. Macmillan said the Germans were in a strong economic position that was growing stronger. He said the EPU might come to an end as the Germans grew still stronger. He felt that Adenauer was fully honorable in his statements, but he feared the German army would not exceed 150,000 men. The Germans will not halt their economic boom and favorable financial position. The British people, who after all won the war, cannot accept that the Germans are treating the UK like dirt while they have things their own way. They will not agree to keeping British soldiers in Germany if the Germans do not play the game. It may take a little longer for the US, but ultimately the US may feel that way, too. Mr. Humphrey said he had felt that way for a long time, but that some of his colleagues did not agree with him.

Secretary Dulles said that we all recognized the problem that faced the UK. Mr. Wilson said that because the EDC had been too long delayed, we had had to step into the breach for five years or so, we thought, but now it seems we cannot take a single man out without creating a large problem.

Mr. Selwyn Lloyd said the answer, from his point of view, might lie in four divisions of about 10,000 men each together with the flotation of some sort of fund to help the financial situation.

These divisions should also be supported by atomic weapons or have US atomic forces brigaded in their support.

Secretary Dulles said he thought that the latter was already being done. Admiral Radford said it was not being done yet but he has been considering this. He referred to the example of SETAF which backs up the Italian forces with atomic power. Mr. Wilson said we might need other light units which would be similar to corps artillery. Admiral Radford said that it might be a 5-6,000 man unit or perhaps it could be a little smaller. Mr. Macmillan said he liked the idea of "atomic corps artillery."

Mr. Selwyn Lloyd said that the atomic support might be supplied in that way or by some system that would supply atomic warheads in case of a crisis. Mr. Head said that the British were already trained with regard to Corporal, and the Foreign Minister's idea would fit in in that respect.

Mr. Wilson said he thought that smaller divisions backed up by special corps would be the military answer. We should get away from talking about numbers of divisions just as we had to get away from talking about numbers of wings.

Secretary Dulles asked if the UK and the US were in agreement on the political directive. Mr. Selwyn Lloyd turned to Sir Christopher Steel who said yes, we were very close. Mr. Wilson said that Admiral Radford had a comment, and the Admiral remarked that he felt the political directive went a little too far in stating that the NATO force must have an atomic capability. He agreed fully that it was desirable that they have this capability and assured all that he was suggesting no qualification or shift in present policy. After much discussion by all the principals, it appeared to be the consensus that the idea might be expressed that the NATO force "should have" or "would have" or "might have" an atomic corps and that this would be better.

Mr. Macmillan said suppose we have the directive, then what? Mr. Selwyn Lloyd said that we might then ask the Standing Group what the procedure would be and what forces would be required. Secretary Dulles asked Ambassador Perkins to comment. He said that there was no decision on what the steps would be after the directive was accepted. The US thinks the process should be undertaken by the Military Authorities. This might take considerable time under normal procedures. MC 14<sup>5</sup> and MC 48 would be considered, and only after that would Commanders' plans be turned to. He suggested that SHAPE already has force plans, and that perhaps the procedure could be shortcut in light thereof.

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<sup>5</sup>Not found in Department of State files.

Admiral Radford said, and Air Marshal Dickson agreed, that we must recognize in all frankness that the political directive will not reduce requirements.

Sir Christopher Steel said that the Standing Group might ask governments to suggest what forces they would be able to provide over a long period of time. Secretary Dulles responded that this would mean that the answer would be zero. Mr. Selwyn Lloyd appreciated the Secretary's fear that there might be a general exodus.

Mr. Wilson remarked that NATO was based on the principle of an internationally balanced force. Some nations could better provide certain things than others. He noted that the French forces were all in North Africa and none were in NATO. He asked what the Germans were going to do if, between the US and UK, we were to make a move. Admiral Radford asked if the Germans were not the key. Mr. Selwyn Lloyd said they probably were and that we should face them on a common basis.

Mr. Macmillan said we might start from a budgetary point of view. Suppose there were 250,000 men and no foreign exchange problem. Secretary Humphrey asked if the Germans should pay for all forces in Germany. Mr. Macmillan said he thought so as far as local expenses were concerned.

Mr. Selwyn Lloyd said that the British now have a cost of 70 million pounds a year for local expenses in Germany. Mr. Macmillan said that if they cut their strength in half, they would not reduce their local cost by 50%, but rather would cut to something in the nature of 40 million pounds a year. Mr. Selwyn Lloyd said that counting carry-over the Germans were supplying between 35 and 40 million pounds for support costs this year.

Mr. Selwyn Lloyd said that a large force would cost the Germans a lot and they might have to buy some equipment overseas. Mr. Macmillan said he was not anxious for the UK to be the source of military production for Germany while Germany got all the commercial contracts. Mr. Wilson remarked that the UK has full employment, so military production would affect commercial production.

Mr. Selwyn Lloyd raised the question of research and development. The UK is now budgeting 210 million pounds a year in this area; the Germans are budgeting nothing. A possibility would be to bring the Germans in on the British research and development program as some sort of shareholders. But, he understood, this raised questions with respect to US security regulations. Some Germans, he said, particularly Aenauer and Brentano, are anxious to find some way to come up with the money the UK needs. This idea might be appealing in view thereof. Mr. Wilson said that if the Germans were dealt in on UK research and development and not on US research and development, we would have no problem. But, said Mr. Head, it

is very important that the US and the UK should get much closer in this field.

Secretary Dulles asked what defense people Germany had with them here in Paris. Admiral Radford said that they had Minister Strauss and General Speidel. Mr. Selwyn Lloyd said that the British were having a working lunch with the Germans tomorrow.

Mr. Macmillan said suppose the US, the UK and Canada sat down and worked out the proper forces that they should contribute to NATO. This could be followed by talks with the French and maybe others and then with the Germans.

Mr. Selwyn Lloyd said that the effect of the UK breaking the WEU Treaty<sup>6</sup> would be very serious indeed for the US; but judging from the state of the UK cash situation, it might come to that. He referred to two escape clauses in the British assurances, the one having to do with "equivalent fighting capacity" and the other with the financial ability of the UK.<sup>7</sup> With respect to the former, he said four reduced divisions might be equivalent fighting capacity if they had an atomic fighting capacity behind them. He then read the pertinent part of the text of the British assurances. He said that if SACEUR would certify equivalent fighting capacity after a cut in British strength, he thought that in all probability WEU approval could be obtained.

Mr. Wilson noted that even with the full German contribution and an atomic capacity for NATO forces, we would merely meet the present NATO military requirement, and it would be very hard to get the Military Authorities to say they could do with less. Mr. Macmillan said they need not say that. They should merely adopt the "equivalent" line. Then we should make the Germans contribute for the cost of forces in Germany.

Mr. Selwyn Lloyd said that the UK could this week invite the North Atlantic Council to review the financial aspect. However, it was probably better not to start that off before all fifteen nations. Secretary Humphrey asked if he were not afraid it might start off a pattern of action. Mr. Selwyn Lloyd denied this, saying that he did not think this would apply to most of the European countries but rather to the overseas nations. Mr. Wilson said that expenses overseas were not popular with us either. Mr. Macmillan said that he sought a balance and a compromise rather than any extreme position.

Secretary Dulles agreed but asked how this could be obtained. Mr. Selwyn Lloyd said that atomic deployment was the key. Secre-

<sup>6</sup>The Brussels Pact, March 17, 1948, signed by the United Kingdom, Belgium, France, Luxembourg, and the Netherlands, created the Western European Union.

<sup>7</sup>For text of these two clauses, see Articles 1 and 6 of Protocol II to the Brussels Treaty signed on October 23, 1954, *Foreign Relations, 1952-1954*, vol. v, Part 2, pp. 1444 and 1445.

tary Dulles said he understood the UK believed they needed some atomic capacity from the US in order to make their reduced forces the equivalent of their present force. Mr. Selwyn Lloyd said they needed some arrangement for atomic capability, either by way of corps support or, as Mr. Head interjected, some arrangement to provide atomics in case of emergency.

Mr. Wilson said he thought some exploratory review with the Germans would be helpful, and maybe with the French as well. Mr. Macmillan thought it might be done between the US, UK and Canada.

Mr. Selwyn Lloyd said that if you were to suppose a figure of X hundred thousand men between us, the question would be how to make it an atomic force.

Secretary Dulles said that the US is committed by the fact that we have told the Germans on pretty high authority that we have no intention of withdrawing forces. The President is impressed by the fact that the political presence of troops in Europe is very important. So he has given, indirectly, if not directly, assurances against any present program for withdrawal.<sup>8</sup> This assurance, however, does not apply to streamlining. He asked Admiral Radford how rapid the process of streamlining would be. Admiral Radford said it could be speeded up. Mr. Wilson said he thought it might take about two years and Admiral Radford agreed. Secretary Dulles said that we are committed against any abrupt alteration. Admiral Radford said that we do intend over a period of time to reduce in strength.

Mr. Macmillan said that these matters presented both advantages and disadvantages. He asked if there could not be some sort of phased plan for both of us and the Canadians. Mr. Wilson pointed out the danger of public speculation based on staff studies, as had happened last July.

Admiral Radford remarked that the army believed the streamlining would not result in total savings in manpower, as corps units might be heavily increased. Mr. Wilson said that [the] Admiral and he knew better, and Air Marshal Dickson said that this had a familiar ring.

Mr. Selwyn Lloyd said that if there was no understanding with the Germans, the UK might have to raise this matter in NATO. This would not be good as a shot in the arm for NATO at a time when we are all trying to strengthen NATO.

Secretary Dulles said that it appeared that the next move lies with the Germans. The question is how much of a political shock would the idea of reduction be to them and how much would they be willing to pay to avoid it. He said the US is willing to use its po-

<sup>8</sup>See Document 37.

litical influence to support the UK position, and to take the same position, although over a longer period of time. He said he was not complacent with the present arrangement. Mr. Humphrey said that he hoped the US action would not be too much later.

Mr. Wilson said he thought Admiral Radford had some comments on the German build-up. The Admiral said he believed the Germans would have a very efficient small army. They would have five divisions at 80% strength by June, and two more by the end of the year. They have many problems but are overcoming them. On the other hand, it is true that they are getting a free ride for the period while they have no forces. Air Marshal Dickson said that Speidel put emphasis on the effectiveness of their build-up, and Admiral Radford said that his conversation with Strauss yesterday had provided further details on the seven divisions. Then Admiral Radford drew attention to Mr. Wilson's point that the German build-up would, however, merely meet present NATO requirements. Mr. Wilson remarked that the requirement was based on planning of five years ago. Admiral Radford said that the planning had resulted in cuts from the Lisbon force goals.<sup>9</sup> He noted that the German figure of twelve divisions is set by a WEU limitation which could be extended. Secretary Dulles added that it could be extended with the consent of all of the Brussels Treaty Powers. Mr. Wilson and Admiral Radford agreed that the German plans for the draft were sensible and clever, considering the position in which the Germans found themselves. The Germans would have a pretty good army by the end of next year and the question is what can be done in the meantime.

Secretary Dulles asked whether, if the UK divisions were cut from 18,000 to 10,000, this would meet the problem from the military side. Mr. Macmillan said it would meet the UK budget and manpower problems, but not the foreign exchange problem. Secretary Dulles said that we could probably work out some scheme to do that. Mr. Macmillan laughingly suggested that we have German forces stationed in Scotland in order to put the shoe on the other foot.

Secretary Dulles said that we were planning to reduce the number of men in our divisions for our own purposes and saw no reason why the UK should not do the same, and perhaps do it faster. The UK should work with SACEUR, perhaps with US help, to get him to accept that reduced UK forces would provide equivalent fighting ability. Perhaps some pressure on SACEUR might have to be exerted. SACEUR must of course be alive to the realistic facts in-

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<sup>9</sup>For documentation on the North Atlantic Council meeting in Lisbon, February 20-25, 1952, see *Foreign Relations, 1952-1954*, vol. v, Part 1, pp. 107 ff.



volved. And, in so far as the cut in forces would reduce the foreign exchange problems, this should help.

Mr. Selwyn Lloyd said the UK would try the Germans out at lunch tomorrow. Mr. Macmillan cautioned that things should not be left to drift into February or the UK would have to do something about the situation. Mr. Head said that a preliminary talk with SACEUR might be very desirable. Admiral Radford suggested that the UK consider giving full publicity to the increased capacity of their streamlined units.

In conclusion, Secretary Dulles said that the US would give very full consideration to the thoughts expressed.

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#### 45. Message From the Secretary of State to the President<sup>1</sup>

*Paris, December 11, 1956.*

DEAR MR. PRESIDENT: We have finished our first NATO day. This morning there were speeches by Lange, myself, Lloyd, Pineau in that order.<sup>2</sup> Then this afternoon Spaak and Menderes of Turkey made the principal speeches.

I think my remarks covering nearly an hour went over quite well. I tried to pass over lightly specific reference to the British and French adventure and praised them for accepting the UN recommendations as to withdrawal. Both Lloyd and Pineau made what I thought were rather feeble defenses of their action, which Lange had rather openly attacked. Also he raised the issue of colonialism. Spaak came to the defense of the British, French and colonial powers. However, so far there are no serious fireworks and there is every evidence ranks will be close. However, one general sentiment which I gained from practically all of the delegations was the feeling that the United Nations was failing and that it had gotten into the hand of new countries without the sense of political responsibility. I sensed a tendency to want to try to build up NATO as a rival to the United Nations. My own statement included quite a strong defense of the United Nations.

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<sup>1</sup>Source: Department of State, Central Files, 110.11-DU/12-1156. Secret. Transmitted to Washington in Dulles 9, December 11, at 9 p.m., a copy of which was sent to the White House on December 12 where it was retransmitted to the President in Augusta, Georgia, as DE V 46. This copy bears a handwritten notation by Goodpaster that the President saw the telegram on December 13. (Eisenhower Library, Whitman File, Dulles-Herter Series)

<sup>2</sup>For a summary of Lange's, Lloyd's, and Pineau's statements, see Document 41; for a summary of Dulles' statement, see Document 42.

Following the afternoon session<sup>3</sup> we had a meeting here of Lloyd, Macmillan and Head, the new Defense Minister, together with George Humphrey, Charlie Wilson and myself.<sup>4</sup> The British say very emphatically that they must cut their four divisions in Germany of 18,000 men each to about 10,000 men each and get from Germany the foreign exchange costs. They are lunching with the Germans tomorrow but I fear will find the going tough. On the other hand I do not doubt the reality of the British predicament. George of course insists our own predicament is even worse, but I am not sure that he has persuaded the British or even me.

Faithfully yours,

Foster

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<sup>3</sup>See Document 43.

<sup>4</sup>See the memorandum of conversation, *supra*.

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46. Telegram From the United States Delegation at the North Atlantic Council Ministerial Meeting to the Department of State<sup>1</sup>

*Paris, December 12, 1956—midnight.*

Polto 1403. Subject: Restricted NAC session 10:30 am Dec 12.<sup>2</sup> (Part 1 of 2<sup>3</sup>) Ismay referred to Council agreement on security, mentioned leaks in press this morning, and asked for advice as to how international staff should handle situation. There was no response.

Averoff (Greece) then said he had few comments to make regarding Menderes' statement yesterday:<sup>4</sup> (1) On Balkan Pact he quoted from Belgrade communiqué<sup>5</sup> regarding desire of Yugoslavia and Greece for just solution of Cyprus question by peaceful means. He sincerely hoped that differences between Turkey and Greece could be resolved so that pact between them could again become op-

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<sup>1</sup>Source: Department of State, Central Files, 740.5/12-1256. Confidential. Approved by Bowie and transmitted in two sections. Repeated to the other NATO capitals and Moscow.

<sup>2</sup>The summary, C-R(56)71, and verbatim, C-VR(56)71, records of this session, both dated December 12, are *ibid.*, Conference Files: Lot 62 D 181, CF 826.

<sup>3</sup>The second part of this summary of the restricted session, Polto 1404, is not printed. (*Ibid.*, Central Files, 740.5/12-1356)

<sup>4</sup>See Document 43.

<sup>5</sup>Reference is to the communiqué issued in Belgrade on September 14, 1956, by Tito at the conclusion of the official visit to Yugoslavia by King Paul and Queen Frederika of Greece.

erative. He objected to Menderes' use of term propaganda regarding his comments on Cyprus. Greece had referred this issue to UN only after its efforts for fair solution within NATO and otherwise had failed. Greece felt that it had been very restrained on its handling of matter and had taken all efforts for conciliation with UK and Turkey. Only response had been criticism in Commons and threats in Cyprus. Greece still desires just and peaceful solution. (2) In regard Cyprus Greek Govt was only fulfilling its moral obligation to Greek Cypriots so as to avoid other countries such as Syria exploiting situation. Strong measures in Cyprus have inflamed situation. Cypriots cannot understand why their fight for freedom should be considered as banditry and treated with brutality. Greek Govt will continue support Cypriot people but will take full account interests of others. It is not asking for any right of veto on decision of Cypriots. If Greeks insist on veto Arabs, seeking intervene, will assert same right and will seek neutralize Cyprus with support of Soviet and Afro-Asian Bloc.

Menderes (Turkey) replied Greek statement was not helpful in fostering greater NATO unity which was purpose of meeting and which so vital security of all. Since Cyprus was before UN he had not meant discuss it but forced reply. Omitting history or details, he wished know: was Greece willing put Cyprus question in hands of NATO and withdraw it from UN? Re Balkan Pact he was sorry Greeks no longer relied on it since Turkey felt it could reinforce NATO. Did pact now embrace only Greece and Yugoslavia?

Lloyd (Britain) said: (1) He was ready discuss Cyprus at any time but doubted now was appropriate. Two years ago he had urged Greeks handle Cyprus issue so as not jeopardize Greek-Turkish friendship but was unfortunately not heeded. (2) He refrained from replying in kind to claims of brutality. Cyprus strategic for NATO, Baghdad Pact and Turkish security. Radcliffe constitution would be step forward in keeping Britain's good colonial record and he hoped others would wait for it and cooperate in making it effective. Ending terrorism could be first step.

Since proposal for NATO consideration Cyprus appeared in line reports of three Ministers, Martino (Chairman) asked whether three states would agree and suggested if so Council could return to it after acting on report.

Averoff (Greece), after saying frank discussion would strengthen Alliance not weaken it, said (1) Cyprus issue could not be withdrawn from UN at this late date but could be discussed in NATO before UN debate. He regretted Turks had not agreed NATO discussion in April when first proposed. (2) Greece still desired Balkan Pact which useful for its security to be on tripartite basis and considered it still in effect even though not feasible operate under present condition in

military field or consultation except between Greece and Yugoslavia. (3) In reply UK Cypriots want self-determination which must be guiding principle. Greece has sought keep situation calm to avoid damaging incidents. He doubts Cypriots will accept plan which merely leads to future self-government.

Lloyd had thought three Ministers proposed NATO discussion before resort other agencies. While not objecting NATO discussion, he thought that might await publishing Radcliffe constitution which should be promptly considered by Turkey and Greece. Pearson (Canada) suggested issue be postponed for present. Leaks of security meetings on Suez have already impaired efforts repair damage recent weeks. Leaks on Cyprus would now do even more damage. Martino strongly urged secrecy on Cyprus discussion and suggested it might be taken up again after action on three Ministers' report on disputes.

Lloyd (Britain) asked for comments some of "loose ends" Middle East where NATO members should try reach common policy taking advantage existing chances for progress. Main question was how make progress on Arab-Israel dispute which was basic. Might try get de-militarized zone Sinai and UN administration Gaza and Israel-Arab frontiers since continued clashes going lead wider war. Did the Council think we should seek extend UNEF to police all Israeli borders? A common NATO policy to protect its flanks essential and return to status quo not good enough. But some parties who welcomed UN action so far will oppose efforts settle this dispute. Pearson (Canada) agreed it will consider future in Middle East seeking agree on things which could be reflected in communiqué. General Assembly which now in charge also not especially suited for task. Has acted well so far and should now seek political settlement. We should realize previous failure of Security Council to solve issue largely fault permanent members. UNGA cannot substitute for wise policies members aimed at solution. We must realize UN action here will establish its right intervene other areas.

Might we agree on how make UN action effective by using UNEF not only secure cease-fire but facilitate political settlement?

Many difficulties and doubts remain regarding UNEF. Its functions are unclear; extension such as Lloyd proposes would take further UN action. Control of force not clear but should certainly not rest with any one country especially one where it is operated. The question of its composition easily settled but that of duration is not.

NATO Council was not charged with Middle East settlement and should take position as such but members can pursue common policy in UN. They should back up UNEF to assure its success. We should also support solution Suez in conformity six principles and use UNEF if necessary keep peace along Canal while issue being settled. Should also start machinery for Arab-Israeli settlement although

bound take time, perhaps beginning with Gaza Strip and Sinai Corridor.

Also hoped US, UK and France could coordinate their policies. Recent events show US action essential but reverse also true.

Hopes communiqué can indicate members' agreement policy Middle East. Even though not direct NATO responsibility in view its relation NATO interests essential show stand together there in future. If three Ministers' report adopted, he hoped NATO members would consult and coordinate on all matters which would result in success UN action. End Part 1.

47. **Telegram From the United States Delegation at the North Atlantic Council Ministerial Meeting to the Department of State<sup>1</sup>**

*Paris, December 13, 1956—11 a.m.*

Polto 1407. Council met Wednesday afternoon in second plenary session<sup>2</sup> to consider report Committee of Three on non-military cooperation in NATO (Agenda Item III, documents CM (56)126<sup>3</sup> and 127<sup>4</sup>).

<sup>1</sup>Source: Department of State, Central Files, 740.5/12-1356. Confidential; Priority. Drafted by Unger and approved by Elbrick. Transmitted in four sections and repeated to the other NATO capitals.

<sup>2</sup>The summary, C-M(56)71, and verbatim, C-VR(56)71, records of this session, both dated December 12, are *ibid.*, Conference Files: Lot 62 D 181, CF 826.

<sup>3</sup>Not printed; the Letter of Transmittal of the Report of the Committee of Three, annex I: draft resolution on peaceful settlement of disputes and differences between NATO members; annex II: draft resolution for the approval of the report by the Council; and annex III: explanatory notes to the report. A copy of this report, numbered 1246 from Paris, November 28 (*ibid.*, Central Files, 740.5/11-2856), is *ibid.*, Conference Files: Lot 62 D 181, CF 807.

<sup>4</sup>The NAC at its 5th Ministerial meeting appointed a Committee of Three Foreign Ministers to advise the Council on ways and means to improve and extend NATO cooperation in non-military fields and to develop greater unity within the Atlantic Community (see Documents 27-29). Although the individual members of the Committee, Pearson, Lauger, and Martino, held informal consultations with some governments, the principal instrument for eliciting the latter's proposals and suggestions was the NATO Questionnaire, drafted by the Committee at its first meeting, June 20-22, and circulated to the member governments on June 28 with the request that replies be submitted by August 20. Although the responses to the questionnaire were studied and consultations were held with the representatives of the member governments. Following these consultations, a draft report of the Committee was prepared and revised by Pearson. The report, finalized by the three Foreign Ministers in early November when they met in New York, was distributed to the governments November 16. Copies of the "Report of the Committee of Three on Non-Military Co-operation in NATO," CM(56)127, a report of 31

Martino, speaking as one of three authors of report, commented on change in situation from last spring when Council called for preparation report and atmosphere was characterized by emphasis on economic aid [and] political competition with Soviet Union and much less by military threat. Wise Men have had to take account change in situation and crisis of Alliance in past month. Calling attention to political consultation session, said would be senseless talk of Atlantic unity if it will not be possible to harmonize members' views if situations similar to that of recent months should again arise in future. Called attention also to difficulties that have existed in past between NATO members and fact that no serious effort made resolve these in re NATO. These problems seem less serious now only because overshadowed by much graver ones.

Martino then referred to two resolutions annexed to letter transmittal<sup>5</sup> and expressed hope Council would examine and approve report and publish as soon as possible for salutary effect on public, especially in present situation.

Only solution this situation is reinforce and strengthen Atlantic unity wherever shaken, whether in political, economic or psychological field. Then called for general discussion on report, to be initiated by other two Wise Men.

Lange referred to certain doubts expressed by members concerning wisdom publishing report. Stated Wise Men never proposed publishing letter of transmittal which discusses certain internal considerations. Report, however, should be published if only because of wide spread publicity which has built up expectation and because of misunderstanding and misinterpretation which would ensue from non-publication; referred specifically to introductory section<sup>6</sup> which reworked after recent events and he considers especially useful.

Lange referred to paragraph 43<sup>7</sup> starting with phrase "consultation within Alliance means more than exchange of information," noting Wise Men are recommending considerable degree of pooling of sovereignty. Felt that experiences recent weeks have underlined importance of willingness take this step. We should not be dismayed

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pages divided into 6 chapters and an annex, are *ibid.*, CF 809 and 822. Documents on the composition of the report, including some of the replies to the questionnaire and comments on the replies, are *ibid.*, Central Files, 740.5. The report is printed in Department of State *Bulletin*, January 7, 1957, pp. 18-28.

<sup>5</sup>See footnote 3 above.

<sup>6</sup>In the 10-page introduction, the authors of the report discussed the history of the Alliance, its importance to the member nations collectively and individually, and the need to transform the Atlantic Community into a vital and vigorous political reality.

<sup>7</sup>Paragraph 43, in a section on the scope and character of political consultation, quoted a report of the 1951 NATO Committee on the North Atlantic Community on the importance of consultation among the Allies.

by differences of opinion which recent events and discussions this meeting show still exist, but our ultimate aim is to reach harmonization of policy and unity which comes only as result long process of consultation. To our common advantage know how partners feel. No one blind to real differences between us with regard to power and responsibilities in world and that unity of Alliance depends on those with greatest power and responsibility. Understandable that consultation with all of us may be ruled out by urgency but believe coordination among three major members is minimum requirement.

Lange concluded from discussion at meeting thus far that seems agreed NATO need consultation on matters of central interest to it but also on items affecting interests beyond North Atlantic area. Also considered but impossible for members share in joint responsibility without sharing in full consultation and having some possibility influence action.

Pearson expressed thanks two colleagues and others who had helped and relief at being divested of "mysterious cloak of wisdom." He stressed military cooperation as real foundation of NATO and said that the structure non-military cooperation must be built on this base. While member governments consulted in course preparing report, still responsibility three authors until adopted. Pearson stressed consultations and that it especially important for three major powers with responsibility to consult. Recognized two practical limitations on consultation, first growing out of fact that governments are responsible to electorates and second out of need for immediate action in some cases. Hoped report could be published to give people better understanding NATO aims and ideals and foster acceptance by non-members of NATO's purely defensive purposes. Hoped Council would approve report and members, while not committing themselves in detail to views of three authors, would undertake carry out general line recommendations.

Lloyd noted report with satisfaction and stated UK can broadly accept report. Note its recommendations will move NATO on way toward political as well as military alliance. Endorsed added powers proposed for Secretary General which he interpreted, among other things, as tribute to Ismay's great success. Referred paragraphs 54 and 58;<sup>8</sup> regarding former said UK believes annual political appraisal

<sup>8</sup>Paragraph 54 asked that member governments assist the Secretary General by giving him information for his annual report which would include an annual political appraisal of consultation and cooperation among the Allies. Paragraph 58 stated that the best supporters of NATO are those Members of Parliament who have had a chance to learn of its problems and to exchange views with their colleagues from other Parliaments. It stated that the Conference of Members of Parliament from NATO countries had contributed to the public support of NATO and solidarity among its members.

should be Secretary General's own report noting events past year and what should be developments coming year. Pointed also to great responsibility Secretary General with regard settlement disputes, where confidence members must be fostered and fixed procedures should not be imposed.

Lloyd noted UK worldwide responsibility. If consultation proposals mean every member given right to criticize and obstruct every decision, not much will be accomplished. But consultation can be favorable if it looks toward a desire of sharing responsibility. Recognized, however, this may raise some doubts in members' minds about desirability consultation.

Lloyd endorsed suggested improvements NAC procedures, singling out idea that Foreign Ministers should attend when matters particular importance up (cited Spaak report to Council after Moscow visit).<sup>9</sup> Characterized paragraphs on economic, cultural and information matters as broadly on right line. With reference paragraph 70,<sup>10</sup> stressed importance keeping any NATO action in line with OEEC.

In conclusion, Lloyd said saw grand design now emerging for Atlantic Community made up of three elements: (1) high military and political directorate as represented by NATO and WEU; (2) economic cooperation under and associated with OEEC, including Coal Steel community, European Payments Union, projected Common Market and EURATOM; (3) single assembly on Parliamentary lines. Report of Wise Men most valuable as contribution of first these three elements and UK welcomes it as such.

Secretary Dulles referred first to public statement he made last April with President's approval proposing further development North Atlantic Council along political lines.<sup>11</sup> (Verbatim text Secretary's statement being pouched Department.<sup>12</sup>) U.S. gratified following these three distinguished and able Foreign Ministers appointed develop report as to how we could improve on functions Council. U.S. has cooperated through interest Senator George, specifically appointed by President to work with Committee of Three. Secretary associated himself with Lloyd's expression of satisfaction over careful, scholarly and wise job, adding we can profit much by adoption of report which he hopes will occur, but also by continuing keeping before us wisdom contained therein.

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<sup>9</sup>After Spaak's and Premier Achille van Acker's official State visit to the Soviet Union, October 22–November 2, 1956, Spaak reported to the NAC at a special session on December 3. (Polto 1313 from Paris, December 4; Department of State, Central Files, 740.5/12-456)

<sup>10</sup>Paragraph 70 stated that NATO was not an appropriate agency for administering programs of assistance for economic development or for systematically concerting the relevant policies of member nations.

<sup>11</sup>See footnote 4, Document 19.

<sup>12</sup>Not found in Department of State files.



Secretary noted there were a few phrases with which U.S. not wholly in agreement and said he would clarify these points. As example cited paragraph 47 noting that statement that there "cannot be unity in defense and disunity in foreign policy" goes too far if taken literally. Foreign policies all over world need not be in harmony as prerequisite for NATO defense but he deduces that this was not in fact intent of authors. He acknowledged, of course, that some degree disunity would jeopardize defense and noted that report will help us avoid this difficulty.

Referring paragraphs 51 and 52,<sup>13</sup> Secretary noted this might seem to call for consultation in Council before adoption any foreign policy or any pronouncement affecting others. This is principle we would strive apply within reason and limits our constitutional processes although literal application not possible. Referred to procedures in U.S. Government for policy formulation including NSC and consultation by executive with Congress and congressional committees. Secretary also noted institution of press conferences, corresponding roughly to question period in Parliament, where pronouncements rarely are of new policy but often so represented. Each member has some problems of this sort and U.S. would presume that adoption of report not intended cut across these established procedures.

Like some other members, Secretary noted, U.S. also has worldwide responsibilities and is member collective security associations, each association calling for consultation. Such arrangements exist with 44 countries, 10 of which not represented on Council. Matters of more direct concern to others cannot be put up for prior consultation in NAC. U.S. cannot have hierarchy of relationships among allies around world. Nevertheless, Secretary believed this involves no practical conflict with recommendations of report.

Secretary added consultation must not prevent timely and effective action by governments. Within U.S. Government consultation already required with so many departments and agencies that effectiveness of action already often interfered with and therefore we have added difficulties in way of consulting. Mean [Must?], nevertheless, take into account views friends and allies as far as we are aware of them. Important, therefore, that Council look into problems in advance and viewpoints members be made known to all in case quick action later required. U.S. ready discuss and explain policy on any foreseeable problem in world in NAC as, in fact, it has already done with regard situations Korea, Formosa, Japan and others. Under such an arrangement, if China should attack Taiwan, Council would know

<sup>13</sup>Paragraph 51 listed the Committee's recommendations in the field of political consultation. Paragraph 52 recommended that the Foreign Ministers, at each spring meeting, appraise the political progress of the Alliance.

in advance our likely reaction if we did not consult before reacting to attack. Secretary General perhaps should have responsibility calling attention of members to troublesome matters before necessary take action on them, as we do in U.S. in NSC. Would welcome adoption this procedure in NATO and believe might avoid member seeming act without approval of allies in emergency.

Secretary recalled saying last April it would not be good drift into ill-defined relationship which could create more ill will than solve problems. If adopting report means U.S. will do nothing in world without consulting NAC, this will lead to confusion, misunderstanding and discrimination.

However, in context given by comments of three authors, believe it clear this not intended.

Secretary expressed strong hope U.S. Government that recommendations of Wise Men will not be taken as substituted for closer military, political, economic relationships European members of Atlantic community. Referring to Coal and Steel Community and possibility Common Market and others, Secretary noted greater unity in Council is no substitute for even more far reaching unity between certain members where circumstances and geography make this appropriate.

As matter personal privilege, Secretary referred paragraph 96<sup>14</sup> stating U.S. Secretary State could hardly give more time than has in past to NATO Council meetings. Already subject to criticism this theme on account of absences for purpose. Noted political advisers group recommended by report might facilitate fruitful discussions on political matters.

Provisions on settlement of disputes particularly welcomed by Secretary who expressed view that weakness of West and loss authority enjoyed for several preceding centuries due to inability settle disputes and stop wars which resulted. Some important steps already taken through Brussels Treaty and NATO but Secretary saw need coming for more mechanism in this field and greater will by members to settle disputes peacefully among themselves. Referred to provisions of treaty Organization of American States which have worked well and hoped that procedures contemplated by report will give added assurance.

Secretary shared Lloyd's views concerning value of increased authority for Secretary General and endorsed his praise for Ismay. Noted finally that great value of report will come not from words and form of resolution but manner in which we work under report.

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<sup>14</sup>Paragraph 96 stated that the Council's Committees of Political and Economic Advisers should help prepare the questions to be discussed in the Council. Recommendations to establish these committees are in paragraphs 56 and 72.

U.S. will make great effort to see that vision of Wise Men will be realized.

Brentano stated constitution will be carried out by Federal Republic to extent recommended, as well as measures required for political annual review, including preparation reports and questionnaires and assistance from delegations. Proposals in report for political cooperation represent minimum measures necessary in NATO to be effective defensive weapon against East. Federal Republic also agrees to machinery in paragraph 58 concerning settlement disputes. Would be happier if Secretary General's position as mediator were reinforced. Brentano wondered whether he could not be empowered act as mediator on request of one party to dispute, even if both parties not fully agreeable and cooperative. Finally, he agreed with U.S. that nature development of NATO should not hinder cooperation in other European organizations.

Italian Minister Treasury Medici spoke briefly emphasizing desirability consultation and referring in particular to economic relations with Near East, in which regard he felt important beginning could be made in NATO consultation and cooperation. Italy ready make necessary economic sacrifices this connection and he hoped meeting would give specific directive for further study this point.

Pineau stated report extremely "interesting", adding that recommendations and reservations which follow not intended as criticism. He separated action of approving report from agreement to publish, noting that if publication decided on French would require certain amendment in addition to those required to permit their approval.

Pineau first referred to some language objectionable to French regarding recent events Hungary and some implying criticism of certain powers during recent events and expressed reservation about passage on economic matters and proposing new mission for Secretary General. Then made following observations: (1) noting Secretary's reservation about attending all Ministerial meetings, Pineau wondered whether some political person could not be appointed to speak in name government in absence Foreign Minister; (2) agreed cooperation with other European organizations not to be curtailed; (3) referred to Secretary's point made earlier in day that Senate had prescribed NATO not to take up matters already before United Nations and also to Secretary's statement United States foreign policy could not always be harmonized with the other NATO members when non-member countries concerned and area involved not covered by treaty. Pineau said could refer alliance inadvisable but we must be clear on how to handle instances when it is not. This connection mentioned Far East, Middle East and North Africa. Felt this point should be cleared up if we wish avoid difficulties for Secretary General.

Gudmundsson stated Iceland agrees in all report's recommendations. Drew attention particularly to economic cooperative clauses as meant to Iceland's need for adequate markets in NATO area. Noted Iceland has leaned more and more on Soviets until latter is now biggest customer, undesirable situation for NATO.

Hansen stated report put proper emphasis on increased political consultation and indicated hope guiding principles of report will meet with general approval even if there are differences opinion over specific provisions. Concerning consultation among officials involved in commercial negotiations, believed this should be on ad hoc basis when need arises. Held same view concerning any special mechanism for trade controls.

Martino mentioned possibility proceeding to consideration covering note (CM(56)126) and two annexes but noted reservations expressed by French. Pointed out report is of three Ministers and not of Council and publication does not commit Council. Pineau replied that if Council adopts resolution approving report, obliged carry out recommendations. Furthermore, publication of certain passages, French believe, would have repercussions on public opinion. Pineau stated French will submit amendments which would be required before publication. Martino then proposed holding up discussion of annexes until Wise Men have taken up French reservations. Then raised question of whether resolution approving report could be adopted. Not decided at this point and it was ultimately agreed to put off consideration of resolution approving report until next day.

Discussion report then resumed, Averoff noting that provision concerning settlement of disputes does not appear to apply to those already in existence or being considered in other forums. Cunha noted his government in position approve but raised comment in particular concerning significance of Council approval, if approval given in light Secretary Dulles' comment about report serving as guide to be interpreted with flexibility, then Portugal has no problem, but point should be clarified before we proceed. Luns made same reservation as Greeks about settlement of disputes and suggested that provision in any event be less strict and rigid.

Secretary again spoke for approval of report. Would not commit us all to every sentence but rather to approval general conclusions, inviting all states conform and asking Secretary General to establish machinery for implementation, subject to Council approval. Suggested form of approving resolution might be changed to obviate difficulty which was apparently in minds of some. Martino then referred to suggested amendment to Annex 2, inviting Council in permanent session to implement principles and recommendations made in report. Although Pearson and Spaak both emphasized desirability of flexibility in interpretation of report and urged its adoption through

resolution framed in this sense, Pineau made it clear French still had difficulties if publication envisaged. Pineau then agreed present French reservation to Wise Men following present meeting and see if they could work out solution. Only remaining comment was Brentano's statement which supports Pineau and also hesitates publication report. Specifically referred to paragraphs 71 and 74,<sup>15</sup> said he also will give his ideas to Wise Men.

Chairman Martino adjourned meeting announcing restricted meeting Thursday morning<sup>16</sup> to continue discussion international situation.

<sup>15</sup>Paragraph 71 stressed the importance of the NATO countries developing their own constructive commercial and financial policies as a counter to Soviet economic penetration. Paragraph 74 outlined four recommendations to further cultural collaboration.

<sup>16</sup>See Polto 1408, *infra*.

**48. Telegram from the United States Delegation at the North Atlantic Council Ministerial Meeting to the Department of State<sup>1</sup>**

*Paris, December 13, 1956—5 p.m.*

Polto 1408. Subject: Restricted NAC session 10:30 December 13.<sup>2</sup>

Martino in chair referred with regret to press leaks again today. Lange felt NATO press officer should be allowed make little fuller statement on sessions in order provide press more balanced picture. The Secretary approved this. Pearson also approved and hoped press officer could correct impression given by press that US and Federal Republic have issued cold blasts yesterday.

Ismay announced that in response his request Netherlands and Norway Foreign Ministers had offered prepare first draft communiqué<sup>3</sup> which would be circulated delegations for comment before going to council. The Secretary asked permission have record restricted session corrected to eliminate certain errors.

<sup>1</sup>Source: Department of State, Central Files, 740.5/12-1356. Confidential. Transmitted in two sections and repeated to the other NATO capitals and Moscow.

<sup>2</sup>The summary, C-VR(56)73, and verbatim, C-VR(56)73, records of this session, both dated December 13, are *ibid.*, Conference Files: Lot 62 D 181, CF 827.

<sup>3</sup>Not printed. (*Ibid.* CF 808)

Council then reverted to review of situation (item 2). Brentano then spoke about situation in Eastern Europe and recent events Hungary. He made following points:

(1) He agreed with estimate of Secretary that danger was greater. He noted Soviets have recently been re-arming their forces Eastern Europe with modern weapons. USSR by resorting brutal methods could safeguard their line of communications through satellites. And finally he agreed internal difficulties might lead such regime turn to external adventures.

(2) He felt Hungary events reinforced need for forward strategy in order strengthen NATO as instrument of peace and freedom as Lange had said. Despite delays FedRep is pressing its military program. He welcomed statement of Secretary reaffirming our determination react against aggression. But in addition nuclear power NATO needs conventional forces against limited attack. This of special interest FedRep.

(3) Policy toward satellites should not foster violence but should let situation ripen as it is doing in Poland, encouraging it by economic and political relations, taking care any economic help did not strengthen Soviets. We must seek especially prevent Soviets from stirring up anti-German nationalist feelings in satellites. FedRep reaffirms its pledge not resort force except for defense.

(4) FedRep conscious dangers inherent German split. It has sought moderate reaction in Eastern Zone to recent events. Soviet satellite policy has been shaken but consequences cannot be predicted either with respect future of Gomulka Poland or Soviet position Hungary. Soviets not likely be able re-establish their former domination satellites. The October 30 declaration of Soviets<sup>4</sup> cannot be relied on too much. The new situation might cause new Soviet initiatives on German unity. In general we will have to await developments but FedRep will continue discussions with Soviets in close consultation with its allies despite poor prospects.

(5) NATO members should make known to Eastern European peoples their sympathy and support for freedom in area, reassuring them against any efforts interfere their affairs. For this purpose it might be desirable adopt declaration affirming

- (a) Support for self-government in full freedom
- (b) Right national independence and freedom from imperialist subjugation
- (c) Right determine own social order freely
- (d) Right be free in internal affairs from military, economic, or political pressure
- (e) Support for human rights, and
- (f) GA to insure observance these obligations.

He hoped Council might agree these principles.

Pearson said Brentano proposal important and should be carefully studied. He doubted, however, Council should say UNGA should insure observance. That would be both inappropriate and impractical.

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<sup>4</sup>See footnote 9, Document 41.

The Secretary suggested Brentano declaration be referred communiqué committee for inclusion at least essence subject Pearson's comment. In main US sympathized with point of view expressed. In absence objection Martino said statement would be so referred. At suggestion of Secretary, Council then turned to discussion report of three ministers still in restricted session.

On behalf of three Martino thanked Council for expressions of confidence yesterday and replied to some comments by Council:

(1) He stressed that report while taking account views Foreign Ministers reflected opinions of three. But recommendations had stated flexibly especially as to political and economic consultation.

(2) He stressed three had expected consultation only on matters direct or indirect interest to members and that paragraph 47<sup>5</sup> should be interpreted this sense.

Replying to Secretary, committee while seeking harmonize policy as much as possible did not intend hamstringing US President or establish hierarchy of treaty obligations. He was glad US ready discuss its policy anywhere and recognized it might have to respond to aggression other parts of world even before discussion. Where matter directly affects Atlantic Alliance there should be prior discussion but even there it might not be practical some cases. On attendance by ministers at meetings he was keenly aware criticism about absences himself but urged such attendance "where possible." He mentioned US had proposed members be represented by top officials who could speak for their governments. He hoped committee would find it possible accept report and suggested turning to resolution for that purpose. Luns then raised question about wording resolution on settlement disputes. He thought it might imply possibility not settling by peaceful means and should be re-drafted to remove this implication. Spaak felt first question was decide on approval report itself and publication.

At request Martino, Pearson then commented on various proposals for changes in text, mainly French and German:

(1) He was sure Luns' objection could be met pointing out wording was now same as Article I of treaty.

(2) Regarding paragraph 52(c)<sup>6</sup> he felt obligation consult was flexibly stated and applied only matters significantly affecting allies. It certainly did not cover all national action or statements. He thought there was no need change language and only feared limitations too broad.

<sup>5</sup>Paragraph 47 of the Report of the Committee of Three (see footnote 4, *supra*) stated that there were practical limitations to consultation on foreign policies.

<sup>6</sup>Reference is apparently to paragraph 51c, which stated that a member government should not, without adequate advance consultation, adopt firm policies or make major political pronouncements on matters which significantly affect the Alliance unless circumstances make such prior consultation obviously impossible.

(3) On paragraph 54(b)<sup>7</sup> committee was willing drop reference "failures" consult as unnecessary in reference annual review by Secretary General.

(4) On paragraph 58(e)<sup>8</sup> French objected right of Secretary General select three permanent representatives in relation good offices. He explained permanent representatives would not be obliged act without approval their government and hoped this would satisfy French.

(5) Paragraphs 72 to 74<sup>9</sup> had concerned several delegations. Committee thought paragraph 72 could be left in report and was not harmful even if published. They agreed, however, 73 and 74 might better be transferred confidential covering letter and additional changes made to run it into next section without new heading. French had suggested omission Chapter 7 (on organization) but committee felt was desirable publish this except for paragraph 93<sup>10</sup> dealing with security which they would shift to confidential letter. There upon Brentano said he fully satisfied with explanations. Pineau said he too now prepared go along if resolution made clear council only noted report and approved merely conclusions. He would rely Secretary General's discretion in using right choose three permanent representatives. Pearson said committee now favored resolution which merely approved conclusions and which would publish report as that of three ministers.

Luns said he still wondered about wisdom publishing some of statement in paragraphs 8, 21, and 26<sup>11</sup> which suggested fear aggression had been removed. In reply Lange felt report made perfectly clear importance NATO maintaining adequate defense even though situation was not static. Luns said he would bow as majority. Pineau then proposed three wise men take last look at report before publishing it to see whether they might want revise few statements or translations. The Secretary endorsed idea of approving only recommendations and suggestion that three ministers take last look in light debate and current situation. Lange saw merit this proposal as long as three did not have to refer text back to Council. Spaak questioned whether they should attempt modernize it completely. Pearson said

<sup>7</sup>See footnote 8, *supra*.

<sup>8</sup>See footnote 8, *supra*.

<sup>9</sup>Paragraph 72 recommended the establishment of a Committee of Economic Advisors under the Council. Paragraph 73 stressed the importance of cultural cooperation among the Allies. Paragraph 74 is discussed in footnote 15, *supra*.

<sup>10</sup>Paragraph 93 recommended the member countries consider the appointment of a high official, who can speak authoritatively for their governments, to be concerned primarily with NATO affairs.

<sup>11</sup>Paragraph 8 stated that the political commitment for collective defense is the best deterrent against military aggression. Paragraph 21 recommended a review of NATO's ability to meet effectively the challenge of Soviet penetration of Western Europe under the guise of coexistence. Paragraph 26 warned that while Soviet leaders may place greater emphasis on political, economic, and propaganda action, the high level of Soviet military power will be maintained.



they had taken account events Hungary in preparing their draft but felt it useful look it over again.

Council took up resolution and agreed add paragraph suggested by Luns authorizing three ministers publish it on their own responsibility and approving Secretary's proposal substitute word "recommendations" for "conclusions." Revised resolution was then adopted. After brief discussion, resolution on disputes was also adopted with addition words in preamble and first operative paragraph making reference paragraph I of treaty.<sup>12</sup> Meeting then adjourned until 3:30 for discussion political directive (item 4) which would be held in restricted session but with two additional advisors.<sup>13</sup>

<sup>12</sup>For text of the Resolution on the Peaceful Settlement of Disputes and Differences Between Members of the North Atlantic Treaty Organization, the Resolution on the Report of the Committee of Three on Non-Military Co-operation in NATO, and the Report of the Committee of Three on Non-Military Co-operation in NATO, released by the NATO Information Division on December 14, see Department of State Bulletin, January 7, 1957, pp. 17-28.

<sup>13</sup>See Polto 1422, *ibid.*

#### 49. Telegram from the United States Delegation at the North Atlantic Council Ministerial Meeting to the Department of State<sup>1</sup>

Paris, December 14, 1956—7 p.m.

Polto 1422. This is report of North Atlantic Council December 13 restricted session 3:30 p.m.<sup>2</sup> on Agenda Item IV: Political Directive.<sup>3</sup>

Session opened with intelligence briefing presented by General Johnson, Chairman SGN. Briefing emphasized that while talking disarmament, Soviet had increased military capabilities in many ways. Re recent disturbances in satellites, said Soviet capability to mount attack not affected as Soviet ability depends on line of communica-

<sup>1</sup>Source: Department of State, Central Files, 740.5/12-1456. Secret; Limited Distribution. Approved by Brick. Transmitted in five sections and repeated to the other NATO capitals and Moscow.

<sup>2</sup>The summary, C R(56)74, and verbatim, C-VR(56)74, records of this session, both dated December 13, are *ibid.*, Conference Files: Lot 62 D 181, CF 822.

<sup>3</sup>Not printed; a copy of the draft Directive to the NATO Military Authorities from the North Atlantic Council, C-M(56)138, dated December 7, is *ibid.* This 8-page Directive was divided into two parts: Part I, an analysis of Soviet intentions, discussed general trends of Soviet policy; Part II contained the Directive.

tions and present situation did not reduce capability LOC support Soviet effort beyond already existing limitations.

Soviet capabilities continue increase, but risk of premeditated war appears unchanged. While satellite situation has not improved Soviet posture, it has lead to actions and threats whereby risk of general war increased. Soviet has flexibility to quickly reverse its intentions. Danger lies in Soviet miscalculations combined with its enormous military capability.

Military committee supports basic considerations and conclusions of foregoing SGN report, and draws attention of Council to increased risk general war by miscalculation and resulting need to increase readiness and effectiveness of forces.

Chairman (Martino) said amended Committee of Three report would go to printer Saturday. Then took up Political Directive.

Head spokesman for U.K. said U.K. played part in initiating Directive and while result not same as original draft, U.K. accepts it. U.K. thinks Directive should now go to standing group who should consult governments and Supreme Allied Commanders as to how to give effect to it. Directive especially significant for U.K. which has to deal with number of problems in own defense reappraisal in light NATO considerations. Had two specific comments: (1) U.K. has responsibilities outside NATO and is gratified that importance thereof to NATO recognized by Directive; (2) U.K. agrees on emphasis on great cost of new weapons. No one can afford to maintain both current numbers of personnel and new arms, nor afford to have old arms vis-à-vis Soviet capabilities. This means must have less men and better equipment including tactical atomic weapons. But must not rely on machinery alone. Considerable manpower in shield is needed for foreseeable future. U.K. will supply substantial proportion thereof. Chancellor of Exchequer will wish to speak later on finances.

Netherlands spoke next. Said Netherlands public opinion interested in these questions which adds to importance of Directive. Statement on assumption of stationing of forces of U.S., U.K. and Canada in Europe of greatest importance.

However, shield forces are too weak and only way to strengthen them is with atomic weapons. Public opinion recognized this, and availability of tactical atomic weapons necessary to give public confidence. . . . They should be integrated at corps or army level, and warheads could remain in hands of nations now possessing them.

Strauss spoke for Germany. Said tactical atomic weapons should be available down to divisional level. . . .

Taviani spoke for Italy. Agreed with Part 1 of paper<sup>4</sup> which has been confirmed by recent events. Shield forces must have high efficiency. This requires constant modernization for both conventional and new weapons. Only common effort can accomplish this, and it should include common effort in production field. SETAF is excellent evidence of integration, and Italy hopes there will be more such units in central south sectors.

Bourges-Maunoury spoke for France. Said everyone aware that nuclear weapons are required to implement forward strategy which is necessary if Europe not to be overrun. A strong and solid shield of forces of all Allied nations is required. Only thus can surprise attack with conventional weapons, accepted as possibility in Part 1 of paper, be deterred. We must realize that a swift occupancy of Western Europe might lead to hesitancy to use atomic weapons.

Analysis in Part 1 of paper stressed the necessity of firmness of intention to use nuclear weapons. Bulganin telegram to Mollet of 17 November 1956<sup>5</sup> said that balance of forces was now such that Soviets could successfully attack without nuclear weapons. . . .

Turkey spoke next. . . .

Military authorities should constantly take into account new threats to NATO area such as Syria. These should not be separate in our thinking or in the Directive as they menace NATO itself. They may require military planning changes. NATO cannot ignore disastrous effects if Soviet becomes dominant in Middle East. If competency of NATO military authorities limited to NATO area, authorities should know magnitude of Soviet threat to NATO area and deal with it perhaps in framework Baghdad Pact. Turkish Prime Minister has said we must have contact between NATO and Baghdad Pact. Permanent representatives and NATO military authorities should study this suggestion.

Macmillan (U.K.) spoke next: NATO was created in 1948 to meet pressing and immediate danger and has so far been successful as Russian advances in Europe have been halted although not reversed. Last forward move was in Czechoslovakia. Intervening years have brought immense change in character of NATO. Instead of occupying armies now have permanent alliance based on equality mainly for defense but also for other purposes joining nations of Europe with two great nations of North America.

<sup>4</sup>See footnote 3 above.

<sup>5</sup>Reference is to the Declaration of the Soviet Government Concerning the Question of Disarmament and Reduction of International Tension, November 17, 1956, transmitted by Bulganin to Eisenhower, Eden, Mollet, Nehru, and Chou En-lai. For text of the Declaration and the covering letter, see Department of State *Bulletin*, January 21, 1957, pp. 89-93.

But founders of NATO could not have realized full financial and economic implications. There are different effects on different members. These depend not on forces which are made available, but on chance of location of where these forces are to be stationed. This is based on military considerations. Financial and economic consequences thereof are very important.

U.K. forces are stationed overseas in Germany. This requires local costs of 60-70 million pounds a year. Arrangements for support costs expire soon, and unless some fresh arrangements are made soon, foreign exchange burdens will fall solely on U.K. This poses very serious problem for U.K. and NATO.

U.K. has had some preliminary discussions with FedRep which shows Germans recognize problem and are prepared negotiate solution. U.K. hopeful solution for this short term problem will be reached through negotiation as it cannot accept responsibility for foreign exchange payments. Such negotiations particularly fitting as FedRep forces not yet in being.

Even when FedRep forces are available, problem will exist re troops stationed abroad. This problem should be studied in NATO and some equalizing fund or other multilateral solution found to long term problem. Should be no misunderstanding that unless long term solution found, future of overseas forces jeopardized.

On general U.K. defense effort, said U.K. spending 1.5-1.6 billion pounds a year. This highest proportion of money for any European member.

U.K. supplies 120,000 men for NATO and also bomber force in U.K. Defense expenditures outside NATO area are 160 million pounds a year. Two-thirds of U.K. research and development element is for defense. Fifteen percent of metal goods production is for defense and this affects industry and export. For last four years U.K. has spent 400 million pounds a year for under-developed countries, helping NATO generally. This total tremendous effort has two dangers. By reason large contribution to defense, U.K. devoting less to investment than any European member. Other danger is balance of payments difficulty. Inequity jeopardizes movements toward economic unity on which U.K. hopes to make policy statements soon. For all these reasons U.K. reviewing expenditures and manpower problems and welcomes NATO reappraisal. While NATO successful in containing Russian advances, must recognize danger of outflanking of NATO. Reappraisal must take account of defense burdens and circumstances of members.

Macmillan concluded, saying he had spoken long and frankly at turning point of Western Alliance. While he had listed difficulties to be faced, he could give assurance U.K. would continue large defense

program although its composition would be changed. So long as equitable arrangements are reached, U.K. will provide fair contribution.

Secretary spoke next. Said Secretary Wilson will talk later on annual review and give details current U.S. approach.<sup>6</sup>

On Directive, Secretary said he shared view of Macmillan that thorough review of NATO defense planning needed to determine how within resources likely to be available defense effort of Alliance and each individual member can best achieve most effective pattern of forces. Problem of resources likely to be available is difficult one. Considerations Macmillan had referred to must realistically be taken into account.

U.S. plans continue very large effort, and perhaps overall effort appreciably greater than last year in terms of dollars. How to do this to best advantage particularly re NATO is difficult problem.

Secretary referred to paragraph 3 of Directive,<sup>7</sup> to effect fully effective nuclear retaliatory force provided with all necessary facilities must be maintained and protected. Said he fully agreed. This is area where primary responsibility rests on U.S. maintenance and also protection of this force is very heavy burden and part of contribution U.S. can appropriately make. Recognized U.S. has facilities in other countries where rely on assistance and good will of allies as contribution to this part of defense effort.

Secretary referred to last sentence of paragraph 4 re assumption U.S., U.K., Canadian forces will continue be stationed in Europe. Said it is intent of U.S. to continue station troops in Europe and fully comply with spirit and understanding of statement under which they are here. In this respect he referred to President's assurances of March 10, 1955 and read paragraph 3 thereof.<sup>8</sup>

Re reference to "fair share" in President's assurances, Secretary stated following figures (1955 calendar year statistics):

Total U.S. defense expenditures were \$40.5 billion or 11.2 percent GNP. Of 13,700,000 male population 18-30 years old, three million or 21 percent under arms. U.S. has 24 months period of service. U.S. ground forces in Europe constitute one-third of M-day ground forces in Central European area. U.S. supplies 75 squadrons or 1,605 aircraft which is 2.5 percent of NATO aircraft in all Europe.

We now have task to adapt NATO defense to needs of modern warfare. Must have atomic weapons for not only strategic but also

<sup>6</sup>See Document 51

<sup>7</sup>Paragraph 3 states that for NATO defense and as a major deterrent to Soviet aggression a fully effective nuclear retaliatory force provided with all the necessary facilities must be maintained and protected.

<sup>8</sup>For text of Eisenhower's message to the Seven Nations Signatory to the Protocol Establishing the Western European Union, March 10, 1955, see *Public Papers of the Presidents of the United States: Dwight D. Eisenhower, 1955*, pp. 325-328.

tactical purposes. But this burden cannot be added to burden already assumed.

U.S. proceeding to streamline its divisions to make them fit effectively into pattern of modern warfare, a practice being generally adopted. Maybe presence of atomic weapons and units may permit reduction in manpower without loss of effectiveness. That is for military authorities to consider. But this cannot add additional defense burden to one that already exists.

Given conditions that may arise in Europe, NATO should not rely wholly on atomic weapons, although proper to say we have primary reliance on them. Conventional forces are necessary, and burden of supplying conventional forces should increasingly be assumed by Europeans. This will, of course, be consequence of German build up.

U.S. has no present intention or plans cutting across Political Directive, which we support. U.S. believes it should be acted on with all speed.

There remain problems that can only be resolved as we get responses to Directive. Given unity of spirit, determination and resolution by all members to build common defense to deter war and if need be to repel attack, treaty programs can be accomplished without impairment of economy of any member. Impairment of economy could have as serious consequences as lack of military preparation.

New weapons, costs and concept all require review. If adequately followed up, U.S. will do what is necessary to enable us to maintain an equal and fair participation in this essential task.

Greece spoke next. Said forward strategy should be used in south, including Greece, and expressed hope this could be studied.

Staf spoke for Netherlands. Was concerned at problem of NATO intelligence which was insufficient in recent crisis. NATO commanders lacked necessary intelligence because they were dependent on national intelligence. Understood commanders were making proposals on this subject and urged all to meet NATO needs to greatest extent possible.

Further, NATO governments did not get sufficient information from NATO on which to base national action. Netherlands had to take decisions by itself while had expected guidance from NATO. Also, on increase of forces issue, had received advice from commanders after specifically requesting, but specific request had been necessary. New procedure is required to give guidance to subordinate commanders and Defense Ministers after consultation in Council.

SACEUR is physically available for consultation with Council, but not SACLANT and CINCHAN. Solution should be found to this. Requested Secretary General put issue to Permanent Council.

Brentano for Germany spoke to Macmillan's statement. Said he had discussed problem with Macmillan yesterday and considered that they could settle it in friendly way.

Strauss for Germany supported Dutch on intelligence question.

SACEUR asked to speak. Said regretted first appearance was to plead guilty to inefficiency. SHAPE had anticipated intelligence breakdown in time of crisis and for over five years had emphasized to Council needs of military authorities. In view thereof responsibility did not lie with SHAPE. NATO military structure does not have intelligence organization, and did not think NATO should have it, as would be beyond our capacity. Military authorities depend on intelligence provided by members. In normal times this is sufficient. But in critical times, countries, particularly large ones who are principal sources of intelligence, become preoccupied with own requirements. During recent sensitive and critical period there had been complete breakdown on receipt useful intelligence at SHAPE. He has raised this directly with MOD's and has had immediate responses which he believes will bear fruit. Is taking action to provide positive link so flow will be prompt and adequate providing all support. Strongly prefers and urges nations to make intelligence available on cosmic basis so it can be distributed to all. However, understandable some may wish to protect certain data and expressed his anxiety to receive such data on private or restricted basis if this necessary, which limitations he would observe. On Staff's comment on lack of guidance from SHAPE, said it true that for first few days did not supply guidance that should have been given. Major reason was lack of intelligence and in addition had not recognized need for advice early enough. Had given advice on third day even though only on basis limited intelligence and continued give guidance considered necessary.

Made strong plea to Council to get behind providing intelligence that was required. Emphasized that all NATO expenditures on men, material, and infrastructure was useless unless he had intelligence on how to employ it.

Chairman, on behalf Council, thanked Norstad and offered him best wishes. Ismay added that during critical period Council had met 23 times and kept in close touch with military. Obviously, many faults in machinery existed, first thing after crisis had been post mortem by Permanent Council with view to cure defects.

Chairman turned to draft Directive, CM(56)138. Said Part 1 excellent and turned to Part 2. . . .

. . . After much discussion, Secretary suggested using phrase "to deal with armed aggression other than as referred to in paragraph 4 b." This was accepted.

No comment on any other paragraph of Directive which was adopted as amended.<sup>9</sup> Meeting adjourned until 10:30 December 14.<sup>10</sup>

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<sup>9</sup>A copy of the Directive adopted at this meeting, dated December 13, is in Department of State, Conference Files: Lot 62 D 181, CF 822.

<sup>10</sup>See Polto 1425, *infra*.

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## 50. Telegram From the United States Delegation at the North Atlantic Council Ministerial Meeting to the Department of State<sup>1</sup>

*Paris, December 14, 1956—8 p.m.*

Polto 1425. Following is report morning session December 14 North Atlantic Council.<sup>2</sup> Secretary suggested comments be transmitted in writing to committee which could then redraft, but that debate be postponed until redraft considered.<sup>3</sup> This agreed.

Chairman turned to item V of agenda. On military progress report, Portuguese said they could accept any of three solutions that had been proposed for Iberland [*Iberian?*] command problem and urged quick solution in light Mediterranean situation. Progress report and statement approved.<sup>4</sup>

Chairman called for statements on 1956 Annual Review. Staf for Netherlands praised Annual Review procedure. Said rising costs affected all. Reappraisal should lead to evolution not revolution in thinking. Need for forces still apparent and in this spirit Dutch had decided create second active infantry division. More shield forces still needed. Problem of annual recurring costs urgently needs solution. Dutch believe solution possible only on multilateral basis.

Secretary Wilson spoke for US. Text transmitted separately.<sup>5</sup>

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<sup>1</sup>Source: Department of State, Central Files, 740.5/12-1456. Secret. Repeated to the other NATO capitals and Moscow.

<sup>2</sup>The summary, C-R(56)75, and verbatim, C-VR(56)75, records of this session, both dated December 14, are *ibid.*, Conference Files: Lot 62 D 181, CF 828.

<sup>3</sup>Reference is to the undated draft communiqué, a copy of which is *ibid.*, CF 808.

<sup>4</sup>Reference is to Report Number 9—Military Progress of North Atlantic Treaty Organization and the Report by the Military Committee, MC 5/11 (Final), neither found in Department of State files.

<sup>5</sup>See Polto 1424, *infra*.



Strauss spoke for Germans. Recent events showed need for greater political unity and political strength of West than ever. Germany cannot ignore anxiety of NATO at small German contribution for common defense which supplies defense of Germany. Reaffirmed that changes in German plans do not change determination of German Government to accomplish build-up in accordance with recommendations made. Will continue to discuss and plan with NATO authorities. Will proceed on assumption that technical as well as political reappraisal will be taken into account. Despite action of Parliament on 12-month term of service, government now sponsoring legislation that would allow 12 to 18 month term depending on category with 50 percent increased reserve service as well as providing for standby forces. These measures are taken for the shield in Central Europe to which 1. German divisions will contribute. They will have most modern equipment and great flexibility. Will be largely motorized, and suited to all kinds operations. Must be equipped with most modern weapons available.

Germany believes Soviet long-term aims are against Central Europe. Action in Middle East is merely step on way to Berlin and Paris. German forces alone cannot deal with threat. Therefore Germany welcomes reference to shield forces in Political Directive. Statement therein about US, UK, and Canadian forces in Europe important so any aggression can be met if need be with atomic weapons. Gratified French statement intention return divisions from North Africa in 1957. Recent lesson Hungary has increased willingness German people to contribute fair share. Agrees to resolution on annual review.<sup>6</sup>

Canada said logistic support for ground forces has been big trouble. Canada prepared provide 30-day logistic support, but basic question of reserves beyond 30-day period should be reconsidered. Canada intends for present maintain forces in Europe.

Canada has given \$1.4 billion in mutual aid, of which approximately \$1 billion in equipment and not in training. Training will decrease for lack of trainees next year and equipment will increase. Emphasis on modern equipment will continue.

Some limitations must be placed on long-range planning owing to need to integrate NATO requirements of defense at home. Aid for next year at about same level as this year.

Turkey said no basis relaxation defense effort. On military comments, particularly regarding air defense, agreed deficiencies in radar coverage should be eliminated and Turkish forces be made both quantitatively and qualitatively able face any reality. These are

<sup>6</sup>Reference is to the Draft Resolution on 1956 Annual Review, C-M(56)134 (Revised), not found in Department of State files.

NATO-wide problems and action should be taken by common approach.

Portugal said would do best but could not meet military recommendations during 1957. Ammunition production already committed and other measures beyond capability. In addition new defense needs in India, Angola, Mozambique. Stressed importance Africa to NATO. Situation more critical if mutual aid should stop. Cannot increase defense expenditures, notwithstanding suggestions on annual review that this could be done.

Draft resolution on 1957 Annual Review accepted by Council.<sup>7</sup> Chairman commented 1957 Annual Review should take place and that matters resulting from Political Directive should not interfere therewith.

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<sup>7</sup>Not found in Department of State files.

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**51. Telegram From the United States Delegation at the North Atlantic Council Ministerial Meeting to the Department of State<sup>1</sup>**

*Paris, December 14, 1956—8 p.m.*

Polto 1424. Following is text of Secretary Wilson at North Atlantic Council meeting December 14 on item V of agenda.

*Verbatim text:*

The United States believes without reservation that the solidarity of NATO and its combined military strength are essential to the defense of the individual NATO nations and as a necessary bulwark to preserve freedom in the world. Unfortunately, as recent events have indicated too clearly, the objectives of the Soviets have not as yet changed and NATO continues to be a necessary deterrent to their aggressive intentions.

Soviet military capabilities for land, sea, and air warfare have increased as the industrial development of Russia and the satellite nations has progressed. The Soviets are known to have atomic weapons and increasing capabilities to deliver them. They are also devoting a disproportionately large part of their economic effort to capital goods expansion which is largely for military purposes rather than for raising the standard of living of their people. This growing military ca-

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<sup>1</sup>Source: Department of State, Central Files, 740.5/12-1456. Secret. Transmitted in two sections and repeated to the other NATO capitals and Moscow.

pability of the USSR accentuates the need for a continuing effort on the part of each of us to make certain that this increasing threat is being properly countered.

Many, with reason, are coming to believe that the rise of Communism has reached and passed its peak and millions of people throughout the world are coming to realize that international Communism is not the path to security, social justice or happiness for individuals, nor the road to independence, prosperity and peace for any nation. Granted that these beliefs are justified by a careful analysis of current events, this in itself does not mean that the danger of military action has lessened. In fact, it may well mean that over the next several years the danger may even be increased.

Effective internationally balanced forces must remain a prime objective of NATO. It should not be our aim to seek to achieve completely balanced and self-sufficient forces within each NATO country's military establishment. The total of national military efforts should increasingly reflect the approved NATO military concepts that land, sea, and air forces must be provided in such strength and be so deployed that an aggressor will be discouraged from undertaking any type of aggression. Any changes in NATO force structure should, of course, be made under approved NATO procedures.

The United States Army is beginning to reorganize its divisions, using improved and more powerful weapons. The Chief of Staff of the United States Army has discussed the implications of the new United States Army divisional organization with the NATO Military Committee.

Atomic fire support for ground combat operations has been strengthened in NATO by the addition of the Southern European Task Force which provides the first specialized ground atomic force designed for use in support of NATO operations.

The modernization of the United States Navy through its ship-building and conversion program, is resulting in continuous improvements in its anti-submarine warfare and fleet air defense capabilities. In addition, over the past several years the striking power of the fleet has been increased manyfold. In this regard the Navy's atomic capability in both offensive and defensive roles has played a major part.

All tactical bombers and fighter bombers of the United States Air Force assigned to NATO are now trained and equipped to deliver atomic weapons. It is our view that this development has increased many times the deterrent effect of the military forces available to NATO commands. While not specifically assigned to NATO, the Strategic Air Command, which is being modernized and strengthened, is a vital deterrent force.

The continued improvement of the effectiveness of the air defense system for NATO is a matter of importance. The need exists

for affirmative action by all member countries if we are to achieve the ultimate goal of an effective integrated air defense system. We must insure that required radar stations are placed in continuous operation. The Forward Scatter Communications System should be completed at the earliest feasible date. Requirements for skilled technicians must not be overlooked. Substantial improvement in the combat readiness for air crews is essential.

The NATO military structure is built around the individual national capabilities of its members. In developing adequate NATO forces it must be appreciated that, regardless of the weapons available, there is no magic formula for greatly increasing military strength and at the same time substantially reducing military expenditures. I am personally very conscious of the fact, for as many of you know, we are now in the process in the United States of finalizing our military budget for the coming fiscal year.

The United States Government has indicated on many occasions the importance it attaches to having the forces of NATO properly equipped. The manner and extent to which modern weapons will be incorporated into NATO forces must, of course, be determined in conjunction with NATO military authorities and with what the countries themselves can afford in their own overall military programs. The ability of the United States to assist in a modernization program for NATO is dependent to a considerable degree on the willingness and the increasing capability of the other NATO countries to provide most of the maintenance support for their own forces. In certain individual cases, alternative commitments may be required of countries whose forces are to be modernized.

Our belief in the need for continual modernization of NATO forces is reflected in the United States fiscal year 1957 Military Assistance Program. We intend to propose a similar program for fiscal year 1958. The types and amounts of weapons programmed for the current year will be made known to the individual countries after negotiations with appropriate governmental authorities.

Previously approved appropriated funds have been made available to provide an initial amount of Nike ground equipment. Current programs include air-warning equipment, Nike surface-to-air missiles and control equipment, Honest John rockets, Matadors, air-to-air rockets and improved anti-submarine warfare equipment. The United States will, of course, provide technical and training assistance where required to the individual countries receiving these weapons.

Our experience with modern weapons generally indicates that technical personnel who are willing to make military service their career will be required to master their complexity. The training of NATO forces, particularly with respect to utilization, maintenance

and logistics problems associated with modern aircraft and modern weapons requires increased emphasis by all of us.

In addition to the delivery of new weapons under its Military Assistance Program and to assist those of our allies who are willing and able to develop their own modern weapons system, the United States is prepared to make available promptly certain items of modern weapons and equipment along with appropriate technical data to assist in the development and production of such weapons and equipment. This will further the objectives of equipping NATO with modern weapons and will make better use of the vast pool of scientific and technological skills and resources that already exist in NATO countries.

The initiation of this program will require special arrangements to establish satisfactory provisions for security and for the exchange of information between the United States and the individual countries. The United States will consult as appropriate with the NATO military authorities and the International Staff in the assessment of national capabilities regarding utilization and production of new weapons.

The United States confirms the view expressed during the February 1956 military meeting<sup>2</sup> that expensive, unnecessary duplication and uncoordinated production of weapons in Europe should be avoided. We recognize that practical obstacles have impeded progress in this field in the past. The initiative for the development of appropriate plans for production rests primarily with the countries involved. It is difficult to see any final long-term solution for such military and economic problems except on the basis of coordinated or integrated production in Western Europe.

Countries in the best position to proceed should do so, coordinating their production plans and anticipated needs among themselves for maximum efficiency. They should keep NATO informed of their plans, accomplishments and requirements. They should welcome the participation of other nations in their production programs through subcontracting, licensing or other arrangements.

Progress has been made during the past year in bringing into focus many vital problems which confront the NATO Alliance. Each country must furnish to the common effort whatever it is best able to do within the limits of its national capabilities. All of us must increase our military effectiveness by carefully appraising the relative merits of weapons and equipment to make sure that our forces are equipped with the right ones. We must also practice efficiency and economy so that increased costs of the required new weapons and equipment will not become an intolerable burden. Improved training

<sup>2</sup>No record of this meeting has been found in Department of State files.

and utilization of personnel must be a necessary ingredient of our policies.

NATO must remain the bulwark of Western defense for the deterrence of military aggression. It must continue to be alert to the fundamental danger to all its members. It must do its full part in the great effort toward maintaining peace in the world. Only by the realization of the continuing nature of the Soviet threat and the magnitude of the task for which NATO was created can we retain our common heritage.

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## 52. Message From the Secretary of State to the President<sup>1</sup>

*Paris, December 14, 1956.*

DEAR MR. PRESIDENT: The work of the Council is now over except for preparing the communiqué<sup>2</sup> which as you know is always troublesome and will be so this afternoon.

I believe the results have been all that could reasonably have been expected. The recommendations of the three Ministers for developing NATO have been unanimously adopted including a proposal for settlement of disputes between members.<sup>3</sup>

The Directive to the military which this year was particularly serious and controversial has been adopted.<sup>4</sup> Wilson's statement on the military annual review made today<sup>5</sup> was, I think, a good statement, at least as could have been made given the internal differences of opinion. . . .

We have in informal talks done much to regain the sense of unity which was dissipated by the attack on Egypt although obviously some scars and resentments still remain.

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<sup>1</sup>Source: Department of State, Central Files, 110.11-DU/12-1456. Secret; Priority. Transmitted to Washington in Dulte 19, December 14, at 4 p.m. The copy of the telegram in the Eisenhower Library, Whitman File, Dulles-Herter Series, bears the President's initials.

<sup>2</sup>For text of the final communiqué, dated December 14, see Department of State *Bulletin*, December 24 and 31, 1956, p. 981.

<sup>3</sup>For text of the Report of the Committee of Three on Non-Military Co-operation in NATO and the Resolution on the Peaceful Settlement of Disputes and Differences Between Members of the North Atlantic Treaty Organization, both dated December 14, see *ibid.*, January 7, 1957, pp. 17-28.

<sup>4</sup>See footnote 3, Document 49.

<sup>5</sup>See Polto 1424, *supra*.

Ismay's resignation was accepted in which connection I expressed on your behalf your personal regard for him and his services. Spaak was elected to succeed him.<sup>6</sup>

As always at these conferences the informal contacts between the Ministers have provided the most profitable aspect of the meeting.

I shall report more fully when I see you soon.<sup>7</sup>

Faithfully yours,

Foster

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<sup>6</sup>Ismay announced his decision to retire on December 14, 1956. Spaak did not assume responsibilities as Secretary General of NATO until May 16, 1957.

<sup>7</sup>See Document 54.

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### 53. Editorial Note

At the concluding session of the North Atlantic Council Ministerial meeting on December 14 at 5 p.m., it was decided that the date of the next meeting should be determined by the Permanent Council. The Council then revised and approved the communiqué. In his concluding remarks, Secretary Dulles expressed his great appreciation to Chairman Martino and the International Staff for the effective way in which the meeting had been conducted. Dulles stated: "Many people had said that this would be one of most important if not most important Council meeting ever held. Events had proved correctness of this forecast. Perhaps there had been nothing spectacular so far as public concerned. However, Committee of Three Report, if followed up, would be regarded in future as great turning point of NATO. Political Directive also most important and had been most difficult such action Council had taken since Lisbon. Also, as by-product of meeting, members had been able to bury if not entirely resolve their differences. United States thus regarded achievements of meeting as of great importance." (Polto 1432 from Paris, December 15; Department of State, Central Files, 740.5/12-1556)

#### 54. Memorandum of Conference With the President, Washington, December 15, 1956, 2:30 p.m.<sup>1</sup>

##### OTHERS PRESENT

Secretary Dulles  
Under Secretary Hoover  
Colonel Goodpaster

Secretary Dulles met with the President on his arrival from Paris. He handed the President a proposed draft statement which might be issued as a press release, and the President indicated his full approval.<sup>2</sup> He said that the NATO Meeting had gone as well as could reasonably be expected. He thanked the President for his quick support regarding the question of a possible tri-partite meeting, and said that pressure for such a meeting did not develop.<sup>3</sup>

He said that the biggest difficulty had been the desire of NATO countries to have U.S. policy made in the NATO Council. He had stressed that we stand ready to discuss policies—and prefer to do so earlier rather than later—but that we could not commit ourselves to anything of this kind. The President interjected that the others obviously could not either, for constitutional reasons.

Mr. Dulles said that the NATO countries had suggested a communiqué implying that all the countries, the U.S. included, had concerted a policy of handling the Middle East situation. When Mr. Dulles pointed out how such a statement would appear to world opinion and asked them to reconsider their proposal, they dropped this provision. The Secretary said it was difficult to find and to follow the narrow path between, on the one side, strengthening NATO, and, on the other, avoiding the appearance of “teaming up” and taking positions in the UN as a bloc.

He said the Council had adopted the Report of Three,<sup>4</sup> and commented that we must strengthen our political representation at

<sup>1</sup>Source: Eisenhower Library, Whitman File, Eisenhower Diaries. Secret. Drafted by Goodpaster.

<sup>2</sup>For text of Dulles' statement issued on December 15, see Department of State *Bulletin*, December 24 and 31, 1956, p. 981.

<sup>3</sup>Reference is to discussions Dulles had with the President in Augusta, Georgia, on December 2 on his way home from Key West. The Secretary had been in Florida recuperating from surgery performed on November 16. In his December 3 memorandum of his conversation with the President, Dulles wrote that he felt that the era of tripartite meetings had about drawn to a close and he hoped to avoid any such meeting in Paris. He told the President that it was increasingly difficult to maintain the illusion that France was one of the great world powers, and that this was increasingly an irritant to countries like Germany and Italy. (Eisenhower Library, Dulles Papers, Meetings with the President) For text of Dulles' statement of December 2 in which he reiterated the President's strong support for the United Nations and for NATO despite recent strains in the Alliance, see Department of State *Bulletin*, December 10, 1956, p. 912.

<sup>4</sup>See footnote 12, Document 48.



the Council in order to be able to discuss our policies fully and effectively as contemplated.

He told of some of the difficulties encountered in preparing the Council's military directive. . . .

Mr. Dulles said that one good feature of the meetings was the evidence of closer German relations with the British and French. The Germans readily accepted the principle of giving another year of financial support to the costs of British forces in Germany. The French and the Germans seemed to be working well on the Saar problem. The British are moving towards support of the common market (although on the basis that the Suez incident has shown that they can no longer act as an independent great power; the President said that no one can).

Secretary Dulles commented on the great change that has occurred regarding the significance of satellite forces. The sixty satellite divisions can no longer be regarded as an addition to Soviet forces—in fact they may immobilize certain Soviet forces.

[Here follows discussion of the Suez situation, scheduled for publication in a forthcoming *Foreign Relations* volume.]

A.J. Goodpaster  
Colonel, CE, US Army

## 55. Message From the Secretary of State to Chancellor Adenauer<sup>1</sup>

*Washington, March 17, 1957.*

I have received your message regarding the proposed reduction in British forces on the continent.<sup>2</sup> I wholly share your concern regarding these proposals, particularly with regard to the possibility that they might be followed by actions in other countries. As you

<sup>1</sup>Source: Department of State, Central Files, 740.5/3-1757. Top Secret. Transmitted in telegram 2539 to Bonn, March 17, with the instruction that it be delivered to Adenauer. Bonn was also instructed to add orally that the United States had unsuccessfully attempted "at the highest level" to postpone the British action.

<sup>2</sup>Reference is to a message from Adenauer to Dulles delivered to Murphy by Pauls of the German Embassy in Washington on March 15 in which the Chancellor again expressed his deep concern about the British plan to reduce forces in Germany. (*Ibid.*, Presidential Correspondence: Lot 66 D 204, German Officials with Dulles/Herter 1953-57) On February 2, Krekeler told Dulles he had been asked by Adenauer to find out what the U.S. position was regarding the proposed reduction of British forces in Germany and specifically whether the U.S. Government had agreed or disagreed with the proposals. (Memorandum of conversation by Reinstein, February 12, scheduled for publication in a forthcoming *Foreign Relations* volume.)

know, I discussed this matter with Foreign Minister von Brentano when he was in Washington two weeks ago.<sup>3</sup> I pointed out to him that we must recognize that the British are under a serious economic and financial strain and that we had reluctantly and after much effort come to the conclusion that a reduction in British forces on the continent was unavoidable. It seemed to me that we should try to make the reduction as gradual as possible and as consistent as possible with the military views of SACEUR.

As you know, SACEUR has made certain recommendations with regard to the British proposals which he considers, if adopted, would go a long way toward mitigating the effects from a military viewpoint, provided that other countries maintain their force goals. I believe that, if it were publicly known that the British had generally met SACEUR's views, this would do a great deal to avoid the psychological and political effects of the proposal which have concerned us all.

I feel that, after we have done all we can, we must make the utmost effort to avoid an open break over this matter, which I feel would have the most grave effects on the alliance. I doubt very seriously that the British would be able to agree to a postponement by a full year of their plans, as you have proposed. It seems to me that we must also consider what the effect would be of announcing a review of our over-all NATO defense position in the light of the British proposal. If the public gained the impression that the UK proposals raised issues of such seriousness, we might well have set in motion the very forces which we have been anxious in all of our considerations of the British proposals to avoid.

My own view is that we should reach an agreement now on the best position which we can get the British to accept. This I think will enable us best to preserve our unity. I hope that you will give these thoughts your most earnest consideration in connection with the instructions given to your representatives in London.<sup>4</sup>

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<sup>3</sup>Von Brentano visited Washington, March 3-7, for talks with U.S. officials on topics of mutual concern.

<sup>4</sup>On March 27, Krekeler delivered Adenauer's reply. The Chancellor thanked Dulles for his letter indicating that the results of the WEU Council meeting in London, March 15-18, demonstrated to all participants the need to "keep their unity and solidarity alive." Adenauer expressed the hope that further discussions in NATO would occur "in the same spirit and will lead to fruitful decisions." (Department of State, Presidential Correspondence: Lot 66 D 204, German Officials with Dulles/Herter 1953-57)

## 56. Editorial Note

The Ministerial meeting of the North Atlantic Council held at Bonn, May 2-4, was attended by the Foreign Ministers of the 15 member countries. The United States Delegation was headed by Secretary of State John Foster Dulles, United States Permanent Representative to the North Atlantic Treaty Organization George W. Perkins, Assistant Secretary of State for European Affairs C. Burke Elbrick, Assistant Secretary of State for Policy Planning Robert R. Bowie, and Assistant Secretary of Defense for International Security Affairs Mansfield L. Sprague.

Secretary Dulles and his advisers left Washington on April 30. In his departure statement, Dulles said that the Council's decision to hold its spring meeting in Bonn emphasized the partnership of the Federal Republic of Germany in the mutual pact for peace. He stressed the importance of the full exchange of views which occurred when the Foreign Ministers of the 15 nations met. For text of this statement, see Department of State *Bulletin*, May 20, 1957, page 804.

The most extensive body of documentation on this meeting is in Department of State, Conference Files: Lot 62 D 181, CF 870-886A. CF 870 and 871 contain a set of briefing and position papers for the delegation on matters to be discussed at the meeting. CF 872 and 875 have copies of the meeting agenda and some of the reports discussed. CF 873 contains a copy of the Secretary General's Report and CF 874, 877, and 879 have documents pertaining to administrative details of the meeting. CF 876 contains the verbatim records for the Council meetings held on May 2. CF 878 has the memoranda of conversation which describe the bilateral talks Dulles had with other Foreign Ministers. CF 880 and 881 contain copies of the Dulles-Tedul and Secto-Tosec telegrams, respectively, which summarized the meetings and bilateral talks. CF 882, 883, 884, and 885 which contain the schedules of bilateral talks and Council meetings for May 1, 2, 3, and 4, respectively, also have copies of the verbatim records of the Council meetings and the telegrams and memoranda of conversation summarizing the talks held on those days. Reports and documents which discuss preparations for the meeting and summarize the proceedings, and copies of some of the telegrams described above are also in *ibid.*, Central Files, 740.5.

During his stay in Bonn, Dulles discussed problems of mutual concern with some of the Foreign Ministers. On May 1, he met with Lloyd. Secto 4, May 1, summarizes their discussion about the Egyptian administration of the Suez Canal. The Secretary met later with Martino and discussed the four-power working group. The memorandum of conversation, USDel/MC/1 of May 1, reports this conversation. On May 2, Dulles met with Averoff to discuss the Cyprus

question. Secto 12, May 2, summarizes this conversation. The Secretary conversed with Lloyd about the Suez situation on May 2 and again on May 3. Dulte 3, May 2, and Secto 14, May 3, summarizes these conversations.

On May 4, Dulles called on Chancellor Adenauer at Villa Schaumberg where they discussed defense strategy, the British plan to withdraw troops from Germany, disarmament, and the Middle East. The memorandum of conversation of May 4, USDel/MC/6, and Dulte 9 of the same date describe this discussion. That afternoon, Dulles flew to Paris where he spent part of May 6 meeting with the American Ambassadors in Europe at their annual meeting. While in Paris on May 6, Dulles met with Mollet and Pineau at the Hotel Maitignon where they discussed the recent NATO meeting, nuclear equipment for NATO powers, Suez, and Algeria. The memorandum of conversation of May 6, USDel/MC/7, describes this discussion. Some of the memoranda and telegrams cited here are scheduled for publication in the relevant compilations of forthcoming *Foreign Relations* volumes.

The North Atlantic Council began its meeting with a public session on the morning of May 2 where Chancellor Adenauer welcomed the Foreign Ministers. Secretary General Ismay then reported on NATO's achievements in the previous 5-year period. Following that session, the Council met in four plenary sessions on May 2, 3, and 4. The Foreign Ministers spent the first three sessions discussing the significance for NATO of trends in Soviet policy, developments in Europe, the Middle East, and other areas, and the question of disarmament. The Council noted that since its last meeting, the Soviets had launched a campaign to induce public opinion in NATO countries to oppose the modernization of defense forces in the Alliance. The representatives denounced Soviet attempts to intimidate the Alliance, but stated with satisfaction that the Allies had not been deluded and had firmly replied to these Soviet maneuvers.

In a lengthy statement on May 3, Dulles stressed the need to make NATO a durable alliance. He said its members must not only guard against assaults and attacks from without, but also be aware of strains within the Alliance. He spoke of disagreements and differences among the Allies over the Middle East, Cyprus, and the British Government's plan, announced in the White Paper on defense policy published on April 4, to cut drastically its defense budget, to rely on the nuclear deterrent, and to reduce its forces on the continent. (For text of the White Paper, see the *New York Times*, April 5, 1957.) The Secretary of State argued that they must prevent problems of the moment from disrupting the solidarity of NATO and reiterated his pleasure that the members had lived through the worst period of strain.

The Council discussed the question of balance between conventional and atomic weapons, reiterating the position taken the previous September that NATO must be in a position to meet any attack which might be launched against it. To reassure the Allies in light of the British Government's decision to reduce their forces on the continent, Dulles stated that the President had no plans to withdraw United States forces from Europe.

The Council agreed NATO's defense policy did not preclude limitation of armaments. But as Dulles reported to the President on May 3, the continental countries, excluding Germany, were fearful of any nuclear disarmament because it might have left them dominated by Soviet ground forces and dependent upon German ground forces for their security. Dulles stated that there was much concern that the West would adopt atomic disarmament measures which were not foolproof and which were not equally connected with a dependable limitation of conventional armament. "Indeed," wrote Dulles, "if the point of view reflected here were to be controlling, there would not be a chance, in my opinion, of any disarmament at all. I argued for controlling what was controllable and not abandoning the task because some elements were perhaps uncontrollable." (Dulles 5 from Bonn, May 3; Department of State, Central Files, 320.5774/5-357)

At the final meeting on May 4, the Council discussed and praised the Secretary General's report and approved the final communiqué. The Council expressed satisfaction that useful progress and concrete results had been achieved in political consultation under new procedures inaugurated as a result of the recommendations of the Report of the Committee of Three on Non-Military Co-operation in NATO, dated December 14, 1956. Regarding this report, see footnote 4, Document 4. After paying tribute to Ismay for his 5 years of service to the Alliance, the Council adjourned.

In summing up the meeting for the President, Dulles wrote that the Council meeting had been a good one, perhaps the best of all he had attended. He said there were points of discord, most notably over the question of British troop withdrawals from Germany and Cyprus. Some of the basic issues which had been avoided before were discussed more openly at the meeting "with a greater degree of frankness and unstudied expression than has been the case heretofore." (Dulles 5 from Bonn, May 3; Department of State, Central Files, 320.5774/5-357)

Upon his return to Washington on May 7 from the meetings in Bonn and Paris, Dulles issued a brief statement which expressed his satisfaction with the scope and tone of the discussions at the NAC meeting. The text of this statement of May 7 and the final communiqué, of May 4 are printed in Department of State *Bulletin*, May 27, 1957, pages 839-840

57. **Telegram From the Political Adviser to the Chief of the United States Mission to the North Atlantic Treaty Organization (Nolting) to the Department of State<sup>1</sup>**

*Paris, October 2, 1957—8 p.m.*

Polto 787. General Norstad and members his staff today gave thorough and impressive briefing to NAC at SHAPE headquarters on Allied Command Europe Minimum Force Requirements Study 1958-63.<sup>2</sup> Stated volume I of study would be transmitted to delegations this evening; volume II, which contains more sensitive data, will be made available to NATO Def Ministers and International Staff. Following is attempt give highlights briefing and description general reaction of Perm Reps and International Staff.<sup>3</sup> Will not attempt give figures or precise information contained in charts, as SACEUR specifically requested that no notes be taken of sensitive numerical data and attempt to summarize would be misleading. In general, we consider briefing extremely well done and effective. Several other delegations expressed similar reaction.

Norstad led off with account historical background of study, beginning with Political Directive,<sup>4</sup> MC-14/2 and MC-48/2,<sup>5</sup> and questions raised by WEU and by individual NATO countries. Said SACEUR's 1958-63 requirements study contained background for answers to all questions addressed to him, although some questions not specifically answered in terms. In these cases, he would be glad to make specific answers if requested. Said WEU and individual country question all seemed to boil down to one, that is, do we need conventional forces in this nuclear age? To this his answer was unequivocally yes. He went on to describe SACEUR's mission in terms existing NATO doctrine; then described Soviet threat, indicating main changes were in introduction atomic capability into Soviet forces and increasing strength submarine fleet.

Norstad then bore down on importance of shield forces, stressing relationship between shield and "conventional forces". He described aspects of shield as (a) consisting of all services; (b) having a dual capability; and (c) being deployed in forward area. Functions of shield he described as (a) to defend peoples and territories; (b) to complete the deterrent; and (c) to provide "essential alternative" to employment of ultimate capability. This last point Norstad elaborated at considerable length, stressing that it was up to governments

<sup>1</sup>Source: Department of State, Central Files, 740.5/10-257. Top Secret, Priority; Limited Distribution.

<sup>2</sup>Not found in Department of State files.

<sup>3</sup>No such description has been found in this or succeeding telegrams.

<sup>4</sup>See footnote 3, Document 49.

<sup>5</sup>Neither found in Department of State files.

concerned to decide whether they wished to avoid situation in which, if NATO line were breached without use of force (which might be result of too thin a shield), they would have to make hard decision of being first to use force in order restore position. He stressed point that, if NATO has only token shield forces, NATO invites local action, and further, NATO would have to depend principally on massive retaliation. He stated frankly that he dwelt on these political questions because he wished it understood that SACEUR military study is based in part on interpretation of Political Directive and it was up to Council to tell him if he was wrong on these fundamental assumptions.

Norstad then spoke of importance of early warning of attack through intelligence sources, which he said had been somewhat improved since last November. Stressed SHAPE's complete dependence on national sources of intelligence.

Progress of early warning radar and communications system was described as satisfactory, but alert system still has gaps which should be closed. On air defense, Norstad said that study reveals air defense system with limited aims, i.e., defense of key points, which is necessitated by staggering cost of blanket air defense.

On national service, he said study does not support conclusion reached in 1952 on uniform training and length of service, but indicates desirability more flexibility, although generally longer training is indicated because of more complex weapons. Dwelt at some length on concept of collective balance of forces, stating that very little progress had been made on this concept to date, but that now with new weapons NATO can make progress in this direction and thereby greatly conserve its resources.

SACEUR then turned briefing over to other SHAPE officers who, working from charts, described conclusions of study by services. Also gave interesting picture new logistic requirements developed on concepts nuclear war.

Air Marshal Constantine (United Kingdom) summarized, stating aim of study was to find minimum force requirements to carry out SACEUR mission through 1963 and to plan that this study represented his best military judgment of what the Alliance should have, tempered by acute awareness of limits on resources. It was up to governments, of course, to make the decisions implied by the study.

Nolting

**58. Memorandum of a Conversation, Department of State,  
Washington, October 24, 1957<sup>1</sup>**

SUBJECT

Discussion with Mr. Spaak of NATO Political and Military Subjects<sup>2</sup>

PARTICIPANTS

John Foster Dulles, Secretary of State  
Donald A. Quarles, Deputy Secretary of Defense  
Robert Murphy, Deputy Under Secretary of State for Political Affairs  
C. Burke Elbrick, Assistant Secretary of State for European Affairs  
Ambassador W. Randolph Burgess, U.S Representative to NATO  
John N. Irvin, Acting Assistant Secretary of Defense, ISA  
B.E.L. Timmons, Director, Office of European Regional Affairs  
Robert H. McBride, Deputy Director, Office of European Regional Affairs  
M. Paul-Henri Speak, Secretary General of NATO  
Ambassador Aubrey Casardi, Assistant Secretary General for Political Affairs,  
NATO  
M. Saint-Mleux, Director of Cabinet to M. Spaak  
Mr. Edward Key, Press Officer, NATO International Staff

After the Secretary opened the meeting at 3:00 p.m. by greeting M. Spaak, the latter said he would like to begin with summary of some of the major political consultations undertaken in the Council. He referred to the change in the length of Belgian military service, disarmament, and the Middle East.

In connection with the Belgian decision to reduce the term of its military service, he commented this was, in fact, a unilateral decision, worked out by the Belgian government before informing NATO. He said this was a bad procedure and that decisions should not be taken and NATO informed afterwards.

In connection with the disarmament talks, he said the NAC consultations had not delayed operations in London. He said the August 29 proposal, in fact, was a NATO-approved one.<sup>3</sup> He said the success of the operation should not be exaggerated since, in the case of disarmament, divergencies were ironed out, but there had been no real differences in view.

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<sup>1</sup>Source: Department of State, Secretary's Memoranda of Conversation: Lot 64 D 199. Secret. Drafted by McBride on October 29 and cleared by Elbrick and Timmons.

<sup>2</sup>Secretary General Spaak visited Washington on October 24 to discuss NATO matters with Eisenhower and Dulles.

<sup>3</sup>At the initiative of the U.S. Government, the NAC was informed and consulted on the course of the disarmament negotiations in London from June through August 1957. This resulted in the full endorsement by the other NATO countries of the proposals put forward in the U.N. Disarmament Subcommittee on August 29 by the United States, the United Kingdom, Canada, and France. For text of the August 29 proposals, see *Documents on Disarmament, 1945-1959*, vol. II (Washington, 1960), pp. 868-874.



With regard to the Middle East, Spaak said that all of the delegations had contributed to the discussion and had indicated some ideas on how to counteract Soviet efforts in this area. He said while some of the ideas have been good ones, the discussion had not yet gone very far. . . . Spaak said that, in general, he had found good will existed and the desire for meaningful consultation. He noted that the NATO machinery was somewhat heavy, as the Ambassadors, of course, had to get instructions from their governments; while some operated quickly, others were very slow, and this created a gap in the timing of instructions.

Spaak added another feature of NATO political consultation was that it involved a number of the smaller countries on matters on which they had no policy, not previously having been concerned therewith. In this connection, he noted that all of the NATO countries had been willing to declare their solidarity with Turkey, had not the Turkish case been transferred to the UN.<sup>4</sup>

Passing to economic problems, Spaak said that NATO had recently become involved in a number of these, of which he thought perhaps the Iceland case was the most important.<sup>5</sup> He expressed the hope that Iceland's conditions could be met, mostly, of course, thanks to U.S. assistance, but also with the help of Germany and Canada. Spaak developed the thesis that no Western agency suited to this type of problem exists. He characterized the OEEC as "too technical and too scientific". He said the OEEC offered splendid advice but Iceland wants assistance. He thought NATO should develop further in this economic-political field.

Spaak also referred to the difficulty of Lebanon in selling her apples and pears. He said that while NATO was not set up to cope with problems of this type, it nevertheless had reached a solution by coordinating the activities of various countries. In this case he noted France and Germany purchased the fruit crop, while orders were also placed by U.S. military authorities in Germany. Spaak said the case of disposing of the Sudanese cotton crop was more difficult, because the price was high, and again there was no Western organization to meet this problem.

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<sup>4</sup>Reference is presumably to the Syrian-Turkish crisis of late September 1957 which arose as a result of Soviet and Syrian allegations of Turkish troop concentrations on the Syrian border allegedly aimed at invading Syria and overthrowing the existing regime. At the request of the Syrian Government, the Steering Committee of the U.N. General Assembly voted on October 18, 1957, to bring this matter before the Assembly.

<sup>5</sup>Reference is to the NATO loan to Iceland. According to the agreement reached under NATO aegis and subject to later agreement on terms, the United States had stated it was willing to lend \$5 million to Iceland for economic and financial reform. A discussion of this loan is in a briefing paper on Iceland, PRS D-5/7a, undated, in Department of State, Conference Files: Lot 62 D 181, CF 935.

Passing to the military aspects, Spaak discussed first the British forces problem. He said the UK appeared ready now to leave its 5,000-man strategic reserve on the continent. However, this was a relatively secondary problem compared to the British conviction that, as of next March, they could not leave troops in Germany at all unless Germany could meet the mark costs. He said the other four occupying countries—U.S., France, Belgium, Holland—must not take it as a precedent if Germany were to meet the British request for payment of mark costs, since, in that case, there would be little chance of Germany's accepting the British request. He said a grave crisis would arise if British troops were withdrawn from the continent, and that the Paris and London Accords<sup>6</sup> would, of course, be affected.

Spaak said that he had been greatly impressed by General Norstad's recent report<sup>7</sup> and particularly that section which indicated the need for larger numbers of atomic units in 1963. . . .

. . . . .

Spaak referred to the need for an agreement for common scientific research. He said of course everyone was talking about this now. However, even before the Soviets had launched their satellite,<sup>8</sup> NATO had already been studying the problem of pooling scientific resources and a task force on this subject had been meeting in Paris. Spaak noted that this task force would have a report for the December Ministerial meeting, but he concluded this approach was both too vague and insufficient.

Spaak concluded his presentation, saying this was an outline of the most striking problems he had found since he had taken over as Secretary General five months ago. He touched finally on the Cyprus question, which he said was somewhat separate. In this connection, he said he had been in touch with all of the parties principally interested over the past two or three months. He thought his discussions had been useful in clarifying the problem and hoped that in a few months more he might be able to propose a solution.

In replying to Spaak, the Secretary said that, first, we considered the Belgian troop reduction problem as finished. He concurred in Spaak's view that disarmament discussions in NAC had been useful.

<sup>6</sup>For text of the Final Act of the London Conference (October 3, 1954) and the Paris Agreements (October 23, 1954), see *Foreign Relations, 1952-1954*, vol. v, Part 2, pp. 1345 and 1435, respectively.

<sup>7</sup>Reference is to Norstad's "SHAPE Minimum-Force Study, 1958-1963", summarized in Polto 787, *supra*.

<sup>8</sup>The Soviet Union launched the world's first orbiting earth satellite, Sputnik I, on October 4, 1957.

He thought this demonstrated an encouraging capacity for NATO to play a role, and that this discussion had encouraged a number of nations to take part in disarmament decisions when they otherwise would have played no part therein. While all of the NATO countries were perhaps not directly concerned, most of them were, particularly the Germans.

. . . . .

The Secretary said that we shared the view that NATO should not project itself into the Middle East and that we should discourage the idea that the Baghdad Pact is a projection of NATO. He said we did not want to give the Soviets an opportunity to allege that NATO had imperialist designs. He thought, therefore, we should be cautious in any action with regard to what is a Middle East affair. The Secretary added that we were not enthusiastic for a NATO declaration on the area, as it might prove beneficial to Soviet propaganda. However, he said we would have voted for such a declaration, had the other nations, particularly Turkey, agreed.

The Secretary agreed NATO should attempt to find solutions to politico-economic problems and said he was prepared to discuss in NATO at the proper time how this should be done. He said many things had been discussed in the NAC, and frequently most effectively without publicity. He referred specifically to the purchase of Sudanese cotton, and said this presented a problem because NATO was not a pre-emptive buying agency, and furthermore, for the U.S., there was the question of disposing of our own surplus cotton. He thought, perhaps, there should be some modest organization which would call these problems to the attention of the NATO members. For instance, he thought perhaps it could be examined to see if the French could not substitute Sudanese cotton purchases for those from Egypt. He said this whole concept could be discussed at a future time whenever M. Spaak wished.

Passing to the military problems, the Secretary said he would not comment on the British problem much at this time. He noted this had been discussed with Selwyn Lloyd<sup>9</sup> and it was hoped by the U.S. that the 5,000 man strategic reserve would be kept in Europe. He said getting the Germans to pay all of the Deutschemerk costs of the British forces in Germany was a solution but created difficult precedents. However, he thought the precedent for us would be less difficult if the British need to acquire Deutschemarks were attributed to foreign exchange difficulties. Germany certainly was delinquent in

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<sup>9</sup>Prime Minister Macmillan and Lloyd visited Washington, October 22-25, 1957, for discussions with President Eisenhower.

her own military build-up and perhaps she should therefore contribute by paying the full British Deutschemerk costs.

The Secretary covered the question of contributions to NATO. When the British announced in December 1954 they would leave four divisions on the continent, we indicated we also would keep a fair share of the total forces on the continent. However, since that date, while our forces have remained constant, the contributions of others have decreased. In 1954 it was envisaged there would be a French contribution of 14 divisions, and 12 German divisions to go with the 5 American and 4 British divisions. Now Germany would have only 5 divisions by the end of 1957, and the Secretary noted the Norstad report only called for 4 French M-day divisions. Therefore, the relative U.S. share has increased. Furthermore, the U.S. bears the full burden in the field where only we can really contribute—missile development, etc., though there is some small British contribution. Therefore, the picture was that our ground forces contribution was expected to remain unchanged while others were cutting forces. Our percentage contribution to ground forces was now nearly double what was envisaged in 1954. Both the French and Germans have fallen short in supplying ground forces, and neither is able to assist in the atomic field. The Secretary concluded that this was a difficult problem for us. He referred to Ambassador Perkins' statement to the Council on September 18<sup>10</sup> as an indication we were trying to continue our emphasis unchanged, but, he reiterated, others were reducing their forces.

Spaak then referred back to previous statements on the Middle East, and said the purpose of his suggested NATO declaration was merely to reassure Turkey, as well as European public opinion. He believed the problem was somewhat altered since the UN had now taken over its handling.

On the UK forces problem, Spaak thought this should definitely be worked out as a foreign exchange question, and not a budget or general financial problem. He said he would try to hold the British to their commitment but noted that under the Paris Agreements, the UK could cite the foreign currency situation to justify force reduction. However, the UK had not taken this step, presumably in order not to cause alarm regarding sterling strength, although this was the only legal basis, under the 1954 accords, to justify withdrawals. He noted France could not accept UK withdrawal from the continent, because the French had accepted German rearmament under the 1954 treaties only on grounds there would be U.S. and UK forces in Germany to counterbalance the expected German army.

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<sup>10</sup>Perkins' September 18 statement is mentioned in Polto 579 from Paris, September 18. (Department of State, Central Files, 033.1100-GE/9-1857)

However, Spaak said, the U.S. problem was the most difficult of all. NATO has not even reached the minimum figures required by Norstad in his recent report. He noted most of the NATO nations were lagging, especially the Germans, while the French of course were short in their contribution because of Algeria. He said it was extremely hard for Norstad to operate with the shield forces not in place.

Passing to the question of scientific research, Spaak said it was obviously wasteful for NATO to duplicate research. For instance, the British and French were doing research in fields we had passed some years ago. This way he said money was spent for the same task in various NATO countries. This situation must be eliminated, and research organized. Spaak thought considerable savings could be effected in this manner.

The Secretary said our discussions with the British were in terms of NATO as a whole. He agreed with the need for organization of military production. . . .

. . . . .

M. Spaak said the situation was such now that we must attempt some dramatic steps even if they had failed up to now. He reverted to his fear it would not be possible to meet the requirements of the Norstad report. He said he was obviously faced with the possibility of the reduction of U.S. and UK forces on the continent and a lessening of effort on the part of the continental members; therefore, he regretfully concluded that the situation was getting worse rather than better. It appeared a critical difficulty was the expense involved, and economies must be made.

Spaak continued saying that three years ago the EDC had failed, but now all the generals wanted integration in the military field. National forces no longer were feasible. For example, it was ridiculous for there to be an independent Belgian Air Force. Furthermore integration would save money. The need was to have a single European Air Force. Spaak stated that the world situation made it necessary to succeed now in endeavors we had never attempted before. He said we must recapture the initiative from the Soviets.

Spaak then suggested that, when the U.S. does announce modifications of its forces on the continent, this should be the time to make an eloquent plea to the European nations to do more. He said he understood the U.S. problem, and hoped our decisions could be used in a positive way. He said a system of national priorities must be established. National markets were too small and we could not afford one British plane, one French plane, etc. Sacrifices of national prestige must be made or we will be unable to afford what we need.

He noted the dangers of chain reaction. He said the Belgian troops service question was dangerous in this context but nothing compared to a U.S. withdrawal from the continent. This, he said, would be the end of the present defense system as we know it, and which the military commanders say is essential.

The Secretary stated we continued to attach importance to the shield, and added we had no plans to withdraw our forces though there may be adjustments. He agreed a chain reaction should be avoided, and that the Europeans should be induced to contribute more. If the other NATO nations want the U.S. to lead the Soviets in the missile race, then they should do more in other fields. Perhaps the Soviets got ahead because the U.S. was spending too much on its ground forces in Europe. He concluded that we should have substantial ground forces in Europe, however, for the foreseeable future, and agreed that a full-scale withdrawal would present a major psychological problem.

The Secretary added another reason for more substantial European contribution was the German problem. If the other Europeans wanted German forces integrated, they must provide something for them to be integrated with. He said it would be undesirable for the German forces to exist alone. He reiterated the primary U.S. contribution should be in the special fields where we have the lead.

Spaak said we should not let the idea persist in Europe that the U.S. would contribute all of the modern weapons while Europe would contribute only manpower. . . . He also referred to the problem of using scientific manpower, and asked if it would not be possible to bring European scientists to the U.S. to utilize them here.

Mr. Quarles noted there had been some resistance in Germany, for example, to moving their scientists here, and they had the feeling their contribution should take place there. He said, however, our own position was flexible. Mr. Quarles then referred to Mr. Spaak's earlier comment that the Norstad report had a requirement for over . . . atomic units in 1963 as compared with . . . at present. He pointed out that present U.S. law requires the nuclear components to remain in U.S. hands although the delivery systems can become part of NATO's armament. . . . He thought the important point was to have the complete weapons system in place. Obviously, he continued, greater strength could be achieved if each contributed what he was best qualified to contribute, and in this connection the primary U.S. contribution should be in the missile and modern weapons field. This does not mean Europe would contribute only foot soldiers; furthermore, the infantryman is no more exposed than anyone else now.

Spaak said that, as a Belgian, he agreed with all of the foregoing. However, there was a problem in connection with the four larger NATO European countries, who want to manufacture modern weap-

ons themselves, and do not wish to depend one hundred percent on the U.S. Therefore, others would try what the British are already doing, and the French are attempting to do, resulting in duplication. If this trend continued, the shield forces would get thinner and thinner to the point where it would be questionable if they should be retained at all. If the shield is obviously insufficient, it becomes more difficult to justify. He said before the war the military commanders at least thought their forces were sufficient, though this proved incorrect in the French case, but now the military commanders felt their minimum requirements were not being met. He felt this would lead to a feeling of hopelessness.

Mr. Quarles stated we expected to maintain five divisions in Europe this fiscal year, though there would be some adjustments in order that we might concentrate on the very expensive items. We will assist in equipping other forces as well. We do not wish to block their national programs but the outcome must be a whole and not separate parts. He concluded agreeing on the importance of integration in the military field.

The Secretary said it was essential all members of the Alliance have full trust in each other, and the other members must trust the U.S. and UK to carry out the tasks for which they are best fitted. He said this spirit must pervade the Alliance.

M. Spaak said some of the difficult and delicate tasks must be left to the Europeans. All of the weapons manufacture and contribution to the infrastructure program must not be left to the U.S. He said again that the answer was greater military integration which would effect important savings. He then asked what we had in mind for the December NATO meeting.

The Secretary said he hoped the present talks with Macmillan would lead to something which could be projected for NATO. He said we expected to authorize Ambassador Burgess to make an announcement very soon regarding the atomic stockpile. Perhaps, he added, in December we would be in a position to announce something even more far-reaching. He said there was a great need to rationalize our effort, prevent duplication and effect economies. NATO must be organized on a basis of mutual respect. Spaak said the spirit of potential nationalism in Europe was bad and he agreed each of the nations must trust others to contribute what they best can.

Mr. Quarles outlined the sample weapons program of making available designs and small quantities of certain advanced weapons to those who wanted them. This has thus far been on bilateral basis, and agreements have been concluded with those who could produce these weapons and needed them. He said conclusion of multilateral agreements for this program would require additional integration, which we were more than willing to see.

Spaak said now was perhaps the time to force integration and greater cooperation among the NATO members. The military commanders emphasize the need for strength. He thought we could speak frankly to the UK and France regarding their special problems. He said there was now a trend towards military integration in Europe but it would be two or three years before it produced many results.

The Secretary General then turned to the Cyprus question. He said he was puzzled by the Greek acceptance of the proposal to make Cyprus a member of the British Commonwealth. He said Averoff had agreed to this with him, and had said it was also acceptable to Makarios. However, he supposed the problem for the Turks was the eventuality the Cypriots decided to leave the Commonwealth, since they cannot accept a solution which is just a step towards enosis. He thought it should be provided that if the Cypriots became a member of the BC and then wished to leave, there would be a conference to discuss their new status.

The Secretary said the British would accept almost any solution acceptable to the Greeks and Turks. He said they wished to retain a base in Cyprus but also wished to be rid of the responsibility for the island. He noted that the resolution of the Labor Party made it more difficult for the Greeks to proceed now. However, he did not think the Greeks should rely on that, because if the Labor Party came to power they would have the same Turkish problem, and probably would not be able to carry out their present ideas.

Spaak said partition was a bad solution, and hoped that, after the Turkish elections, Turkey would be more reasonable. He also said U.S. assistance with the Turks might be required. He said the British and the Greeks, especially Averoff, certainly wanted a solution. The Secretary concluded this a dangerous problem within NATO which should be solved promptly.

The Secretary said there was little to say about German reunification now, because Gromyko had just told him that the Soviets would not participate in any conference about Germany.<sup>11</sup> On disarmament, Spaak said he assumed there was nothing for NATO to do now that would be helpful in connection with UN consideration of the question. The Secretary said the move to enlarge the Disarmament Committee was not serious. With regard to the Subcommittee, he said there also were various moves to enlarge it, including the addition of a neutral chairman. He said some new formula for proceed-

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<sup>11</sup>The portion of the memorandum describing Dulles' October 5 conversation with Gromyko in Washington regarding Germany and Central Europe is scheduled for publication in a forthcoming *Foreign Relations* volume.



ing was being sought. If NATO has any thoughts on this subject, he concluded, they would be most welcome.

The meeting ended at 5:00 p.m.

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59. Memorandum of a Conversation, Department of State, Washington, October 25, 1957<sup>1</sup>

SUBJECT

Paul-Henri Spaak's appointment with the President

PARTICIPANTS

The President  
 Secretary of State John Foster Dulles  
 Secretary General of NATO Paul-Henri Spaak  
 Ambassador W. Randolph Burgess  
 Assistant Secretary of State C. Burke Elbrick

The President opened the conversation by expressing his faith and confidence in the North Atlantic Treaty Organization. He felt that things are looking much better for NATO and Mr. Spaak agreed. Spaak said he was very much struck by the replies of the European Socialist Parties to Khrushchev's recent letters.<sup>2</sup> He said that certainly no fear had been shown by these Parties and he felt the trend now was very good.

In reply to the President's question about the progress toward European integration, Spaak said that things are going well in connection with the Common Market and EURATOM. Secretary Dulles asked if there were any particular concern regarding the British attitude at the GATT Meeting in Geneva.<sup>3</sup> Spaak replied in the negative, saying that consideration by the OEEC of the free trade area in Paris recently produced very good results.<sup>4</sup> The Secretary explained

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<sup>1</sup>Source: Eisenhower Library, Whitman File, Administration Series, Dec 1957 NATO Briefing Papers. Secret. Drafted by Elbrick. Sent to the President for approval under cover of a November 1 memorandum of transmittal from Howe to Goodpaster. A handwritten notation by Minnich dated November 4 on Howe's memorandum indicates the President approved it after making some corrections.

<sup>2</sup>Reference is to the letters sent by the CPSU Central Committee on October 11 to the Socialist Parties of eight NATO countries urging joint efforts to preserve peace in the Middle East.

<sup>3</sup>Reference is to the GATT meeting in Geneva, October 17–November 30.

<sup>4</sup>At a meeting in Paris, October 16–17, the OEEC affirmed their intention to form a European Free Trade Area (FTA) to associate other OEEC member countries multilaterally with the six-nation European Common Market.

that some people are worried that the British might use the GATT to nullify the effects expected from the Common Market. He said it is our opinion the Common Market must be preserved at all cost, with or without a free trade area.

There was some discussion of the economic situation in Germany and France, the President remarking that the Germans are increasing their gold reserves while those of France are falling. The President observed that France is most strategically located in the heart of Europe and that economic problems, accentuated by the Algerian situation, have produced a grave situation. Secretary Dulles said he had talked to Selwyn Lloyd today about Algeria and that the latter had informed him that the British will vote with France on the Algerian matter in the United Nations.<sup>5</sup> The Secretary said that we and the British had recently told the Tunisians jointly that we would supply the arms that the Tunisian Government had requested. We felt that if the two of us took this action there was less possibility of France "lashing out" at either of us. He was glad to note that the situation had quieted down along the Tunisian-Algerian border and hoped this would provide the opportunity to solve this particular problem to the satisfaction of France and Tunisia. Spaak felt that the French had made a mistake in not using Bourguiba, who is obviously ready to play along with the West and with France. . . .

Secretary Dulles said that it is very fortunate that Spaak is here at the same time as Prime Minister Macmillan. The purpose of the meeting with Macmillan was not to forge an Anglo-American alliance, but to strengthen our alliances everywhere and particularly the North Atlantic Treaty Organization. This fact is being pointed up in the joint declaration to be issued later in the day<sup>6</sup> and we have discussed the matter with Mr. Spaak. The President said he was very glad to have Mr. Spaak in Washington at this time, since a purpose of the meeting with Macmillan was to devise ways and means of strengthening NATO and giving greater confidence to the peoples of the NATO countries. Spaak said that it is important to give the impression that all of NATO is interested in these matters. . . .

. . . . .

Mr. Spaak said that if the United States reduces its ground forces in Europe in the near future it would have a very bad reaction in Europe. He was assured by the President that, while the number

<sup>5</sup>A memorandum of this conversation of October 25 is scheduled for publication in the compilation on the United Kingdom in a forthcoming *Foreign Relations* volume.

<sup>6</sup>For text of the Declaration of Common Purpose signed by Macmillan and Eisenhower on October 25, 1957, at the conclusion of their 3-day meeting, see Department of State *Bulletin*, November 11, 1957, pp. 739-741.

of men in divisions might be reduced, there will be no reduction in actual strength for a long time. Mr. Spaak recommended that the United States make a very strong statement in NATO regarding the "fair share" concept. Secretary Dulles said that we had made such a statement in London, based on the assumption that the various countries in Europe would supply their share of the forces.<sup>7</sup> The Germans will only produce five divisions by the end of this year, the French apparently are down to four divisions, and the British are reducing their forces. As a consequence, we are now supplying two times our share of European defense. The President said that six or seven years ago there was fear of a resurgent Germany; now we are very anxious to get them to make a greater effort in the military field. If the European Defense Community Treaty had been adopted, he said, there would be no trouble today. He felt that Adenauer now has a mandate from the people and should be able to move ahead more quickly. He agreed that nothing should be done which might hurt morale in Europe, but said the Europeans do not seem to remember the conditions on which our troops were sent to Europe, namely, until such time as the French and German forces were built up to adequate strength. Spaak felt the time had come to say these things in the North Atlantic Council, and he cautioned against basing any reductions in Europe on purely budgetary reasons. The President expressed the belief that if the Algerian question could be settled, these problems in central Europe would solve themselves.

The President said he had recently seen Malagodi, head of the Italian Liberal Party, who had told him that Soviet intervention in Hungary, in fact, had helped the Communist Party in Italy.<sup>8</sup> This was a surprising thing but, according to Malagodi, the power and determination demonstrated by the Soviet Union had impressed many Italians. Spaak broke in at this point to say that this was not true of the northern European countries, particularly Belgium.

The group then adjourned for lunch.<sup>9</sup>

<sup>7</sup>Reference is to Dulles' statement at the fourth plenary meeting of the Nine-Power Conference in London, September 29, 1954. See Annex II A to the Final Act of the Nine-Power Conference, October 3, 1954, in *Foreign Relations, 1952-1954*, vol. v, Part 2, p. 1357.

<sup>8</sup>The memorandum of the President's conversation with Malagodi on October 23 is in Eisenhower Library Whitman File, Eisenhower Diaries.

<sup>9</sup>The Department of State and Eisenhower Library records indicate that the idea of a meeting of the heads of government at the NATO session in Paris in December 1957 originated with Dulles who first mentioned it to the President on October 22. Dulles then mentioned the idea to Macmillan on October 24, who in turn discussed it with Spaak that same day. Macmillan and Spaak then proposed it to the President at their meeting with him on October 25. Memoranda of these conversations are scheduled for publication in the compilation on the United Kingdom in a forthcoming *Foreign Relations* volume. In his memoirs, Spaak states that Macmillan first mentioned the idea to him and that together they invited Eisenhower to attend the NATO meeting in

**60. Memorandum of Conference With the President,  
Washington, October 28, 1957<sup>1</sup>**

## OTHERS PRESENT

General Norstad  
General Goodpaster

The President opened the meeting by referring to the very fine reports he had had from Mr. Perkins concerning General Norstad's recent discussions with the Council.<sup>2</sup> General Norstad said that really for the first time NATO seems to be developing a single idea and concept on its military arrangements in Europe. He thought this was extremely important psychologically. He said he had just met with Secretaries McElroy and Quarles<sup>3</sup> and had told them that, if a cut were made into U.S. combat elements at this time, such action would constitute a NATO incident even greater than the British action of a year ago. A few men could be cut out but the battle group should not be reduced.

The President recalled that we have five divisions and four separate regiments in Europe and that it has been agreed not to cut these but to cut out some headquarters and support units. In fact, he felt we were augmenting our fighting strength. On the point of cutting out headquarters, General Norstad reported that he is consolidating two Air Force headquarters (USAFE and 12th Air Force). He is trying to do the same for the Army, and is also cutting out one NATO echelon of command. In addition, he is turning back a large portion of the tactical air units since tactical missiles are now displacing them. He said he had asked Mr. McElroy to agree that, if it becomes necessary to cut manpower, he (General Norstad) would have the right to decide where the cuts should be made. He felt that now is no time to make substantial cuts in units in NATO. He recognizes that no one can plan in detail as far ahead as 1961.

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December of that year. "We had no trouble in convincing the President," wrote Spaak, "and he accepted our invitation." See *The Continuing Battle, Memoirs of a European, 1936-66*, by Paul-Henri Spaak (London, 1971), pp. 265-266.

<sup>1</sup>Source: Eisenhower Library, Staff Secretary Records, NATO. Secret. Drafted by Goodpaster on October 30.

<sup>2</sup>Reference is to Perkins' visit to the President on October 26 where he reported on Norstad's meeting with the NAC regarding the NATO military concept. Goodpaster's memorandum of conference with the President, dated October 29, which describes Perkins' discussion with Eisenhower, is not printed. (*Ibid.*, Whitman File, Eisenhower Diaries)

<sup>3</sup>No record of this meeting has been found in Department of State files or the Eisenhower Library.

The President agreed that we should not deal in figures so far ahead. He thought that Defense should give General Norstad a reasonable quota of men, but should not attempt to say which specific units or organizations should be cut out. General Norstad concluded on this point by saying that we now have a plan that will unify NATO—something they can believe in.

. . . . .

The President said that we ought to search out every useless expenditure, and added that personnel is basically the most expensive category. He felt that once Defense had specified cuts to be made, General Norstad should say where they would be achieved, but should also make clear that our military power is constantly growing. General Norstad said we could do this very effectively, since the power of our units is increasing; he added, however, that the Russians are increasing their total power at the same time, so that relatively the position is by no means so clear.

The President said he had thought it a good idea to organize small atomic groups which might form a theater-wide organization under General Norstad's control. General Norstad suggested that I should look at a message he had sent to the Chiefs of Staff on this matter. <sup>4</sup>

General Norstad suggested that, if the President visits Paris this fall, he should stay at his former quarters in Marnes-la-Coquette. The President indicated that he would get in touch with General Norstad and see what action would be best if he should decide to go. It might be simpler for him to stay in the Embassy, particularly considering that he would probably not be in Paris for the full meeting. After further thought, he said that if Mrs. Eisenhower accompanies him, he might well take General Norstad up on the offer.

In concluding the session, General Norstad stressed strongly that if the President comes to the meeting, he must have something firm and definite to say. It would not be effective simply to come and put out a communiqué. In this connection, he said that although the NATO stockpile idea is no longer new, that could be the announcement the President would make. <sup>5</sup>

**A.J. Goodpaster**  
*Brigadier General, USA*

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<sup>4</sup>Not further identified.

<sup>5</sup>In a memorandum of conversation of October 28, Dulles wrote that he came in at the end of the conversation with Norstad and that they spoke briefly about the communiqué which had been drafted by the Department of State for presentation to the heads of government at the December NATO meeting and its application to

61. Telegram From the Ambassador in Germany (Bruce) to the Department of State<sup>1</sup>

Bonn, November 19, 1957—8 p.m.

1582. For Secretary from John J. McCloy.<sup>2</sup> Had lunch with Chancellor, before which I had an hour's conversation alone with him. Bruce, though invited, felt Chancellor might talk more informally and freely if he were not present and so excused himself. Chancellor referred first to the great importance of the coming meeting,<sup>3</sup> out of which new inspiration must come—if not, this would be the end of NATO, to use his words. He felt it essential that steps be taken to integrate NATO better. The vertical organization was complicated and the appearance of a unified force was given, but the reality was a number of separate national forces. It was nonsense that there was not a United European air force, French, German, Dutch, Belgian, operating under NATO. The whole thing should be organized as EDC was planned air and ground combined and integrated force. As presently organized, it would all collapse before a Russian attack.

Next he talked of the great need for political consultation in NATO. He was critical of US policy, which on several occasions had brought NATO close to the risk of war without consultation with those whose interests and strength were allied with ours—witness Suez, the Jordan air lift, Tunisia, etc. He referred also to the turning down of financial help to Turkey which he claimed the USSR was now providing for industrial development. There should be political consultation in NATO with the American representative of course taking the lead. He complained that there was no long range knowledge or authority reposing in the American representative to deal with serious developments. Adenauer seemed to think the President should bring forth proposals in this field at the forthcoming meeting.

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NATO. Dulles noted: "I said Norstad might not be enthusiastic about the aspect of it which sought to create a greater acceptability of long range striking power—the 'sword' as against the 'shield.' I gave Korea as an illustration of the need. Norstad said he did not quarrel with that but felt that each situation had to be judged on its own merits. We spoke briefly of the NATO 'stockpile' and General Norstad expressed the opinion that having waited so long, it might be well to let any announcement await the December meeting when we would need some good 'fill in' material." (Department of State, Secretary's Memoranda of Conversation: Lot 64 D 199) A copy of the draft declaration/communiqué is *ibid.*, Conference Files: Lot 63 D 123, CF 952.

<sup>1</sup>Source: Department of State, Central Files, 396.1-PA/11-1957. Confidential.

<sup>2</sup>McCloy was Chairman of the Board of the Chase Manhattan Bank and had served as High Commissioner for Germany from 1949 to 1952.

<sup>3</sup>Adenauer referred to the NATO Heads of Government meeting scheduled for Paris, December 16-18.

Next, he strongly stressed the air of doubt surrounding US participation and interest in NATO as a result of the military-scientific advances of the USSR. He brought up Khrushchev's attempts to split the Western alliance and then proposed that the period of the treaty now prescribed for twenty years i.e. approximately 10 years from now, be extended at the forthcoming meeting so that the opportunity for denunciation under Article 13 be postponed till 1978.<sup>4</sup> This he thought would breathe new life into the treaty, discourage attempts of the Russians to break it apart, and generally be about the best answer possible to growing doubts and skepticism as to the vigor of NATO. He would urge that the President propose this. He would support it and he thought France would. He had talked about this with Maurice Faure of France, who he said was in favor of it. By doing this, the whole problem of NATO would be removed from discussion both in international and national politics.

He liked the idea of the President's reiteration of adherence to NATO, the setting up of scientific institutes and some comforting comments on fundamental US economic stability.

**Bruce**

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<sup>4</sup>Article 13 of the North Atlantic Treaty noted that after the accord had been in force for 20 years, any party might cease to be a member 1 year after notice had been given to the United States, which would inform other members.

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## 62. Letter From Chancellor Adenauer to the Secretary of State<sup>1</sup>

*Bonn, 19 November 1957.*

DEAR MR. DULLES: I would like to tell you first how grateful I am that you gave Mr. von Brentano the opportunity for a discussion which I consider very important in view of the NATO Ministerial Meeting on 16 December.<sup>2</sup> I was also very glad to have had today, with Mr. McCloy, a detailed exchange of opinion on the importance and the subjects of the December Meeting.<sup>3</sup> We were largely in

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<sup>1</sup>Source: Department of State, Presidential Correspondence: Lot 66 D 204, German Officials with Dulles/Forster. A notation on the source text indicates that Dulles saw the letter but there is no indication when it was delivered. It was probably delivered by von Brentano on November 23. The source text is a translation from German.

<sup>2</sup>Reference is to Dulles' willingness to see von Brentano on November 23.

<sup>3</sup>See telegram 1582 *supra*.

agreement on all questions we discussed and which I shall briefly touch upon in the following paragraphs.

You may well imagine that I am much concerned about certain aspects of the present situation. By this I am referring to the occasional disaccord which makes itself felt within the alliance, to the psychological uncertainty resulting from the launching of the Sputnik and to the deficiencies appearing in our military organization. The forthcoming Ministerial Meeting on top level must, if it is to be of any purpose at all, provide the basis for a very substantial reform, the details of which the Council may decide upon at subsequent meetings.

First I feel that a strong reaffirmation of the Atlantic Alliance and its moral and political aims would be urgently required. It might perhaps be desirable, over and above the reaffirmation of the existing alliance, to make some gesture which would demonstrate that any hope of our adversaries for a disintegration of this alliance is [in] vain. This could be done by the Heads of Government, headed by the President of the United States, expressing their unanimous will to make no use of the possibility to be released from their obligations after ten years. It should be made clear to the world that this alliance is not conditioned by any prevailing situation but that in any case it has grown into a genuine and lasting political community. In my opinion we need such an affirmation of the durability of our alliance beyond 1968 because only in this way we can convince our peoples that, indeed, we attach very great importance to common efforts in the field of fundamental and applied research, the result of which can only be obtained within very long periods of time.

For the same reasons it is so important that the forthcoming NATO meeting reaffirms and extends the obligation of member countries to mutual consultation. Unfortunately we had to learn that the decisions of last year based upon the report of the Three Wise Men<sup>4</sup> have not always been complied with. We must endeavour to change this. Particularly Article 4 of the NATO Treaty<sup>5</sup> should be so interpreted that a genuine obligation to consult is established in all cases in which political, economic or military actions of a member country might lead to conflicts which would directly or indirectly bring one or all of us into the danger of grave complications. Never before have there been so numerous causes of conflict in the world. They are apt to put the alliance within a few hours before the question of war or peace. Only if we mutually agree in time and before-

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<sup>4</sup>Regarding the Report of the Committee of Three on Non-Military Co-Operation in NATO, issued December 14, 1956, see footnote 4, Document 47.

<sup>5</sup>Article 4 stipulated that the signatory parties would consult together when their territorial integrity, political independence, or security was threatened.



hand on all existing possibilities, can we preserve unity and prevent the alliance from disintegrating in the face of a question vital to us all.

It must therefore be our aim to bring about to an ever increasing extent a common foreign policy in all questions decisively touching upon the fate of the community and its partners, and this should be a foreign policy which is supported by all member countries and which can be accounted for in their parliaments and before public opinion.

It will be necessary in this connexion to give the Permanent Representatives of the member countries to the NATO Council more powers and more comprehensive instructions. They must always feel themselves empowered, especially during acute crises, to take part in the formulation of proposals and to negotiate thereon. For this purpose they should be in particularly close contacts with their cabinets.

Furthermore we should seek closer military cooperation. In this connexion the consequence should be drawn from the dangers arising from the present world situation and from the advance of technical achievements that no nation is any longer in the position to act alone and that, therefore, any country must fall in line with the others even if this would mean giving up certain sovereign rights.

In this connexion I would name some especially urgent and concrete examples:

1. Coordination of air defence especially on the European continent under central control;
2. A speedy standardization of weapons required by the Alliance, where certain countries would be assigned concrete part-responsibilities in the field of production;
3. Coordination of logistics.

We probably all agree that we must considerably increase the efforts of the Atlantic Community in the field of scientific research and technology by long term planning. I therefore feel that political and military cooperation should be accompanied by joint research. Here, too, a genuine distribution of tasks should be made. In particular it would be the task of the European member countries of the Alliance to form certain centres of activities in some fields of research and thus to contribute to a lessening of the burden on the United States.

However important a reaffirmation and a strengthening of the NATO defence preparedness are, the consultations and results of the Ministerial Meeting at top level should not be of an exclusively military nature, for this would only provide the opportunity to Soviet propaganda to mark us as "war mongers" and to distort and to falsify our aims. Therefore, I feel that it would be of utmost importance that in the declaration at the end of the Ministerial Meeting suggest-

ed by Mr. Spaak we should emphasize the great aims of our Alliance which is designed to serve the peaceful coexistence of all peoples. In this declaration we should also address the peoples of the non-committed world who expect from our meeting a convincing interpretation of our relations with them.

I am very glad to see the President and yourself in Paris again in order to consider these and other questions in the customary atmosphere of friendship and mutual trust.

I beg you to convey the President my sincere greetings and wishes.

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**63. Memorandum of a Conversation, Washington, November 23, 1957, 3 p.m.<sup>1</sup>**

SUBJECT

Exchange of Views

PARTICIPANTS

The Secretary  
Foreign Minister von Brentano  
Ambassador Krekeler  
Ambassador Blankenhorn  
Mr. Weber (Interpreter)  
Ambassador Bruce  
C. Burke Elbrick

Foreign Minister Brentano said that he was anxious to exchange views with the Secretary on matters which will be the subject of discussion and action at the December meeting of NATO. He said that he had talked to Maurice Faure in Paris before Pineau came to the United States and had talked more recently to Foreign Minister Pella in Italy. He was glad to say that there had been a large measure of agreement on basic questions.

The Secretary said that he would like to express some thoughts on NATO's basic problems. The NATO countries face a threat directed by a single will, the Soviet Communist leadership. Soviet Communism controls one-third of the people of the world. It has a freedom of action which we do not enjoy and which does not re-

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<sup>1</sup>Source: Department of State, Secretary's Memoranda of Conversation: Lot 64 D 149. Secret. Drafted by Elbrick. This conversation took place at the Secretary's home. Von Brentano arrived in the United States on November 23 for discussions with Dulles on the forthcoming NATO meeting, and departed on November 24. Bruce's record of the meetings with von Brentano on November 23 and 24 are *ibid.*, Bruce Files: Lot 64 D 327.

spond to any moral control or to public opinion. This creates a most difficult problem for the NATO countries to meet. We cannot pool all of our sovereignties and work as a single unit but must find a way to concert our efforts within the limits inherent in the situation. He referred to U.S. relations with various organizations such as the OAS, SEATO and other bilateral ties involving some forty-two nations in all. We cannot give a veto power to each of the forty-two countries because this would result in immobility. We must find a middle ground.

We cannot, for example, agree *not* to act without consultation in the North Atlantic Council, for two reasons. We do not wish publicly to give the impression that NATO has primacy over the rest of the world, although this may be true *de facto*, since it is the most vital alliance and offers us the greatest support. Also, we must sometimes act very quickly and, while we are anxious to see the North Atlantic Council develop into a useful consultative body, we do not wish to have our capacity for action destroyed. We feel that all members of the Council should be prepared to discuss policies in all parts of the world, but the requirement for taking action may sometimes prevent us from consulting beforehand. For example, though some thought was given to rejecting a recent Soviet note on the Middle East which we considered to be insulting to the United States,<sup>2</sup> it was decided to discuss the matter in the North Atlantic Council. Obviously the appropriate moment for returning the note to the Soviets, if we had wished to do so, would have been lost as a result of long consultation in the Council. This was not an important matter but served only as an illustration.

The Secretary referred to the Tunisian arms question, relating the development of events from September to November 12 when the French agreed to supply arms to Tunis. Unfortunately, the French proposed a condition to the Tunisians which the latter could not accept. Perhaps this was a wise move on the part of Gaillard who apparently felt that his Government would fall. The Secretary said it would have been impossible to bring these matters before the North Atlantic Council.

We have a practical problem of trying to hold together about fifty free nations in the Near East, the Far East and elsewhere. The machinery is only good if it works and does not impede progress. We have made good progress in the North Atlantic Council but it should be borne in mind that it is not always practicable to discuss everything on a multilateral basis. Sometimes matters are better discussed

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<sup>2</sup>For text of the Soviet note of September 3, 1957, which condemned the use of force in the Middle East, see Department of State *Bulletin*, October 14, 1957, pp. 602-603.

bilaterally, particularly since some of the North Atlantic countries may not be able to make any contributions. We must have the confidence and trust of our allies if we are to exercise the power which we have to give leadership to the organization.

The Secretary said that Khrushchev is a most dangerous and unpredictable individual, unlike Stalin, and he can be opposed only by an ability to act quickly. We are not asking for a blank check from our NATO partners but, he pointed out, if we wait in all cases to consult them before reacting to Soviet maneuvers the opportunity to make a riposte might vanish.

Brentano said he agreed with the Secretary's analysis. The Eastern bloc is united by force and by fear. Never before was there as powerful or unpredictable a figure as Khrushchev at the helm in Russia controlling both the party and the army. This makes for a psychological malaise in the free world. Now we are approaching a summit meeting of the North Atlantic Council with a very short time to prepare for it. It must be a success; it would be very demoralizing if the public received the impression that nothing had happened at such a meeting.

Brentano said that the United States plays the essential role in NATO and that no one wants to restrict U.S. action. He realized that the United States has gigantic obligations. The problem is how to establish a common policy and how to bind the others in a partnership in the organization. In no case would Germany wish to restrict United States freedom of action. He was thinking in terms of what can be done to make NATO active by coordinating the policies of its members in various areas. He referred here particularly to the 1948 Treaty of Bogota which set up an organ of consultation and which might provide a formula acceptable to the European countries which would oblige them to consult under certain conditions and circumstances. He said that discussion in the North Atlantic Council had not been too profitable and that Blankenhorn's reports of the Council meetings were very depressing.

The Secretary said that perhaps we can do more than has been done in the past about consultation. He recalled that in the spring of 1956 he had appealed to the Council for action to strengthen the consultative process and the Three Wise Men exercise had resulted. We were disappointed in the outcome of the Wise Men's report. The recent appearance of the Soviet Sputniks may have the good result of impelling us to do things which could not be done before because we were not sufficiently aroused.

The Secretary said that the United States is not alarmed at recent developments in the Soviet Union. We had known all along that the USSR was developing a scientific military base and we cannot stop Russia from becoming an increasingly important military and scien-

tific power. Perhaps we had made a mistake in not publishing more about our knowledge of this situation which now has taken people by surprise. We must strike back and we have the will and the means to do so. The launching of the Soviet satellites may prove costly to the Soviets in that they have created a condition in which the free world is now willing to move further in the direction of unification.

The meeting was then adjourned to the State Department where the discussion was resumed later.<sup>3</sup>

<sup>3</sup>See the memorandum of conversation, *infra*.

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64. **Memorandum of a Conversation, Department of State, Washington, November 21, 1957, 4 p.m.**<sup>1</sup>

*United States*

The Secretary of State  
 Mr. Murphy  
 Ambassador Bruce  
 Mr. Elbrick  
 Mr. Gerard C. Smith  
 General Guthrie  
 Mr. Timmons  
 Mr. Reinstein  
 Mr. Reinhardt

*Federal Republic of Germany*

Foreign Minister Dr. Heinrich von  
 Brentano  
 Ambassador Blankenhorn  
 Ambassador Krekeler  
 Mr. Limbourg

*Interpreters*

Mr. Weber  
 Mr. Charlick

The Secretary said he had already expressed, in the previous conversation in his home,<sup>2</sup> his great satisfaction that Herr von Brentano had been able to come to Washington for a discussion of the forthcoming NATO meeting. As he had said in his earlier discussion with Herr von Brentano, he knew that the two Governments were in agreement on objectives. It was useful to discuss how to give effect to these objectives. He knew that the German Federal Government wished to contribute to the success of the NATO meeting. The United States wanted to learn of the German ideas. For his part, he would be glad to inform Herr von Brentano of the American ideas as they had developed to date.

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<sup>1</sup>Source: Department of State, Secretary's Memoranda of Conversation: Lot 64 D 199. Secret. Drafted by Reinstein on December 3.

<sup>2</sup>See the memorandum of conversation, *supra*.

*Statement by Herr von Brentano**The NATO Meeting*

Herr von Brentano suggested that he should begin by explaining the German ideas. He could say what the Federal Government and the Chancellor in particular thought about the NATO meeting. In doing so, he did not wish to prejudice the discussions which would take place at the NATO meetings. He thought it would be useful, however, to lay before the Secretary and members of his staff the general ideas of the German Government on the subject.

Herr von Brentano said that the meeting was awaited with great expectation by the free world. Much would be expected from the meeting. The German Government did not feel that the meeting should deal exclusively or even primarily with military matters. The NATO Governments should make clear that NATO desires to seek a peaceful solution to the problems confronting the world. Concrete ways should be found to reach these objectives. The declaration issued at the meeting should lay stress on the common purpose of the NATO countries in seeking freedom, independence, and the preservation of national integrity of all peoples. It should also refer to our relations with the Soviet Union. The public should be informed that the Heads of Government had come together not just because of technical developments but because of the failure of the disarmament talks. It should be made clear that the NATO Governments are ready to proceed with disarmament when agreement is reached on controls. Such a declaration would appeal not only to public opinion in the NATO countries, but also to the under-developed countries.

Herr von Brentano said that he would like to outline what the German Government thought could be done in the NATO Community. He suggested that the Eisenhower-Macmillan Declaration<sup>3</sup> could serve as a model for the declaration to be issued at the NATO meeting. He thought that it should deal with the following points.

*Political Consultation in NATO*

The first was political consultation. Herr von Brentano said there should be no misunderstanding on this point. The NATO Governments must emphasize that they have a common policy and that more will be done in this field in the future than heretofore. It must be emphasized that NATO is more than a military alliance. He said that the Germans knew that consultation must be noncommittal as to certain areas. He did not feel that any institutional changes were necessary in NATO, nor did he contemplate that at the end of discus-

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<sup>3</sup>See footnote 6, Document 59.

sion in NATO there would be any voting. However, something must be done to remind the NATO Governments that they must do more. There must be no more unpleasant surprises. He suggested that Article 39 of the Bogota Treaty could serve as an example of what might be done.<sup>4</sup> The provisions of this Treaty provided for effective consultation without committing governments beyond what could realistically be asked.

Herr von Brentano said that the powers of the permanent representatives to NATO should be enlarged. They should receive instructions from their governments which would enable them to engage in meaningful consultation. The powers of the Secretary General should also be enlarged as had been proposed last December. He should be authorized to get in touch with the individual member governments, to ask questions, and to take a greater degree of initiative.

Herr von Brentano said these steps would help to form a common policy and would remove the feeling which exists in many quarters that NATO is disintegrating. He said that reports which had been received from the Annual Review made clear that we could not go on as we had up to now. The Secretary asked Herr von Brentano to elaborate on this last remark. Herr von Brentano said that the reports which the German Government had received on the Annual Review were very depressing. There was a let-down in the military effort. In saying this, he did not omit the Federal Republic, which he recognized had neglected to do things in the past which should have been done. In the Annual Review one country after another was appearing to say that it could not do this and that. There is a lack of common will on the part of the Europeans to defend themselves. He remarked that they could not of course do this without American help.

#### *Scientific Cooperation in NATO*

Herr von Brentano said that the second main subject which should be dealt with was basic research. The French had made a proposal on this subject, for which he wished to express the support of the Federal Government. Great changes had taken place within the world. The Soviet Union has enormous resources of money and manpower. Fortunately, the United States also had such resources. Europe, too, could make a contribution in this respect, but the individual European states were too small to do this by themselves. They should therefore agree on a program of common research going beyond national boundaries. The center of this effort must, however, be the United States. Herr von Brentano said that this proposal was

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<sup>4</sup>Reference is to the Charter of the Organization of American States, concluded at the Ninth International Conference of American States at Bogotá, Colombia, on March 30, 1948.

not put forward for selfish motives. It was essential that research, both basic and applied, be carried on. However, the Europeans could carry it on only in cooperation with the United States. He knew that there were difficulties of a legal character in the United States, but difficulties existed to be overcome.

Herr von Brentano said he had discussed this matter with Signor Pella, who was in agreement. He believed that the Benelux Governments would also agree. The idea was to establish a European center of armament research, which could be directed to those matters of particular interest to European countries. He cited by way of example the development of an intermediate range missile with a range of 2000 kilometers. Herr von Brentano said that the Europeans did not wish to compete with the United States, but rather to relieve the United States of some of its burdens. However, they could only do this with the help of the United States. He realized that the matter could not be settled at the NATO meeting. There was for example the question of the protection of security, which was extremely important. However, agreement should be reached on the principle. Its application could be worked out in a meeting of Foreign Ministers at a later time.

#### *NATO Military Organization*

Herr von Brentano said that the third principal point which should be dealt with at the NATO meeting was the subject of military organization. We should try to reach a greater measure of integration in some fields. For example, there still are separate French, Belgium, and Dutch air forces. He said this was medieval. We could no longer afford to have separate forces. More should be done also in the way of standardization of weapons. NATO could make recommendations and put pressure on the Governments to do more. There could be sharing of tasks. There should also be greater integration in training.

Herr von Brentano said that another subject in this field was that of the Supreme Command. He did not doubt the competence of the members of the Standing Group. However, they were too dependent on their governments. The Standing Group should be given greater independence. As matters now stand, they do not think in terms of the alliance as a whole.

#### *Nuclear Weapons*

Herr von Brentano said he also wished to speak about atomic weapons. He said that the Federal Republic does not want either now



or in the near future to be released from its Treaty obligations. It does not want to produce ABC weapons. . . .

. . . . .

*Procedure at the NATO Meeting*

Herr von Brentano said he would also like to make some comments on procedure to be followed at the NATO meeting. The Federal Republic thinks that the meeting should not take up the routine matters normally dealt with at the December Ministerial meeting. The Annual Review resolution should be approved before the meeting. He suggested that General Norstad should give a briefing on the present military situation and on the measures which needed to be taken. Finally, all member governments should give the Secretary General in advance of the meeting a basic outline of the proposals they would make.

Herr von Brentano said that he would give the Secretary on the following day a separate paper covering the points which he had outlined.

*Statement by the Secretary*

*Declaration to be Issued at the NATO Meeting*

The Secretary thanked Herr von Brentano for the expression of his views. He thought that his own thinking was very much in harmony with what Herr von Brentano had expressed. He said he would like to comment on some of the specific suggestions which had been made and perhaps to add a few thoughts of his own. The Secretary said he agreed it was of the utmost importance that the declaration to be made at the meeting should not deal exclusively with military matters and that it should indicate the great concern of the NATO Governments for the peace, independence, and welfare of all peoples. The world situation should be put in true perspective. People forget what has happened. They have heard a great deal of propaganda about NATO being an aggressor military bloc. We should explain again why NATO came into being. The primary reason was because the Soviets used their veto to prevent the Security Council from exercising its functions. Had the Security Council been able to function effectively, there would be no need for regional security organizations. The United Nations Charter had contemplated this possibility and had left open the alternative of the establishment of regional organizations. The immediate reasons for establishing NATO were, of course, the Soviet actions in Greece, Czechoslovakia, and Berlin and, following the signature of the Treaty but before the organization was established, the attack on the Republic of Korea.

The Secretary said that NATO was designed to meet the threats which had been made by the Soviet Union against various countries, a situation which had continued up to the present and to some degree had been intensified. One NATO country after another had been threatened with attack if it did not submit to the will of the Soviet Union. It was only for these reasons that the NATO countries had banded together to protect themselves.

The Secretary said that he thought there was another point which should be made in the declaration, which had been mentioned in the letter from Chancellor Adenauer which Herr von Brentano had given him. There had been brought together in this way in the Atlantic Community a group of countries which had ties which went back many centuries. They were bound together by ties of race, culture, and religion. We should look on this organization as something going beyond its original purposes and as a permanent drawing together of the nations of the North Atlantic Community. The dates which were specified in the Treaty were not really of significance. We should look on NATO as a more or less permanent organization.

#### *Disarmament*

The Secretary said that he thought the idea suggested by Herr von Brentano of referring in the declaration to the failure of the disarmament talks was a good one. We should make clear where the responsibility for this failure lies and our readiness at all times to agree to disarmament provided it is controlled and that there are no adverse political effects. He said that it was his own personal conviction, which he was not certain it was wise to reflect in the communiqué, that it was extremely difficult to bring about disarmament in the face of injustices in the world, such as the division of Germany. Such injustices, whether we like it or not, contain the germ or at least the possibility of war. The Eastern European countries are kept under control by the Soviet Union only by military might. Situations like this make it very difficult to see how agreement on disarmament can be reached. History indicates that one does not obtain disarmament unless there is confidence. Disarmament must be voluntary. It cannot be imposed. The Secretary cited the Washington Arms Conference as an example. The United States, which was desirous of disarmament, actually went below the armament levels fixed by the Treaty. Japan, on the other hand exceeded them, although this process was concealed. In this particular case, the limitations were rather simple and dealt with identifiable units.

The Secretary said it was his conviction that it was very difficult to separate the problem of limitation of arms from the settlement of some of the political problems which are a danger to the peace or, in the case of the Soviet Union, are the very reasons for the mainte-

nance of armaments. However, it may be possible to find some areas where we could agree to some limited disarmament.

The Secretary said it would be impossible to go into this matter in detail at the NATO meeting. The declaration should say that we stand on the London position and should point out that disarmament rarely comes about in the kind of political situation which now exists or through a world body.

#### *Negotiations with the Soviet Union*

The Secretary said the declaration should also mention the obstacles in the way of negotiating a settlement with the Soviet Union in view of its long record of broken promises. There is a feeling in some countries, which is cultivated by Khrushchev and Soviet propaganda, that this is a terribly long and hard process and costs lots of money. People wonder why we can't achieve relaxation of tensions some easier way. The difficulty is that the price which the Soviets attach is very high. In the case of Germany, the Secretary said he could not imagine an agreement except on terms which would give the Soviet Zone regime the possibility, even the probability, of controlling all of Germany. The Soviets terms would involve leaving all of Eastern Europe under their control. The conditions which they would require in the Far East would mean Soviet and Chinese Communist control over the Pacific area. Furthermore, we would have no assurance that they would not use these advances as a basis for going further. This was, in fact, what had happened at Yalta. They had been given an advanced position. They broke their promises and used this agreement as a basis for further advances.

The Secretary said there were some people in the West who were so eager for relief from burdens that they were inclined to engage in wishful thinking. We should take the occasion of the NATO meeting to make clear that we would like nothing better than to achieve tranquility. However, unless and until the Soviets showed more indication of willingness to observe their promises than they have in the past, it would be reckless indeed to look to such an approach as a solution to our problems.

#### *Aid to Under-developed Areas*

The Secretary said he thought the NATO meeting should also have a look at economic problems. He did not think that one should try to make NATO into an economic body. There were useful economic bodies such as the OEEC and the CSC already in existence, and there would soon be the Common Market and the Free Trade Area. He did not think that NATO would be a good instrument to use for giving aid to under-developed countries. It was under suspicion as being under the influence of the colonial countries. He

thought it would be useful, however, to indicate the concern of NATO Governments that the new nations should be able to achieve economic independence; the declaration might call on the member governments to give assistance to these nations.

*Cold War Aspects of Economic Problems*

The Secretary said another subject which might be looked at was what might be called the cold-war aspects of economic problems. Perhaps something could be done to improve our organization for coping with such problems as Icelandic fish, Lebanese apples, and Sudanese cotton. These were situations where the action required in itself was not expensive but failure to act might be very expensive in terms of its cost to NATO. It might be useful to have a committee of NATO charged with this type of problem. The Secretary remarked that he was expressing largely his personal views. The staff work on the preparations for the NATO meeting had not been completed, and he was expressing thoughts which were novel to his associates, who would no doubt tell him they were not workable. While this might be so, he thought the discussion would be more fruitful if it proceeded in this vein.

*Political Consultation in NATO*

Turning to the subject of political consultation, the Secretary said that he thought progress had been made in this field as a result of the report of the Three Wise Men, but primarily as a result of the Suez crisis. This crisis was an object lesson in the results which could flow from some of our associates striking out on their own, knowing they could not count on our support. The United States had tried, perhaps not wholly adequately, to be loyal to the concept of political consultation. He thought we had contributed considerably to the process. We had tried to keep our representative in NATO fully informed, although we had not always been able to do so. No doubt we could do better. The Secretary said he had remarked to M. Pineau that this was a subject on which it was hard to prescribe rules. What is necessary is to make political consultation a habit. Acquiring this habit had its own problems for us in Washington. We were farther away from the Council than other countries.

The Secretary said he would welcome suggestions as to ways for more intimate consultation. However, he did not think we could or should be asked to consult to a degree which would make it impossible for us to act promptly and decisively in case of need. We would not act promptly and decisively except pursuant to policies known to our Allies. However, there are situations in which promptness is essential. We could not be tied down to such a degree that we could not act for a couple of weeks while leisurely consultation was going

on in NATO. Sometimes within that time the situation would have developed to a point where the only remedy was general war. The enemy might be engaged in a probing action. If this were promptly met, he would draw back. If it were not dealt with promptly he might have committed his prestige to an extent which would make it difficult or impossible to draw back. The Secretary said he thought this point was of particular importance in relation to Berlin, which he regarded as a great danger spot. The Soviets were pushing at us more and more. The time might well come when we would have to act quickly and strongly in Berlin.

The Secretary pointed out that we have heavy responsibilities in other parts of the world. We had taken certain action, for example, in the Formosan Straits. He was aware of the fact that we had been criticized for doing so by some of our Allies. This criticism came from people who did not know the facts. As a result of what we did, the situation had been calm for two or three years, and Quemoy and Matsu were still being held. If, before we had acted in that situation, we had had to consult for a week or two, the whole area might have been lost.

The Secretary said that as he had stated previously, there was no aspect of our policy which we were not prepared to discuss and to be questioned on. However, when we had to act pursuant to these policies, we would have to have the confidence of our Allies that we would not act recklessly. We might act boldly, but we would not act recklessly.

The Secretary said he agreed that it would be desirable to increase the authority and stature of our representatives in NATO. This was somewhat harder for us than for the Germans, since it was difficult for the American representatives to return to Washington to attend meetings of the Cabinet and of the National Security Council. He thought it was also sound to enlarge the powers of the Secretary General. He did not think we would have to do much on this subject. M. Spaak, who was a dynamic personality, would do it himself.

The Secretary said there was one suggestion on which he would welcome Herr von Brentano's views. It might be helpful if the Ambassadors of the NATO countries could meet with the Foreign Minister in a particular capital for consultation if a specific occasion for doing so arose. He said that if the need arose he would be prepared to meet with the NATO Ambassadors. No matter how capable the permanent representatives were and in our case we had capable representatives, there was no substitute in some circumstances for getting information first-hand, since everything could not be conveyed by cable. He thought that this procedure might be particularly applicable in Washington, London, Bonn, and Paris. In Paris, of course,

the French Foreign Minister could meet with the permanent representatives in the Council.

*NATO Military Organization*

The Secretary said he was a little at a loss as to what to say on military matters. He would ask Mr. Smith to speak on the question of basic and applied research, since he was somewhat better posted on this subject. He did not wish to comment on matters of military organization in the absence of representatives of the Department of Defense and the Joint Chiefs of Staff.

*Nuclear Weapons*

As to nuclear weapons, the Secretary said it seemed to us that it would be a very wasteful use of our combined assets if at this stage one country after another were to undertake the long and expensive process of trying to make such weapons. . . .

. . . . .

Making these weapons is, of course, a very costly process. United States production was increasing both the quality and quantity. We were getting them clean and making them smaller. We were doing this at enormous cost and it would be folly for all the countries of NATO to attempt to do this. . . .

. . . . .

*Procedure at the NATO Meeting*

With regard to the procedure at the NATO meeting, the Secretary said that the question of acting on the Annual Review prior to the meeting would be discussed again on the following Tuesday. He hoped that it would be decided to dispose of the Annual Review before the Heads of Government meeting. He thought that Herr von Brentano's suggestion regarding General Norstad was a good idea. He believed that this sort of thing had been done before and thought we would go along with whatever the majority wanted. As to the declaration, it was important that work should be done in advance. The declaration could not be written in the last few hours of the meeting as is usually done with a communiqué. He thought that M. Spaak was perhaps preparing a draft for discussion by the permanent representatives. If it were to be done by one person, M. Spaak was probably the best choice. The Secretary said he hoped he could get to Paris a day or two before the meeting, perhaps on the previous Sunday. It might be useful if some of the Ministers were in Paris before the meeting and could work with Spaak.

*Scientific Cooperation in NATO*

The Secretary asked Mr. Smith to discuss scientific cooperation. Mr. Smith said that as he understood it, Herr von Brentano had referred to three principal areas: (1) basic research; (2) applied research; and (3) design of long-range missiles. He thought that these presented different degrees of difficulty. As to basic research, we were studying the report of the NATO Task Force. We were in general agreement with it and thought we could be quite forthcoming at the Paris meeting. The field of applied research involves problems of greater difficulty, but they were ones which we believed were manageable. He thought we would have proposals to make in this area. The third area presented even greater difficulties, although we felt that good results were well within the order of possibility. It would be quite ridiculous if we did not tap European and particularly German talent, in view of the role Germany had played in the missile field. On the other hand, there were other problems involving proprietary rights, for example. One should not expect too rapid progress. He said that the United States would approach this matter sympathetically at the meeting.

In addition, Mr. Smith said that reference had been made to a joint venture with the French and Italians. As to this point, he could only echo what the Secretary had said. He did not think that this would be an economical use of resources. He suggested that agreements under Section 144(b) of the Atomic Energy Act might be a more practical approach. He pointed out the problem of designing warheads for ballistic missiles was extraordinarily complex. It had taken the United States ten years to develop a warhead for the intermediate range missile. The Secretary asked how much money it had cost us, remarking that it was probably between ten and twenty billion dollars. Mr. Smith said that we would have to take our entire investment into account. He thought that the cost could reasonably be estimated at \$12 billion.

*An Exchange Between Herr von Brentano and the Secretary**German Military Build-up*

The Secretary said that Herr von Brentano had spoken of the Annual Review. He had been frank enough to recognize that the Federal Republic had been delinquent to some extent in connection with its own build-up. He hoped that some reassurance could be given to the NATO meeting on this point. This was something which was always being thrown at NATO and at us, because we were to some extent partners of the Federal Republic. He hoped that something could be said on this subject by the Chancellor. A good

many countries, including the United States, would want to hear what the Federal Republic was proposing to do.

Herr von Brentano said that General Norstad was satisfied with and agreed with the plans for the build-up of the German forces. However, the new German Minister of Finance had drawn a very serious picture of the German financial situation when the matter had come up. Herr von Brentano suggested that Herr Etzel should come to the United States and talk with the Secretary and with the Secretary of the Treasury on the subject. When the German build-up had been discussed in the Defense Council, it had been estimated that the cost for 1958 would be DM 14 billion, for 1959 DM 17 billion, and for 1960 DM 21 billion. This was to be compared with an existing budget level of DM 9 billion. It was not clear how these sums could be raised. They would have to be raised in part by increasing taxes. This might cause difficulties with Parliament, but the Federal Government was resolved to push forward with the build-up, not only because of its Treaty obligations but because it felt there was an urgent need for doing so.

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#### *Relations between Regional Security Organizations*

The Secretary said one suggestion we were thinking of was some way of interlocking the various regional security organizations. This could perhaps be done by having observers from the various organizations attend meetings of the other organizations. This would have both advantages and disadvantages. The fact of the matter was that the world is becoming interlocked. While it is possible to have local wars, there is a danger that a local war would give rise to a general war. The idea of observers had been suggested by one of the organizations. We had reached no conclusion about it and had mentioned it to no one else. In fact, it had not yet been carefully considered in our own Government. The Secretary said he did not know whether it was wise or not, but he thought it was worth considering.

Herr von Brentano said that this was a new proposal on which he was not prepared to comment. In general, he thought it was useful to have contacts between the organization and to exchange information. Some of the areas involved overlap. He thought the idea of observers was perhaps a good one.

#### *Intermediate Range Ballistic Missiles*

The Secretary said he should perhaps say something about the question of supplying IRBMs to other NATO countries. As he had said in his conversation with Herr von Brentano at his home, long-



range bombers will be the most effective means of delivery until 1960. The United States has marked superiority over the Soviets in this field. Our missile program will be making good progress in 1960. We could accelerate it somewhat. If this were done, it would be more for psychological than for military reasons. By extreme effort, we could accelerate it to a point where the missiles would be in production in a little over a year. This would be extremely costly, however, and whether it would be worthwhile to spend the necessary money to accelerate to that degree had not yet been decided.

The Secretary said that these missiles involve two aspects. One is the production of the missile itself and the other is the creation of an ability to use it, which involves both establishing necessary installations and training people in its use. The second matter is extremely expensive in itself.

The Secretary said he thought we should be in a position to supply IRBMs to NATO. We already have arrangements with the United Kingdom, which were made at Bermuda. We could make arrangements with other countries if SACEUR thought it desirable and if the country wanted it. Both of these conditions were essential. As he had said, the preparations for receiving and being able to use an IRBM were complicated and expensive, running into the tens of millions of dollars. It is a process which takes about a year from the time at which sites are selected. In the case of the United Kingdom, the period of preparation had not been completed. In response to a question from the Secretary, General Guthrie said that while no date had been set in the United Kingdom, the preparations might be completed however by the end of 1958.

The Secretary said there were therefore four problems: (1) the military question of where to place such missiles; (2) the question of political willingness to receive them; (3) the question of financing the heavy costs involved; (4) the preparation of the actual site for the missile and the training of personnel. The Secretary said that a decision on the model to be selected had not been reached. While there had been a tendency to put the decision off, the missile would be ready by the date when the balance shifts.

As far as NATO was concerned, the Secretary said he did not think there should be an elaborate discussion of this subject. The United States could perhaps indicate its willingness to supply these weapons and draw attention to the problems involved in receiving them.

Herr von Brentano said he was not an expert on this subject, but he knew that great doubt had been expressed as to the desirability of establishing fixed sites for such weapons in Germany. He pointed out that the warning time in Germany is only six minutes. It might be preferable to have mobile launching points. Herr von Brentano

said that this matter had already been discussed with General Norstad.

The Secretary said that it was a very complicated problem. Some people think that sites should be in mountainous terrain while others think it should be in flat country. He said he wished to mention the subject in view of the fact that there had been a great deal of discussion about it. He also wished to emphasize the problems involved in receiving these weapons.

*Information to the Press*

It was agreed that the press would be informed that an exchange of views had taken place on the forthcoming NATO meeting and that the discussion would probably be continued after dinner and perhaps on the following morning.<sup>5</sup>

<sup>5</sup>See the memorandum of conversation, *infra*.

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**65. Memorandum of a Conversation, Washington, November 24, 1957<sup>1</sup>**

SUBJECT

Exchange of Views

PARTICIPANTS

Secretary John Foster Dulles

German Foreign Minister von Brentano

Heinz L. Krekeler, German Ambassador

Ambassador Herbert Blankenhorn, Permanent Representative, North Atlantic Council

Ambassador David K. E. Bruce

C. Burke Elbrick, Assistant Secretary of State

Mr. Weber (Interpreter)

Brentano said that he was grateful to have another opportunity to talk with the Secretary. He said that he and Blankenhorn would report to Adenauer on the matters discussed here and he was sure that they could clarify certain questions which had been uppermost in the Chancellor's mind.

He said that there were three matters particularly which he would like to refer to again. The first concerned political consultation

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<sup>1</sup>Source: Department of State, Central Files, 611.62A/11-2457. Secret. Drafted by Elbrick. According to Dulles' appointment schedule, this conversation took place at the Secretary's home.

in the North Atlantic Council. Unfortunately, the report of the Three Wise Men did not produce results commensurate with our expectations. The second matter concerned the proposal made by M. Pineau, with which Brentano agreed, to establish a European research community. He hoped that the United States would be willing to assist and support such a project and exchange experiences with the Europeans. He had noticed, during yesterday's conversations, a reference to cooperation on a bilateral basis under the terms of a "144 b Agreement". He did not know what this meant. The third matter which he wished to discuss concerned military questions. Brentano emphasized he was merely inquiring concerning our views on the forthcoming NATO Meeting and was not pressing us to make decisions on these matters.

The Secretary said he had very little to add to what he had already said on the subject of consultation. He referred to the fact that the consultation in the North Atlantic Council had improved treaty over the past year and we had made a great effort to keep our Permanent Representative adequately informed. He felt that in some cases it might be preferable to discuss certain matters with our NATO allies here in Washington in the interest of speed and accuracy. He referred to the fact that some nations do not want all problems discussed in the North Atlantic Council and, perhaps, it was better not to do so. He referred particularly to Cyprus in this connection and also to important developments in North Africa which the French apparently did not wish to discuss. When quick decisions are necessary, it would be impracticable to discuss them in NATO. All of these matters must be governed by the rule of reason.

Blankenhorn, saying that he would like to express Chancellor Adenauer's views, said that the Chancellor feels that there has been too little consultation on important actions which might involve the whole alliance. He spoke specifically of the Syrian crisis and the matter of the arms lift to Jordan. He felt certain moves of this nature could easily provoke a large crisis which would involve Germany. The Secretary interrupted to say that while we recognize the interest of our allies in such matters, we frequently must act quickly in order to be effective. This was so in the case of Jordan; if we had not delivered arms within a few hours, King Hussein might have been deposed. We had moved the Sixth Fleet to the Eastern Mediterranean for the same purpose and had approached Israel to request that it cooperate in desisting from any intervention or border raids against Jordan. These decisions had been taken in a matter of a very few hours and we could not have saved the situation if we had no possibility of quick action. If we were not in position to act quickly, a situation might easily develop which could involve all our NATO partners in war. Those partners should be thankful, therefore, that

we saved the situation in this case. Instead, all we get is criticism. The NATO allies, he said, would be doomed if the United States were not in a position to act quickly and decisively.

Blankenhorn tried to explain that Germany did not intend in any way to tie the hands of the United States in such matters and that the Chancellor's suggestion was directed mainly at the question of informing the NATO allies of the reasons for our actions. This would not require prior consultation, but could be done subsequently. He felt that this was necessary in order that the NATO partners could be in a position to support the United States. For example, Turkey was involved in the Syrian situation and if a crisis had developed, Germany would have been involved as a NATO partner. Therefore, the German Government would like to be better informed regarding our motives and our actions.

The Secretary said we probably can do more to keep our allies informed and we are prepared to do so in an effort to make the alliance a more effective instrument. In some cases, however, even officers of the United States Government are not brought into the picture, for various reasons. In such cases, it would be unrealistic to expect us to do more for our NATO partners. Blankenhorn said the United States is the great leader of the North Atlantic Alliance and that it is important that the representative of the United States in the North Atlantic Council be able to present the views and policies of his Government. The Secretary said we must apply the rule of reason in such matters. He said that an alliance, to be effective, must be a blend of three elements: consultation, trust, and capacity for action. No one of these three elements should be present in excess. The Secretary described the very great amount of consultation which must take place within the United States Government itself before any action can be agreed. To add to this load of consultation could be counter-productive. Blankenhorn said if the NATO allies are to have confidence in the United States they must be informed of U.S. policy. The Secretary said that was a serious statement and repeated that there are some cases where our allies must trust the United States. If our partners distrust our motives, that in itself should be discussed in the North Atlantic Council. In many cases, the Secretary said, there may be real security reasons for taking unusual precautions to avoid possible leaks. NATO must give some leeway to those having the principal responsibility of meeting the threat.

The Secretary said that Khrushchev is an unpredictable and impetuous individual and we can expect constant probing by the Soviets in various quarters. These probings must be met by complete determination by the North Atlantic Alliance. If the Soviets should receive the impression that the United States is hesitant to respond to these probings, they would multiply around the world. Blankenhorn

said that inadequate consultation sometimes gives rise to misunderstandings. He understood why there might be obstacles to such consultation in certain cases, but he felt that some information was necessary even though it might not be given in detail.

The Secretary said that other governments could do more in this field also and he cited the recent Netherlands–Australia declaration regarding New Guinea, and United Kingdom actions with respect to the Arabian Peninsula. Blankenhorn said these matters are not of the same importance as those involving the United States. The Secretary disagreed, saying that actions in the Arabian Peninsula affect King Saud, who is the key to the Middle Eastern situation.

The Secretary said he was not qualified to talk about technical matters such as this question of basic research exchanges and he thought this matter should be taken up through diplomatic channels.

. . . . .

The Secretary concluded by saying that we would have suggestions to make at the December meeting regarding an atomic stockpile for NATO. Before we can finalize such suggestions, however, we must await the views of the Joint Chiefs of Staff.

66. Letter From the Secretary of State to Chancellor Adenauer<sup>1</sup>

*Washington, November 24, 1957.*

MY DEAR CHANCELLOR ADENAUER: I was delighted to receive through the personal good offices of Foreign Minister von Brentano your letter of November 19.<sup>2</sup> It was very good of you to spare him, and good of him to come, as that we could have this personal talk. Yesterday we met for several hours, and as I dictate this I am expecting him again in a few minutes for a further and final exchange of views before he takes his plane.

We have, I think, found ourselves in quite general agreement. He will report to you in detail. With respect to the specific points of your letter, I would say:

(1) We shall sympathetically consider the interesting suggestion that the Heads of Government with the initiative of the President of the United States should express the view that the North Atlantic Treaty Organization has come to reflect more than military alliance and now constitutes an expression of Atlantic political community and as such should be considered to have an indefinite duration.

(2) We agree to the principle of mutual consultation through the Permanent Council, and perhaps otherwise, and have sought to develop this particularly during the past year. Of course as I explained at our recent NATO meetings and also now to Dr. von Brentano, we must not create an obligation of consultation so rigid that it precludes the possibility of a quick reply to Soviet initiatives. If there should be a probing operation either in Europe, the Middle East or Asia, e.g., Berlin, the only response that is effective is one that is almost instantaneous. A probing operation which is allowed to gather headway quickly becomes more than a probe, it becomes an attack, and that evolution we must be prepared to prevent. If our general policies are understood and agreed upon in advance, there must be sufficient trust and confidence to permit quick applications; otherwise we shall be totally incapable of matching the thrusts of a versatile operator like Mr. Khrushchev, and the danger of general war increases.

We quite share your views that the Permanent Representatives to the NATO Council should have adequate authority and comprehensive instructions. We have, ourselves, been moving steadily in

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<sup>1</sup>Source: Department of State, Presidential Correspondence: Lot 66 D 204, Dulles/Herter with German Officials 1953-1959. Personal and Confidential. A notation on the source text indicates that Dulles gave the letter to von Brentano at the airport on November 24 for delivery to Adenauer.

<sup>2</sup>Document 62.

this direction, as I think the recent record shows. Of course, we have not yet achieved all that could be desired.

(3) We are ready to explore closer military cooperation along the lines of your letter.

(4) We also are ready to seek increased community effort in the field of scientific research and technology.

(5) And we consider of the utmost importance that our meeting in Paris should be given more than a military character. It should, I think, be made clear that NATO is a military organization only because Soviet aggressive policies make this necessary to secure the independence and integrity of the area. However, we stand by the London proposals on disarmament and want nothing more than a peace which will relieve us from the burdens of armament and the Sino-Soviet threats which have been constant over the past decade and more. We should perhaps urge that the Soviet Union show its respect for agreements by carrying out the Summit agreement with respect to the reunification of Germany. The record of the Soviet Union in breaking agreements is such that only if confidence in agreements is established by Soviet deeds can peaceful coexistence of the Soviet orbit and the free world be made a dependable and organized state of affairs.

The President and I look forward eagerly to seeing you at Paris. The personal trust and confidence which prevails between us is, I feel, one of the greatest assets of the free world today.

With very best wishes, I am  
Faithfully yours,

John Foster Dulles

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## 67. Letter From the Secretary of State to Chancellor Adenauer <sup>1</sup>

*Washington, November 29, 1957.*

MY DEAR CHANCELLOR ADENAUER: My letter to you of November 24, 1957<sup>2</sup> was, as it indicates, written prior to the concluding exchange of views which took place at my house with Dr. von Brentano, Ambassador Blankenhorn, and Ambassador Krekeler.

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<sup>1</sup>Source: Department of State, Central Files, 762A.13/11-2957. Secret. Transmitted in telegram 1456 to Bonn, November 29, with the instruction that it be delivered to Adenauer when he returned from Paris.

<sup>2</sup>*Supra.*

At that meeting we discussed further the problem of NATO "consultations".

I made a point which no doubt will be reported to you, but which is so important that I want to speak to it myself.

Under present conditions, and with a man of Khrushchev's temperament at the head of affairs in Russia, there is a great likelihood of Communist "probing" operations in Europe (e.g. Berlin), the Middle East, and the Far East. These probing operations will be designed primarily to test United States will, and to see whether recent Soviet developments such as sputniks and the potential intercontinental missile have now made the United States less willing to defend wherever our allies may be threatened.

It is of the nature of a probing operation that in the first instance it is exploratory, involving no committal of prestige. If it encounters a quick, strong response, then the probe ceases.

If, however, there is no such quick response, the inference is that the opposition is indecisive. The probe then grows into an operation of a different character. The prestige of the prober becomes committed, and what would otherwise be a minor incident becomes grave.

Since it is a fact that the determination and will of the United States has not wavered in the slightest, it is of the utmost importance that we be in a position to make this evident to the Soviet or Chinese probers. Delay, and an appearance of indecision, could have serious consequences and increase the likelihood of a major conflict.

I pointed out during our talks on Saturday and Sunday that the United States is prepared to explain and discuss its general policy, as indicated above, at the NATO Council. And we are quite willing always to explain why we did what we have done. But I do not think it is in the common interest to adopt a formula so rigid that it would disenable us from reacting quickly to a probe. That might be the case if we were committed to submit any proposed reaction to prior consultation in the NATO Council. And I might add if such consultations were deemed by us to be consistent with the general welfare, other demands would arise. The result would be a false appearance of weakness and indecision which would encourage Communist boldness to a point which would really involve the risk of major war.

I said to Dr. von Brentano that our nations are in effect like a doctor prescribing a capsule for a patient. There are three necessary ingredients: consultation, capacity for quick action, and trust. The patient will die if we prescribe a capsule which has no content other than consultation and which excludes a capacity of quick action with a willingness to trust each other to some reasonable extent.

I can assure you that I do not think that such trust will be misplaced or that there will ever be any reckless action. There are



always risks, but the greatest risk of all would be not to be able to react quickly to Sino-Soviet probing.

I know that consistently with this there can be a very large measure of useful consultation and follow-up information, and the United States is prepared to go to the limit in this respect.

We have been much disturbed over the last few days by the President's illness. Happily, he is making such an almost miraculous recovery that it is now not wholly excluded that he should come to the NATO meeting. However, this should not be counted upon.

I was sorry to hear you were laid up with a cold. I hope it is nothing that will trouble you for long.

With every best wish, I am  
Faithfully yours,

**Foster Dulles**

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68. **Message From Chancellor Adenauer to the Secretary of State<sup>1</sup>**

*Bonn, December 5, 1957.*

Thank you for your personal message of November 29<sup>2</sup> in which you have set forth for me so openly your views on the problem of consultation within NATO. Your letter has been a valuable supplement to the report which Foreign Minister von Brentano gave me about his discussions with you.

Your statement that the firm position of the United States remains unchanged has been a great satisfaction to me. I agree fully that in the eventualities which you have in mind, the United States must react immediately and decisively. It is clear to all members of NATO that the United States cannot remain passive before Soviet encroachment until counter-measures have been discussed within NATO.

I did not have such cases in mind in my approach. My concern was directed to long-term dangerous developments, as, for example, in the Near East, which the NATO members should meet together after thorough consultation.

I am glad what I shall be able to discuss these questions with you personally in Paris where I shall arrive on December 14. Howev-

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<sup>1</sup>Source: Department of State, Central Files, 762A.13/12-557. Secret. Transmitted in niact telegram 1784 personal for the Secretary from Bonn, December 5.

<sup>2</sup>*Supra.*

er, I should like to assure you now that I share fully your concern about the necessity of mutual confidence. Fortunately there exists between us such a relation of confidence. My approach was directed above all at a strengthening of the total Alliance.<sup>3</sup>

With best wishes,  
As ever, your faithful

Adenauer

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<sup>3</sup>On December 7, the Department instructed Bruce in Bonn to inform the Chancellor on behalf of the Secretary that, with respect to Adenauer's message, Dulles looked forward to seeing him on December 14 and would be glad to call on him at 5 p.m. if that were convenient. (Telegram 1539 to Bonn, December 7; Department of State, Central Files, 762A.13/12-557) On December 10, Bruce informed Dulles that Adenauer would be delighted to see him. (Telegram 1840 from Bonn, December 10, *ibid.*, 762A.13/12-1057)

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69. **Memorandum of Discussion at the 348th Meeting of the National Security Council, Washington, December 12, 1957<sup>1</sup>**

Present at the 348th Council meeting were the President of the United States, presiding; the Vice President of the United States; the Secretary of State; the Acting Secretary of Defense; and the Director, Office of Defense Mobilization. Also present were Mr. Fred C. Scribner, Jr., for the Secretary of the Treasury; the Director, Bureau of the Budget; the Chairman, Atomic Energy Commission (participating in Items 1, 3, and 4); the Federal Civil Defense Administrator; the Acting Chairman, Joint Chiefs of Staff; the Director of Central Intelligence; Under Secretary of State Herter; the Assistant to the President; the Deputy Assistant to the President; the Director, U.S. Information Agency; the Director, International Cooperation Administration; Special Assistants to the President Stassen, Larson, Cutler, Killian, and Dearborn; Assistant Secretary of State Smith; Mr. John H. Ohly, ICA (for Item 2 only); the White House Staff Secretary; the Executive Secretary, NSC; and the Deputy Executive Secretary, NSC.

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

*1. Report by the Secretary of State on the NATO Meeting*

Secretary Dulles began by pointing out that the forthcoming NATO meeting was being given what he called "a special charac-

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<sup>1</sup>Source: Eisenhower Library, Whitman File, NSC Records. Top Secret; Eyes Only. Prepared by Gleason on December 13.

ter".<sup>2</sup> The meeting would be attended by the heads of government of fifteen countries. Moreover, this NATO meeting would be taking decisions of greater importance than usual. The decisions in question would be both of a specific and of a general character. The first specific, continued Secretary Dulles, would relate to the acceptance by the United States of the plan for a NATO atomic stockpile, which had been initially put forward by the French at Bonn last May.<sup>3</sup> This proposal had now been formulated in terms acceptable to the U.S. Joint Chiefs of Staff. The nuclear weapons with warheads would be located at points on the Continent to be selected with the advice of General Norstad. . . .

Secondly, said Secretary Dulles, the United States will set forth the content of its accelerated missiles program. We will not fix any specific date, but will state that our IRBMs will be ready to be deployed in the NATO area whenever the NATO nations are ready to receive them. As to the precise areas where the IRBMs will be deployed, Secretary Dulles indicated that there were differences of opinion, both military and political. It would presumably take some time to iron out these differences. . . .

Secretary Quarles commented, in response to a question from Secretary Dulles, that the latter's summary had been accurate. He added that the Joint Chiefs of Staff had made some preliminary selection in the NATO area of sites for launching IRBMs but that SACEUR had not yet acted officially on this selection.

Secretary Dulles then pointed out that there was a good deal of discussion being generated by the opposition parties in the various NATO governments with respect to the question of where to deploy these missiles. Indeed, there was a real danger that this could become a serious political issue. . . .

Thirdly, said Secretary Dulles, we would announce at the NATO meeting that our Atomic Energy Act would be amended in order to permit more liberal exchange of atomic energy information. We will certainly seek authority to exchange information with our NATO allies if it is of a character that we know the Soviets already have. In cases where such information is not of very great significance, we will seek to exchange information with our allies even if we are not sure whether the Russians possess such information or not.

Next we shall submit a project for the pooling of scientific knowledge with our NATO allies on nuclear energy matters, on missiles, on outer space developments, and the like. . . .

<sup>2</sup>Dulles had briefed a bipartisan Congressional meeting at the White House on December 3 about the proposals the United States would submit to NATO at the December meeting. (*Ibid.*, Staff Secretary Records, Legislative Conferences, 1957)

<sup>3</sup>See Document 56.

From a political point of view, Secretary Dulles stated that one of the most difficult issues which would confront the NATO meeting was the degree of consultation which should be sought in the NATO Council. It was harder for the United States than for other NATO nations to agree to full consultation on all policy matters, because of the world-wide commitments and interests of the United States. However, we will agree to increase the exchange of policy information in the future around the NATO Council table. After all, as far as the United States is concerned, we have no policies which we seek to hide or are ashamed to acknowledge. All our policies are designed to protect freedom in the world. Nevertheless, we do not want to be in a position where we are unable to act promptly if necessary for the reason that we are obliged to consult with the NATO Council before taking action. With a volatile and unpredictable individual like Khrushchev at the head of the Soviet Union, we must be able to act quickly in various parts of the world. Khrushchev will certainly try to test out the resolution of the United States in a variety of circumstances and places. We must be in a position to act almost instantaneously when confronted by one of these Soviet attempts to probe our resolution and will. If we do not react instantly to such a probe, the prestige of the Soviet Union would become committed, with much more serious results. Furthermore, there were some problems between members of NATO where it was plainly better to deal outside the NATO Council than within it. This was true of the Cyprus problem. Likewise, France does not want the Algerian question discussed in the NATO Council. Exceptions such as these seem to preclude a hard and fast rule that all such policy matters must be discussed in the NATO Council before a NATO nation acts. But in general, we would do more by way of consultation, we will increase the stature of our permanent representatives in NATO.

Thereafter, Secretary Dulles indicated that there would be discussions at the NATO meeting in the economic field. The Italians, the Germans, and the French are all particularly anxious for such discussions. NATO is no exception to the other international bodies, in that its members all desire to have a voice in determining how the United States spends its money overseas. We are trying to work out a compromise measure which will provide for some kind of international fund, but not such a fund for which the United States alone subscribes all the money.

There will also be discussion of Pella's suggestion for a NATO fund to provide assistance to the underdeveloped areas of the Middle

East. There are certain features in Pella's proposal which we do not like,<sup>4</sup> notably repayment in local currencies; but we may agree on some plan which would provide that help to underdeveloped countries should be undertaken through a multilateral approach. We may even want to set up a new mechanism for this purpose, although there are a lot of multilateral mechanisms already in existence which can serve the purpose.

Lastly, there would undoubtedly be a discussion of disarmament. In this field the United States proposed to re-affirm the proposals which it made last May, coupling this with an indication of some measure of greater flexibility.

Secretary Dulles concluded by stressing that the main importance of the meeting would arise from the presence at it of President Eisenhower. This should in itself provide a rejuvenation of NATO, which clearly needed it in many instances, notably in case of France, which was a very weak partner indeed in the NATO alliance and caused us all a great deal of anxiety. Secretary Dulles thought that the Gaillard regime might fall at any moment and possibly confront the French with a Hobson's choice between a Gaullist regime on the one hand and a popular front of left-wing parties on the other.

Apropos of these remarks, the President said that one was almost compelled to take a strong attitude toward France. Changing his thought, the President wondered whether, at the open meeting at 12 noon on Monday, we should not emphasize a peace move and a disarmament move as a means of indicating our peaceful intentions.

*The National Security Council:*

Noted and discussed an oral report by the Secretary of State on the forthcoming NATO meeting.

[Here follows discussion of items 2-4, the United States security effort overseas in FY 1958 and 1959, significant world developments affecting United States security, and the peaceful uses of atomic energy. The last two sections are scheduled for publication in forthcoming *Foreign Relations* volumes.]

**S. Everett Gleason**

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<sup>4</sup>Reference is to the "Pella Plan" for Middle East economic development.

## 70. Editorial Note

The Heads of Government of the 15 members of the North Atlantic Treaty Organization met in Paris from December 16 to 19, 1957, to attend the regular meeting of the North Atlantic Council. It was the first top-level meeting of the NAC since the Alliance was created 8 years earlier. The leaders came together because they wished to increase the effectiveness of NATO in relation to current international political, military, and economic problems stemming from the policies of the Soviet Union. President Dwight D. Eisenhower, Secretary of State John Foster Dulles, Secretary of Defense Neil H. McElroy, and Secretary of the Treasury Robert B. Anderson headed the United States Delegation. A list of the principal members of the delegation, including advisers from the Departments of State and Defense, is in Department of State *Bulletin*, January 6, 1957, page 16. A complete list of the members of all the delegations is in *North Atlantic Treaty Organization: Meeting of Heads of Government, Paris, December 1957* (Washington, 1958), pages ix-xx.

President Eisenhower arrived at Orly Field, Paris, on December 14, 1957. In his arrival statement, the President outlined the purpose of the meeting and said "We shall be striving not only to strengthen the NATO shield, but we shall also address ourselves to other aspects of our alliance. We all are confident that in the supreme strength of balanced unity we can move together toward security and peace." For complete text of this statement, see Department of State *Bulletin*, January 6, 1958, page 15.

The most extensive body of documentation on this meeting is in Department of State, Conference Files: Lot 63 D 123, CF 931-953. CF 931 and 932 contain position papers and memoranda of conversation preparatory to the Heads of Government meeting. CF 933 contains records of the conversations and correspondence Dulles had with Governor Adlai Stevenson in an attempt to secure bipartisan support for United States policies presented at this NATO meeting. CF 934 contains briefing papers on the NATO issues to be discussed at the meeting and 935 has briefing papers on the individual country issues for possible discussion in bilateral talks. CF 936 contains the Secretary's briefing book, while CF 937 includes many of the working papers submitted both by the delegations and by the Secretariat or working groups of the Council. CF 938, 939, 942, 943, and 947A contain administrative and miscellaneous files. CF 940 and 941 include summary and verbatim records of the Heads of Government meetings. CF 944, 945, and 946 contain copies of Polto-Topol, Secto-Tosec, and Dulte-Tedul telegrams, respectively, which summarize the meetings and bilateral talks and include the exchanges between the United States Delegation and the Department of State. CFs 948,

948A, 949, 950, 951, 952, and 953, which contain the schedule of bilateral talks and the Heads of Government meetings for December 13, 14, 15, 16, 17, 18, and 19, respectively, also have copies of the summary and verbatim records of these meetings and the telegrams and memoranda of conversation summarizing talks held on these days. General documentation on United States policy toward NATO, including copies of telegrams, reports, and correspondence, is *ibid.*, Central Files, 740.5. Telegrams and documentation on this Heads of Government meeting are *ibid.*, 396.1-PA.

Secretary Dulles and the President met with individual leaders during their stay in Paris and discussed problems of mutual concern with them. At 4 p.m. on Friday, December 13, the day of his arrival in Paris, Dulles met with Secretary General Spaak to discuss organizational details of the meeting and the timing of the main United States statement. A copy of the December 15 memorandum of conversation, USDel/MC/3, which summarizes this conversation is *ibid.*, Conference Files: Lot 63 D 123, CF 948. That evening, Dulles met privately with Prime Minister Gaillard and Minister of Foreign Affairs Pineau. Summaries of their discussion are in Dulte 1 (*ibid.*) and Secto 4 (*ibid.*, Central Files, 711.11-EI/12-1457), both dated December 13. After this meeting, the United States and French leaders met in the presence of their advisers to discuss NATO matters. This conversation is summarized in Polto 1758, *infra*.

On Saturday morning, December 14, Dulles met with Prime Minister Macmillan and Foreign Secretary Lloyd. For the December 14 memorandum of their conversation, see Document 72. Talks between the United States and British Delegations about the draft IRBM agreement are summarized in Polto 1821, December 19. (Department of State, Central Files, 396.1-PA/12-1957) That same morning, Secretary of Defense McElroy met with Secretary General Spaak. For the memorandum of their conversation, see Document 73.

At 5 p.m. that day, Dulles called on Chancellor Adenauer at the Hotel Bristol. That same afternoon, McElroy called on French Defense Minister Chaban-Delmas. A summary of their talk was transmitted in telegram 2984, December 13. (Department of State, Central Files, 711.56300/12-1357)

On Sunday morning, December 15, General Norstad called on the President. No record of this conversation has been found in Department of State files. After the President and Dulles attended church services at the American Cathedral, Jean Monnet called on the Secretary of State. In the memorandum of their conversation, USDel/MC/12, dated December 15, Dulles wrote that Monnet's main point was that "Germany was not in his opinion evolving in a very satisfactory way. He felt that Adenauer personally was the great advocate of Europe, but that those surrounding him and who would

be his successor did not have the same dedication. He felt that it was very important to push hard for increased integration while Adenauer was still at the helm. He feared otherwise West Germany might fall into the control of those who would tend to build up Germany as an independent bargaining power between the East and the West." (*Ibid.*, Conference Files: Lot 63 D 123, CF 949)

Late that afternoon, Gaillard called on the President and discussed North Africa.

On Monday, December 16, Dulles met with Macmillan. After they discussed procedures for the Heads of Government meeting, summarized in a December 16 memorandum of conversation meeting, USDel/MC/13, Dulles asked about Indonesia and Singapore. Macmillan said he did not know what had been done but he would try to get a report for the Secretary very soon. This brief discussion is summarized in the December 16 memorandum of conversation, USDel/MC/15. Copies of these memoranda are *ibid.*, CF 950. Dulles and Macmillan next discussed support costs. For a memorandum of this conversation, see Document 74.

According to the United States Delegation's chronology for December 16, Macmillan called on the President after the British Prime Minister's talks with Dulles, but no record of this conversation was made. That same morning, General Norstad called on Chancellor Adenauer. USDel/MC/25, December 19, summarizes their conversation. (Department of State, Conference Files: Lot 63 D 123, CF 950)

At noon, the Heads of Government opened their meeting with a public session. After Prime Minister Bech of Luxembourg, President of the NAC, and Gaillard welcomed the leaders, President Eisenhower gave the opening address. For text of his speech, see Department of State *Bulletin*, January 6, 1958, pages 3-6. The verbatim record of the opening session, C-VR(57)81, is in Department of State, Conference Files: Lot 63 D 123, CF 950.

At 3:30 p.m., the Heads of Government held their first closed session. The discussion is summarized in Document 75.

On Tuesday morning, December 17, the President met first with Prime Minister Zoli of Italy. For a memorandum of their conversation, see Document 76. Eisenhower next met with Chancellor Adenauer; the memorandum of their conversation is scheduled for publication in a forthcoming *Foreign Relations* volume. After that, the President met with Foreign Minister Luns from the Netherlands, but no record of this conversation has been found in Department of State files.

Dulles met with Foreign Minister Lange of Norway on the morning of December 17. A copy of this memorandum is in Department of State, Conference Files: Lot 63 D 123, CF 951.



At 10:30 a.m., the Foreign Ministers met at the Palais de Chaillot. Poltos 1790 (Document 77) and 1791 (Department of State, Central Files, 396.1-PA/12-1757), both dated December 17, summarize the discussions.

At 4 p.m. that afternoon, the Heads of Government met in their first restricted session. Poltos 1796 (Document 78) and 1797 (Department of State, Central Files, 396.1-PA/12-1857) summarize the discussion at this session.

After a dinner given by President Coty at the Elysee Palace for the Heads of Government and their Ministers, Defense Minister Sandys of the United Kingdom met with Dulles. The Secretary then met with Chaban-Delmas. The Secretary later met with Macmillan and Lloyd, but no record of that conversation has been found in Department of State files.

On Wednesday morning, December 18, Dulles talked with Prime Minister Hansen of Denmark. The Secretary expressed his appreciation for the helpful arrangement that had been made for United States establishments in Greenland. Hansen accepted the gratitude, but expressed displeasure over recent criticisms of his country by United States officials for its inadequate defense effort. A copy of the December 18 memorandum of conversation, USDel/MC/17, is in Department of State, Conference Files: Lot 63 D 123, CF 952.

That morning, Prime Minister Karamanlis and Foreign Minister Averoff of Greece called on the President. They discussed Cyprus and Greek relations with Yugoslavia. Karamanlis said that as a member of the Balkan Pact and of NATO, Greece intended to follow an entirely independent policy in foreign affairs. He knew Yugoslavia intended to follow an independent policy as well. Averoff added that Greece believed Yugoslavia was sincerely attempting to follow a policy independent of Moscow and desired relations with non-Communist states to prove this. The President commented that he thought the Balkan Pact was helpful in keeping Yugoslavia independent. A copy of the December 18 memorandum of their conversation, USDel/MC/23, is *ibid.*

At 9:30 that morning and again at 4 p.m., the Foreign and Defense Ministers met at the Palais de Chaillot. Documents 79 and 80 summarize their discussions.

At 10:30 that morning, Turkish Prime Minister Adnan Menderes called on President Eisenhower. The discussions about Cyprus and the Baghdad Pact are recorded in December 18 memoranda of conversation scheduled for publication in a forthcoming *Foreign Relations* volume. Memoranda of their discussions about Syria, USDel/MC/33, and Egypt, USDel/MC/31, both dated December 18, are in Department of State, Conference Files: Lot 63 D 123, CF 952.

A summary of the conversation at a luncheon given by Chaban-Delmas for McElroy, Deputy Secretary of Defense Quarles, and Assistant Secretary of Defense Sprague is scheduled for publication in a forthcoming *Foreign Relations* volume.

At 6 p.m. the NAC met with the Heads of Government in a restricted session at the Palais de Chaillot where they discussed and amended the draft declaration and the draft declaration and the draft communiqué. Document 81 summarizes this session.

On December 19 at 10:45 p.m., the President and Dulles met with Macmillan.

The NAC met with the Heads of Government for their final meetings at 11 a.m. A summary of that session is in Document 82. After this session, Dulles delivered an address at a luncheon given by the French Association for the Atlantic Community and the Association France-États Unis. The text of this address is printed in *North Atlantic Treaty Organization: Meeting of Heads of Government, Paris, December 1957*, Department of State Publication 6606 (Washington, 1958), pages 111-115.

At 3 p.m., the Secretary talked to Karamanlis about Cyprus at the Hotel Bristol. The Secretary then talked with Menderes at the Turkish Delegation Office about the Baghdad Pact and economic assistance to Turkey. A copy of the December 19 memorandum of conversation, USDel/MC/36, which briefly summarizes a request from the Shah of Iran for more military aid relayed by Menderes, is in Department of State, Conference Files: Lot 63 D 123, CF 953.

The Heads of Government Meeting followed the agenda below:

I. Opening Ceremony a public session with press present at noon

Plenary Sessions  
3 p.m. session

II. The Principal Problems Facing the Alliance

III. Interdependence and the Better Utilization of NATO Resources

IV. Declaration by Heads of Government/Communiqué

Upon his departure for Orly Field at 6 p.m. for Washington, President Eisenhower made a statement about the importance of the NATO Heads of Government meeting. For text of this statement, see Department State *Bulletin*, January 6, 1958, pages 15-16.

Dulles left France on December 20 and flew to Madrid where he conferred with General Franco. For the Secretary's statement made upon his arrival in Washington on December 21, see *ibid.*, page 16. For the report to the nation made by the President and the Secretary of State on December 23 about the NATO Heads of Government meet-

ing, see *ibid.*, January 31, 1958, pages 47–52. Since Dulles and the President reported to the nation, the Secretary of State did not feel it necessary to give an additional report to the NSC.

Because the documentation covering this meeting is extensive, the editors are presenting the most significant documents which best illustrate the main points of the discussions at the Heads of Government meeting.

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71. **Telegram From the United States Delegation at the NATO Heads of Government Meeting to the Department of State<sup>1</sup>**

*Paris, December 14, 1957—9 a.m.*

Polto 1758. Following private meeting in PriMin's office, night of Dec 13,<sup>2</sup> of Secretary, Gaillard and Pineau, brief discussion was held in presence advisers.

Secretary and PriMin exchanged greetings, Secretary emphasizing importance of questions other than military such as problems of NATO consultation and of combatting Soviet economic warfare now being intensified many parts of world.

Gaillard expressed gratification at President's participation in Conference, stated French Govt would do all in its power reinforce NATO, make it a more living organism and develop closer relations among members NATO particularly between U.S. and France in view serious problems ahead.

Secretary showed PriMin copy draft President's speech for opening session,<sup>3</sup> pointing out intention not include controversial issues in this public presentation. Gaillard questioned reference in speech to people who had found political liberty on grounds this might be taken as allusion to "certain delicate problems."

PriMin pointed out importance emphasizing political and economic problems in conference and expressed agreement with Secretary's reference to danger Soviet economic penetration.

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<sup>1</sup>Source: Department of State, Central Files, 396.1-PA/12-1457. Secret; Priority. Drafted by Emmerson. His December 13 memorandum of conversation, USDel/MC/9, which gives a more extensive account of this discussion, is *ibid.*, Conference Files: Lot 63 D 123, CF 948.

<sup>2</sup>A summary of the discussion at this meeting is in Dulte 1, December 14. (*Ibid.*)

<sup>3</sup>For text of President's speech given at the opening session, December 16, see Department of State *Bulletin*, January 6, 1958, p. 3.

Pineau said wished raise two questions: (1) necessity for consultative arrangements when problems arose affecting two, three or four NATO powers. Pineau stated he had made suggestion orally in Washington<sup>4</sup> but would provide draft. Secretary said idea was good but we might not wish too rigid arrangements. (2) Question whether mention be made of Middle East which might imply it were only area of importance in view many problems in other areas such as Indonesia, Laos, etc. Gaillard stated omission any reference Middle East would be noticeable in view inclusion at time December 1956 meeting. Secretary said he believed something might be worked out if it were not exclusive.

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<sup>4</sup>Pineau came to the United States on November 17, 1957, to take part in the debate on Algeria in the U.N. General Assembly, and visited Washington, November 18-20.

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**72. Memorandum of a Conversation, British Embassy, Paris, December 14, 1957, 11:30 a.m.<sup>1</sup>**

USDel/MC/7

PARTICIPANTS

*United States*

The Secretary of State  
 Ambassador Houghton  
 Ambassador Burgess  
 Mr. Elbrick  
 Mr. Reinhardt  
 Mr. Cutler  
 Mr. Smith, reporter

*United Kingdom*

Prime Minister Macmillan  
 Foreign Secretary Lloyd  
 Sir Norman Brooke  
 Sir Richard Powell  
 Sir Harold Caccia  
 Sir Frank Roberts  
 Sir Anthony Rumboldt  
 Sir Gladwyn Jebb  
 Sir Leslie Rowan  
 Mr. Bishop, pvt. sec. to P.M.  
 Mr. Laskey, pvt. sec. to F.M.

The Prime Minister opened by asking if the Secretary would like to discuss the matter of how the conference should go both from the procedural and the substantive point of view. He recalled that during the Eisenhower-Macmillan talks at Washington<sup>2</sup> it had been felt that the purpose of the NATO meeting would be to galvanize and give

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<sup>1</sup>Source: Department of State, Conference Files: Lot 63 D 123, CF 948A. Secret; Limit Distribution. Drafted by Smith.

<sup>2</sup>Macmillan and Lloyd visited October 22-25, 1957, for discussions with President Eisenhower.

new life and color to NATO and "of course" deal with certain military matters. However, the buildup of expectations in the public press and the large-scale Soviet propaganda campaign has resulted in the likelihood that the European nations will inject important political matters for discussion. The form of the meeting has changed; we must face these problems and now and not put them off. He expressed the hope that the U.S. and U.K. would see eye to eye on these questions.

*First*, the essential importance of keeping NATO in being. NATO has proved its worth. Its importance is continually evidenced by the hostility which the USSR bears it.

*Second*, it is essential to keep the Germans firmly in the NATO structure so that after Adenauer dies, Germany will not become neutral. Germany should be so built into NATO as to be inextricably involved.

*Third*, we must avoid NATO's becoming a "Maginot Line." Its flanks are vulnerable. We must bring the military aspects of NATO into relationship with the economic capability of the countries. The Prime Minister expressed alarm that military assessments of needs will continually demand more without full consideration of the economic burdens.

The problem of IRBMs could be turned to our disadvantage, as well as to the advantage of the West. . . . We should only place them where military leadership decides to be strategically wise. These strategic decisions perhaps could be turned to advantage. For example, he expects that the military will not want to deploy ballistic missiles east of the Rhine, and the Germans are apparently reluctant to have missiles stationed in the German Federal Republic. We might consider accepting the Eastern German Zone—with inspection to verify compliance. If there is no military requirement, this would not cost anything and might have substantial political advantage.

The Prime Minister stated that he felt the conference will have to get deeper into the political issues.

Secretary Dulles agreed that the conference may have to get into matters of substance more than had been anticipated last month in Washington and pointed out that the time is short. He referred to the procedural ideas expressed by M. Spaak on December 13.<sup>3</sup> Spaak hopes to conclude the formal opening statements Monday afternoon—fifteen minutes for each country. Secretary Dulles pointed out that this would take some four hours. He said the U.S. would like about thirty minutes for its statement and Spaak thought this would

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<sup>3</sup>Reference is to a conversation between Dulles and Spaak on December 13, summarized in a December 15 memorandum of conversation, USDel/MC/3. (Department of State, Conference Files: Lot 63 D 123, CF 948)

be agreeable. The President in the closed session will delegate part of his presentation to Secretary Dulles and perhaps a part of Secretary McElroy. Secretary Dulles pointed out that it might be undesirable for the President to lead off in the restricted session after having spoken just before at the open session. Selwyn mentioned that the U.K. would like to speak toward the end of the presentation. Doubt was expressed that the formal statements would be concluded by Monday night. Selwyn Lloyd said that any speeches before President Eisenhower's in the restricted session would be of little interest because all would be waiting to hear what the President said. Selwyn Lloyd added that he thought that all the representatives in the North Atlantic Council thought that the President would open up the restricted session. Spaak will wind up each session giving the line which he proposes to follow in his press conference each evening. There was some discussion about the nature of the Tuesday morning session. Secretary Dulles pointed out that the President might visit SHAPE Tuesday morning and that perhaps his presence at the Tuesday morning NATO meeting would not be necessary.

Selwyn Lloyd expressed doubt that the conference could finish its work Wednesday night. If that is to be the case, should not one say so at the start to avoid the appearance of any hitch. Secretary Dulles agreed that if there was to be a delay in finishing up, we should announce it as early as possible. He pointed out that some countries probably would not take their full fifteen minutes for formal statements. He suggested that the matter of spilling over to Thursday wait until we see how the Monday session goes. The Prime Minister said the speed of the conference depended entirely on whether there was discussion of substance or just general talk. Selwyn Lloyd pointed out the new factor that the Soviet notes<sup>4</sup> had brought into the situation and wondered how we could assume the offensive. Secretary Dulles pointed out that it might be well to establish a group to make recommendations about letters NATO might send to Soviet Union suggesting changes in their policy. He expressed the opinion that the Soviet note writing was excellent craftsmanship and their timing very good. He pointed out that they are capitalizing on the relatively novel technique of public letters between Heads of Government.

Selwyn Lloyd suggested that we might take the political offensive by some statements in the communiqué. For example we might agree that the foreign ministers should meet to discuss disarmament. Secretary Dulles suggested that Hungary might be a good subject to

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<sup>4</sup>For text of Bulganin's letter to Eisenhower of December 10, 1957, on disarmament, see Department of State *Bulletin*, January 27, 1958, pp. 127-130.

discuss. He felt, however, that this proposal could not be settled at the present NATO meeting.

The Prime Minister said that we had a long struggle against very clever barbarians. He was worried about signs of change in thinking from "unexpected" people. He felt the need of a constructive counterattack, and reverted to the idea of not to place long-range missiles in Germany. He thought of a similar move in the disarmament field; suggest that we might propose to the Russians further disarmament negotiations, pointing out that fifty-four nations had endorsed the London disarmament proposals.<sup>5</sup> The Prime Minister pointed out that a number of moderate people thought that the Soviet proposal to prohibit the deployment of missiles in central European areas sounded reasonable.<sup>6</sup> Selwyn Lloyd said that George Kennan's views had made quite a dent in public opinion.<sup>7</sup> It was somewhat of a surprise to read "Mike" Pearson's views about the need for negotiation with the Russians.<sup>8</sup> The Prime Minister again said that we could perhaps make some offer in the field of excluding missiles from Central Europe. He did not feel the Russians would accept inspection and that his would call their bluff.

The Secretary then spoke about the matter of consultation, pointing out that the consultative process often results in actions being cleared too late to do any good. It is hard to expose one's plans to fifteen countries debating in the North Atlantic Council. A number of the countries don't know very much about the problems on which we are asked to consult. He expressed doubt that agreement could be reached in the North Atlantic Council on an answer to the Bulganin notes. The Prime Minister agreed but wondered if it would not be possible to get some consensus on principles. Secretary Dulles pointed out the difficulty of a coalition in competition with a single power. He added that there should be more trust by the coalition in the leadership of a few countries. He referred to his talk in Washington with Von Brentano and Blankenhorn.<sup>9</sup> Blankenhorn had

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<sup>5</sup>For text of the 24-power draft resolution, first submitted to the U.N. General Assembly on October 11, 1957, by several non-Communist nations, including the United States, and subsequently adopted with amendments as General Assembly Resolution 1148 (XII) on November 14, 1957, see *Documents on Disarmament, 1945-1959*, vol. II, pp. 914-915.

<sup>6</sup>This proposal was contained in Bulganin's December 10 letter to Eisenhower.

<sup>7</sup>Reference is to Kennan's proposal for a denuclearized zone in Eastern Europe made in the Reith lectures at Oxford in November 1957 and in BBC broadcasts that December. He published it in his *Russia, the Atom, and the West* (New York, 1957), chapters iii and iv.

<sup>8</sup>Reference is presumably to Lester Pearson's Nobel lecture delivered in Oslo on December 12, 1957, where he urged the United States and the Soviet Union to exchange views frankly. (*New York Times*, December 12, 1957)

<sup>9</sup>See Documents 63-65.

pressed him for consultation to an extreme degree. Secretary Dulles had replied that in the coming months he was sure the Communists would engage in a number of probing operations "now that we are all under the guns so to speak." It is essential that we be free to react instantly. If I don't, the situation could get out of control the probers' prestige might get committed and the operation might not be stopped short of war. He felt that Blankenhorn was more extreme in his views on consultation than Von Brentano. Secretary Dulles said that he had written to Adenauer about this matter<sup>10</sup> and received a very satisfactory reply.<sup>11</sup> The U.S. is quite willing to make its general policies known and discussed in the North Atlantic Council, but in the matter of application of such policies, the alliance must rely on us to some extent. Secretary Dulles cited the example of a recent insulting note which we had received from the USSR.<sup>12</sup> We were tempted immediately to turn the note back to the USSR, but at NATO it was discussed in the North Atlantic Council at such length and so much time passed that the rejection of the note did not seem feasible. The Prime Minister agreed that the important thing was to get agreements on principles allowing for fast action in individual cases. The Secretary said we must be careful not to treat Germany different from the rest of the allies. For instance, it may be sensible to agree not to place missiles within a certain number of miles of Germany's eastern border but the geography should not be described as involving the German Federal Republic and the Soviet Zone of Germany. He pointed out that the Bulganin note had urged agreement between the CFR and the GDR. The Prime Minister agreed saying that the thing to do was to get agreement on a purely military basis. The Secretary referred to the problem of zones which resulted from the Geneva meeting of 1955 and the muddle that had resulted.

. . . . .

Secretary Dulles asked about the completion of the U.S.-U.K. IRBM agreement.<sup>13</sup> Mr. Smith pointed out that Sir Richard Powell had said this morning that the only remaining problem was how, for U.K. internal domestic reasons, to give some semblance of U.K. control over the first squadron (planned for the sake of speed to be manned by U.S. personnel). Secretary Dulles said that on the ques-

<sup>10</sup>See Documents 66 and 67.

<sup>11</sup>See Document 68.

<sup>12</sup>See footnote 2, Document 63.

<sup>13</sup>Reference is to an agreement under negotiation whereby the United States would provide IRBMs to Britain. A summary of discussions about this agreement was transmitted in Polto 1821, December 19. (Department of State, Central Files, 396.1-PA/12-1957)



tion of control over these missiles he felt that we should use the principle that an attack on one nation would be an attack on all members of the coalition.

Secretary Dulles referred to the revival of the Combined Policy Committee and it was agreed that this would be good mechanism to supervise the new technological cooperation established during the Prime Minister's visit to Washington last month. Secretary Dulles pointed out, however, that this did not mean that any past decisions of the CPC would have binding or precedential effect for the future.

The Prime Minister asked about the possibility of "regularizing" the control arrangements for the decisions to use IRBMs and referred to the Churchill-Truman agreement about U.S. use of U.K. bases for U.S. bombers.<sup>14</sup> He spoke of bringing this formula up to date. He said IRBMs are only another form of bomber. Secretary Dulles asked if he had in mind doing this now, and the Prime Minister said "no." The Prime Minister said it would be useful if we could develop a formula so that "we can quote it."<sup>15</sup>

Secretary Dulles referred to the question of support costs and asked if the U.K. had made any progress with the Germans. Sir Frank Roberts said that this question had been put to the North Atlantic Council and three independent experts will meet shortly, following the procedures set out in the July 6 North Atlantic Council resolution.<sup>16</sup>

Secretary Dulles said he was to see Chancellor Adenauer at 6 o'clock today. Selwyn Lloyd said that the support cost question was a matter of some urgency with the U.K. in that their budget estimates had to be firmed up by mid-January. The Prime Minister then stated that Germany with its great wealth should go in more for foreign investment. It had accumulated one thousand million dollars a year and immobilized this vast sum. He was fearful that this process would lead to a world-wide depression. A paramount imperative of capitalism is to put such reserves to use around the world. If they do not this, Germany will be ruined in the end. It is the Marxist argument that capitalism will not find productive use for its reserves and thus destroy itself. Marxism has been refuted by the examples of the U.K. and the U.S. which had put its accumulated reserves to produc-

<sup>14</sup>For text of the Truman-Churchill Communiqué, January 9, 1952, see Department of State *Bulletin*, January 21, 1952, p. 83.

<sup>15</sup>It is assumed that he was referring to the need for something to use with U.K. public opinion which is presently exercised about the nature of U.S. strategic bomber rights in the U.K. [Footnote in the source text.]

<sup>16</sup>Reference is to the resolution in which the NAC accepted the request of the WEU to study "Common Solution of Currency Problems Arising from Stationing of Troops in Other Member States," transmitted in Polto 61, July 8. (Department of State, Central Files, 740.5/7-857)

tive use all around the world. We must get Adenauer to understand this.

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73. Memorandum of a Conversation, Paris, December 14, 1957,  
11:45 a.m.-12:15 p.m. <sup>1</sup>

USDel/MC/2

PARTICIPANTS

Secretary of Defense McElroy  
Secretary-General Spaak  
John Haskell (USRO/DEF)

SUBJECT

Secretary McElroy's Visit with Secretary-General Spaak

Mr. Spaak first ran down the situation facing the Conference on the political front. He mentioned that the French and German Delegations had so far seemed to hold back, and he did not have a very good idea of what they might bring up. For example, he thought that it was possible that the French might raise the Algerian question. He guessed that the Greeks would not raise Cyprus, and he was pretty sure that the UK and Turkey would not.

Spaak stated his view that the new Bulganin letters<sup>2</sup> would have no harmful effect on member countries' attitudes, but, on the contrary, served to underline the very great importance of NATO in the defense of the free world.

Moving to the military problems, Spaak emphasized the political concerns of the French Government with respect both to the storage of atomic warheads and to IRBMs.

. . . . .

As to the IRBMs, Mr. Spaak referred to the French desire for equality with other nations.

Secretary McElroy stated that, if the NATO stockpile plan and the IRBMs were accepted for NATO as a whole, there would have to be individual bilateral arrangements worked out between the US and each country concerned. . . .

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<sup>1</sup>Source: Department of State, Conference Files: Lot 63 D 123, CF 948A. Secret. This conversation took place in the Palais de Chaillot.

<sup>2</sup>See footnote 4, *supra*.

Secretary McElroy pointed out that the production of the IRBMs in the US was coming along quite satisfactorily, and he believed that additional squadrons accepted by NATO and Continental countries would probably be available for delivery just about as fast as the countries concerned could complete their advance arrangements for sites and training.

. . . . .

Referring to science matters, he thought that the picture was still quite blurred as to just what should be done in NATO. He felt, however, there was full agreement on the desirability of having a scientific committee to sort out the details and a top calibre scientific advisor. In this connection, he more or less assumed that the US would provide the top scientific advisor. Secretary McElroy said that, if that should be the wish of NATO, he was sure that the US could produce a highly-competent top-level man, subject, of course, to the personal acceptance of Spaak himself.

Spaak referred, with an air of some concern, to the Soviets' missile capabilities that had been described by General Piatt at the joint NAC-Military Committee meeting on December 13.<sup>3</sup>

The discussion, which lasted about half an hour, was conducted on a most informal, relaxed tone in English. It ended on a note and hope of optimism, although Spaak said he was tempering his optimism as to final results until the end of the Conference.

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<sup>3</sup>A brief report on this meeting, where General Piatt gave an intelligence briefing, was transmitted in Polto 1759, December 14. (Department of State, Central Files, 740.5/12-1457)

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74. **Memorandum of a Conversation Between the Secretary of State and Prime Minister Macmillan, Paris, December 16, 1957, 9:30 a.m.**<sup>1</sup>

USDel/MC/14

SUBJECT

Support Costs

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<sup>1</sup>Source: Department of State, Conference Files: Lot 63 D 123, CF 950. Secret. Drafted by Dulles on December 17. The meeting took place at the Ambassador's residence.

I mentioned support costs. He asked what our program was. I said that I thought we would try to get as much more as we could for the current year but that probably we would not press for a subsequent year although this had not yet been finally decided. The Defense people wanted to press primarily to make a record for Congress. I myself felt that pressing would not get any money but would give the Germans an excuse to keep other things unsettled and the net result would be loss and not gain.

I said that in talking with the Germans I had sensed that they were quite stubborn against any assumption of support costs although it seemed they would be flexible as regards the foreign exchange aspect of the British problem. I mentioned that the Germans had indicated that they felt that under the Brussels Treaty this was the only aspect the British were entitled to bring up and they were prepared to meet the British on this aspect of the matter.

Mr. Macmillan asked whether I had discussed this alone with Adenauer or when the others were present. I said this had come up when the others were present. Macmillan said he thought Adenauer would probably make the decision. I said perhaps so but I had a feeling that Adenauer was tending to delegate increasing responsibility and not settle everything himself as had been the case earlier.

Macmillan said that the fact was that the Germans were not really building up their own military forces. I said I thought there was considerable improvement under way in this respect.

JFD

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**75. Telegram From the United States Delegation at the NATO Heads of Government Meeting to the Department of State<sup>1</sup>**

*Paris, December 17, 1957—noon.*

Polto 1779. Following is summary first closed session NATO Heads of Government meeting held Palais de Chaillot, December 16, 3:30 to 8:00 p.m.<sup>2</sup> Since most speeches including US released to press

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<sup>1</sup>Source: Department of State, Central Files, 396.1-PA/12-1757. Confidential; Priority. Transmitted in five sections and repeated to the other NATO capitals.

<sup>2</sup>The summary record of both public and plenary sessions, C-R(57)82, and the verbatim record of the plenary session, C-VR(57)82, both dated December 16, are *ibid.*, Conference Files: Lot 63 D 123, CF 950.

and text of all will be transmitted to Department,<sup>3</sup> summaries individual speeches (covered in order given) considerably compressed.

1) *Secretary-General.*

Spaak opened with relatively brief statement. He stressed solemnity and importance of occasion. He covered aspects Soviet policy which led us form NATO and indicated these obviously remained unchanged. He said we still had hope for UN but under current circumstances nothing could replace NATO. He denied crisis in Alliance. Disagreements existed in NATO but this stemmed from fact it was alliance of equals. There was basic accord among nations though there were three or four major problems which still caused disharmony. However, all of these soluble.

Soviet rejection disarmament proposals<sup>4</sup> had been blow to peace. These proposals now approved by over fifty nations in UN. He said this was proof good results obtainable from NAC political consultation. Spaak noted Soviet technological progress which confronted us made it essential NATO not remain inactive. Although NATO dedicated to peace it must have modern weapons. He referred to Eisenhower-Macmillan talks particularly in connection with strengthening non-military aspects of alliance. He thought progress in all fields including scientific possible if there was political resolve. He concluded saying this conference should conclude with resolutions precise enough to satisfy high public expectation. He concluded with characterization NATO as association fifteen nations who wished cooperate with all who would live in peace.

2) *Germany.*

Adenauer opened with eloquent plea for peace and need overcome division of world. He said most important need was for disarmament agreement under adequate safeguard. He expressed regret world differences not overcome in 1957 although West made concessions. Political directions of past months showed no relaxation by Soviets. They had caused crisis in Middle East. NATO was formed to stop Soviet aggression and had succeeded though threat remains grave as ever. He referred to recent 12-nation declaration by Communists as threatening use of force<sup>5</sup> but also keeping door open for

<sup>3</sup>For text of the President's and Dulles' statements made at this session, transmitted in Polto 1777 from Paris, December 17 (*ibid.*, Central Files, 396.1-PA/12-1757), see Department of State *Bulletin*, January 6, 1958, pp. 3-12.

<sup>4</sup>Reference is to the disarmament talks which had come to an impasse after the Soviet Union voted against the 24-power draft resolution in the U.N. General Assembly on November 14, 1957.

<sup>5</sup>Reference is to the declaration published by the 12 members of the Sino-Soviet bloc in Moscow on November 21, 1957, following a conference of the bloc leaders

negotiations if they wished. Meeting should review tasks of alliance. Since we wish strengthen alliance, doctrine interdependence outlined Eisenhower-Macmillan communiqué<sup>6</sup> is welcome. He thought need for common policies greater than ever to avoid lagging behind Soviets.

Political consultation Adenauer said was useful to combat Soviet initiatives. He thought it essential reach common positions on basic policy in order to lead concrete conclusions. He said Alliance must also act promptly on problems in Eastern Europe, Africa and Middle East. Because of special responsibilities US sometimes forced to act without consulting NAC but then should inform NAC of actions afterwards. He thought NAC might meet experts in field to discuss economic relations with Soviet bloc as means for lessening tension. Divjion of Germany was primary cause tension. Soviets had refused carry out commitment at Geneva for free all-German elections.<sup>7</sup> On Berlin also we must not be defensive as Soviets were again exploring there.

Adenauer said latest Bulganin letter<sup>8</sup> contained much that was known though language was moderate. He said he would not comment today but said we should probe Soviets' vague words to get their meaning. So long as there was no progress on peace we must organize our military posture. Atlantic alliance needs latest weapons and organization of its forces and resources is important. He was glad NATO was beginning discuss scientific problems. He favored stressing in NATO basic research and scientific training. He also extended hand to young people uncommitted nations. He thought NATO science committee should start soon.

He concluded saying task of NATO was bring peace and avoid war. He said we would not relax in this regard and that there was no desire isolate NATO from rest free world.

### 3) *Netherlands.*

Drees after covering origins of NATO indicated his view shield forces still too weak. He thought interdependence concept insufficiently developed. He expressed gratitude at presence President Eisenhower and hope we would all leave meeting with conviction dif-

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November 14-16, which reaffirmed the revolutionary nature of the world Communist movement and Moscow's leadership of these nations.

<sup>6</sup>In the text of the Declaration of Common Purpose, signed by Eisenhower and Macmillan on October 25, the two leaders, recognizing the interdependence of the Free World, agreed to act in genuine partnership. See Department of State *Bulletin*, November 11, 1957, pp. 739-741.

<sup>7</sup>Reference is to the proposal for the reunification of Germany by free elections made by France, the United Kingdom, and the United States on November 4, 1955, at the Geneva Foreign Ministers Conference, October 27-November 16, 1955.

<sup>8</sup>See footnote 4, Document 72.

ferences in NATO minor. He was pleased at maintenance US forces on continent and said this was one warning which contained Soviets.

He thought political consultation had limits but must be intensified. It does represent fundamental change in NATO operations. Current Soviet policy seemed directed less at military threat now than at weakening Europe's relations with Africa and Asia. He made lengthy presentation Indonesian situation. He noted UN had been ineffectual and matter first discussed in NAC in 1956 when Dutch made predictions of things that had now happened. He said while Sukarno not Communist he was surrounded by Communists and certainly employed their methods. He concluded Indonesia was disintegrating and at least Java likely go Communist. Consequences to Netherlands financial position disastrous and might prevent her from filling her international (i.e. NATO) commitments.

Drees said Near East policy should be coordinated in NATO. He added latest Bulganin note deserved careful study. He said Soviets as afraid of nuclear weapons as we but we could not give them up as they needed for survival. There should be common NATO doctrine to combat Soviet economic offensives.

#### 4) Italy.

Zoli said meeting called at this unprecedented level to dramatize desire NATO peoples for peace. Further objective was examination Atlantic alliance in order avoid crisis. US nuclear deterrent had preserved peace heretofore, but Soviet progress exposes us to new danger. Disarmament was only real solution but Soviet intransigence despite our concessions forced us to work in military field. We must reinforce efforts through pooling resources. Main sectors of effort were to reinforce armies with modern weapons, strengthen the deterrent and integrate weapons production.

Italian Government gratified by President Eisenhower's statement re reinforcing alliance.<sup>9</sup> Zoli said Italians prepared consider military integration as interdependence on military plane. In scientific field, Italy had requested fifty billion lira for cooperative projects.

Zoli stressed new military dangers and fact Soviet had initiative economic field also. We should recognize frankly we have not acted but merely reacted to Soviet moves. He thought political consultation and economic cooperation should be reinforced. Divergencies could be eliminated by consultation on constant not occasional basis. Although there were limits, and some progress made, consultation should aim at common policy for all major areas. Also we could thus forestall and anticipate events. There should be same planning in po-

<sup>9</sup>For text of the President's address made at the public session on December 16, see Department of State *Bulletin*, January 6, 1958, pp. 3-6.

litical and economic as in military fields. We could establish working group to examine consultation problem aid present suggestions to NAC.

There should be political cooperation re areas outside NATO especially Latin America where Communist propaganda active, while finally NATO should also support progress in social field.

5) *Norway.*

Gerhardsen wondered how meeting could meet high expectations aroused. He said NATO clearly defensive in purpose. NATO had met Soviet threat during past nine years through its unity. On military questions we could elaborate further at spring meeting. . . . He expressed interest in proposals for military thinned out areas in Europe to reduce tension. On Bulganin letter he had no opinion yet. He thought no decision should be taken on Bulganin letter until further studied by governments. He still hoped Soviets would negotiate on disarmament and we should give them chance do so. There was little chance Soviets starting war and their advances more in nature political and economic progress in uncommitted nations. Therefore we should propose economic and political measures.

Gerhardsen added there should be balanced use resources in order military should not take too much of whole. Though sometimes political consultation not possible it should be strengthened. There are some divergences but decisions should be taken in knowledge views of others. He thought we should meet adversary halfway on disarmament. Our August 29 proposals were still valid as basis for discussion though Soviets should not think they were ultimatum.

There was reason for satisfaction with NATO performance since 1949 but now we were at crossroads because of Soviet military progress. Therefore we must progress with policy of peace and eliminate "balance of terror".

6) *Belgium.*

Van Acker spoke of need for reinforcing peace, and applying principle interdependence. He advocated political consultation in advance of decisions. He said Committee of Three report<sup>10</sup> gave clear obligation to consult. If after consultation decisions were taken unpalatable to some members, it was responsibility of those making decision. He said each member had equal responsibility in this connection.

On military side he pleaded for balance with economic and social requirements. If economic and social considerations neglected, Communist propaganda made headway. He supported Spaak sugges-

<sup>10</sup>See Document 47.



tion for economic aid to underdeveloped areas. He pleaded for better organization this concept through special mechanism inside or outside NATO. NATO must also follow Soviet economic policy carefully.

Outcome of meeting should not stress only military aspects. Common defense should be reinforced but NATO in past too military and must change. Multiplication of contacts in Eastern Europe, Africa and Middle East should be NATO objective. He concluded remarking NATO must appear champion peace.

7) US—Text of US presentation by President and Secretary cabled separately; see Polto 1777.<sup>11</sup>

8) France.

Gaillard said need hold Heads of Government meeting proves need re-evaluate NATO. It had arrested Soviet expansion 9 years ago but then US troops in Europe coupled with US atomic capability had ensured peace. Now Soviets have caught up technically and passed US in atomic and missile fields. All now in direct danger paralyzing attack. Though Soviets stopped diplomatically in Europe they had made great progress in Asia where primitive peoples fell for Soviet propaganda. Soviets now concentrating on obliterating remaining European influence in Asia as in Indonesia. Nationalism became tool Soviet imperialism. Situation even worse in Arab world because Europe dependent on oil from area. NATO was politically and militarily immobile in situation where Soviets had turned Europe's flank.

Gaillard said peoples NATO countries formerly complacent are now too pessimistic. Spectacular Soviet progress coupled with breakdown disarmament talks had led to widespread cynicism. He thought internal decomposition of NATO dangerous, and conducive to neutralism. We must reaffirm confidence in NATO and revamp it to provide for scientific cooperation, economic problems, etc. Above all political cohesion required. He referred to French proposals already submitted in writing to us, stressing objective of avoiding duplication.

Gaillard said France attributed special importance to equality in weapons distribution and opposed any discrimination. He added acquiring weapons should not lead to further payments imbalances. Germany, France and Italy already cooperating in modern weapons field and hoped other WEU countries would join them and that US would collaborate. France offered use testing center for IRBMs. He was gratified US had taken up French idea atomic stockpile. Howev-

<sup>11</sup>Polto 1777 from Paris, December 17, not printed. (Department of State, Central Files, 396.1-PA/12-1757) For text of the statements by the President and Dulles on December 16, see Department of State *Bulletin*, January 6, 1958, pp. 3-12.

er, no overall solution possible now and this meeting should approve only most general declaration on this subject. There were serious political difficulties involved. US had its legal troubles in this connection and France and, he thought, other continental countries had political problem with control question. French control over weapons in France was political necessity and bilateral talks were required to straighten this out.

Economic cooperation in NATO also required. We put more resources into less developed areas than Soviets but they got greater political benefit. Political reinforcement NATO necessary. Though NATO geographically limited it is most important pact and has nearest to common interests. Without changing treaty, policy interests should be harmonized at least in cases where individual members alliance injured by such divergence.

In Middle East lack of NATO unity already tremendously benefiting Soviets. This was continuing both there and in Africa. It would be great NATO victory if Africa could be tied closely to Europe. Soviet menace less dangerous than disunity which emptying NATO of meaning. NATO could be reinforced by provision for constant political consultation. He concluded with remarks re heavy responsibilities of world for preserving fragile civilization achieved only after many failures.

9) *Greece.*

Karamanlis said we must fortify alliance which suffers from lack of unity of aim and inconsistency of policy. This explains its failure attract uncommitted peoples. NATO must be more than military alliance. He mentioned Cyprus but passed on saying he not here discuss divisive issues.

He asked for greater coordination in defense field and elimination of present overlapping. Standardization of weapons and common production were also needed. Promotion of scientific progress would be of great help to NATO. Our defense community would work only if also dedicated to economic cooperation especially in aid to less-developed countries of NATO to assist them in their defense effort. There should be programs for furnishing military assistance and for allied military production in less-developed NATO countries. Basic European economy should be assisted and expanded. He thought otherwise free trade area could not succeed.

Karamanlis referred to Spaak's statements on political consultation and said heretofore consultation seemed to occur after the fact or on basis incomplete information. He called for a positive and realistic policy in Middle East where we had failed psychologically so far. We must face Communism not only on military but on psychological front.

10) *Denmark.*

Hansen said world expectations were aroused as to whether this meeting could promote world peace. Soviet policy however unchanged even though no repetition Hungary. We must increase effectiveness of alliance in all fields.

. . . . .

He welcomed PolAd and said some progress made in political consultation during past year. He said this should be evolutionary matter without setting up new rules. Committee of Three report provided good basis for future though not fully implemented yet. Policies where differences existed should be discussed at earliest opportunity. On some subjects small countries cannot contribute so they should not be asked accept responsibility therefor.

Economic well-being and rising living standards were also important to NATO. Denmark expected much from free trade area and reduction trade barriers. NATO should take lead in breaking down these barriers. Also perhaps there could be another miracle like Marshall Plan which could lead to economic integration.

There was great anxiety following Soviet missile development and fear slightest incident could touch off war. Therefore NATO had to build up military posture to deter aggression and thus retain possibility if West stayed strong, Soviets would eventually negotiate to reduce tensions and disarm.

. . . . .

11) *Portugal.*

Minister Presidency Caetano expressed Salazar's regret at his inability be present and reaffirm faith in NATO and meet with colleagues. Expressed satisfaction at presence President Eisenhower. This was very critical moment which required realistic plan for unity to deter Soviet aggression. Present state weapons development makes war unthinkable. Soviets making more progress undermining alliance through economic pressure.

On political consultation, Caetano called for unified agreement for consultation in advance policy decisions as Committee of Three recommended. Portugal would support all efforts in this field and towards greater interdependence but was limited by physical means and responsibilities outside area. Portugal could help because she had stable government and orderly economy assuring continuity of effort. However, overseas territories required investments, and Portugal needed help here. Portugal's territories complemented NATO area

and were help to it. Therefore, NATO should assist Portugal in developing these territories. He concluded expressing total adhesion of Portugal to alliance.

12) *Iceland.*

Jonasson said since Iceland had no military forces, it could not contribute to military science development. He noted Iceland's perpetual neutrality. He said NATO troops had been in Iceland for some years. While Iceland did not admit need for these in peacetime present situation too tense for withdrawals now. Iceland realizes need for collective defense. Deterrent is benefit to Iceland. He added NATO must be more than purely military alliance and Article Two must be further developed. Some progress noted but insufficient in political consultation field. He believed full consultation required before final actions taken. He also called for implementation Committee of Three report in economic field. Finally while we should stress pooling military resources etc., greatest emphasis should be on peaceful purposes of NATO.

13) *Canada.*

Diefenbaker said we are gathered to invigorate NATO alliance so it can meet the 1957 threat. Hopes for disarmament agreement frustrated by Soviets so our military strength must be built up. Disarmament remained very important to Canada however and especially safeguarded cessation nuclear testing. He remarked atomic stockpile proposal made by US today<sup>12</sup> carried out 1954 NATO decision,<sup>13</sup> while IRBM goes beyond this into new field and requires careful study, since it has serious policy and financial implications. As soon as military requirements studies are ready early next year there should be ministers meeting to study them. Each NATO member should make best balanced contribution. He cited NORAD as striking example this efficient cooperation.

Canada favored cooperation in advanced weapons production, and noted need for pooling human resources. For example, Canadian technicians currently underemployed and could be used elsewhere. Science committee should play important role in new weapons field. He thought Article 2 of NATO should be intensified to eliminate conflicts in international economic policies. Aid to underdeveloped

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<sup>12</sup>For text of Dulles' December 16 statement to the NAC that the United States was prepared to participate in a NATO atomic stockpile system within which nuclear warheads would be deployed under U.S. custody in accordance with NATO defensive planning and in agreement with the nations directly concerned, see *ibid.*, pp. 8-9.

<sup>13</sup>Reference is to the approval of report MC 48 by the NAC on December 18, 1954. Documentation on the December 1954 NAC session is in *Foreign Relations, 1952-1954*, vol. v, Part 1, pp. 549 ff.

areas should be increased. Rise standard living less developed areas still too slow prevent Soviet propaganda successes.

Diefenbaker relatively satisfied with progress political consultation and noted this was aspect of interdependence. Members should avoid taking policy decisions until after consultation if possible. If consultation not taken then other NATO members not bound.

On Bulganin letters he thought Soviets obviously insincere and summit meeting with Soviets might arouse false expectations. Cultural contacts with Soviets might be increased and perhaps later there could be substantive negotiations if Soviets give indication desire conduct them seriously. Concluded with plea for need take message back to NATO people to reassure them re real accomplishments of meeting.

#### *14) Turkey.*

Menderes expressed gratification at US "sincere and penetrating" proposals designed to advance purposes NATO treaty. He said NATO aim was to stop Soviet aggression and prevent it from dominating world. Soviets now concentrating on Middle East, have taken over Syria and are cooperating actively with Egypt. This is only beginning and real objective is Europe which is blocking Soviet ambitions. If Middle East fell, then Africa would follow and Mediterranean become Soviet area, and Europe encircled. If Syria not fully Soviet satellite, this was merely superficial appearance. Soviets wish capture Middle East without overt pressure. If we accept Syrian fait accompli, friendly Middle East states including Turkey profoundly endangered, Turkey would be encircled and none of area states could long survive. Palestine situation was also danger to area.

Menderes said Baghdad Pact helpful but not adequate yet. It needed new adherences and expanded political and military aspects. He wanted BP-NATO tie which he believed would be desirable from NATO viewpoint.

Menderes expressed gratitude for US economic and military aid, and for UK efforts strengthen BP. He called for implementation US proposals in military field and said most NATO countries required nuclear weapons. He favored NATO atomic stockpile especially for those countries with common frontier with USSR. . . . He said IRBM proposal extremely important and strongly favored by Turkey. He said IRBMs in NATO countries could counteract Soviet ICBM. He thanked us for including Nike battalions in Turkish program.

#### *15) UK.*

Macmillan said he hoped NATO meeting could develop thoughts to extend ideas expressed in declaration common purpose. This was historic meeting and there was historic need therefor.

Meeting resembled meeting of cabinet of alliance. He noted UK did not have predetermined policy but would decide policy in light views expressed here. NATO had clear record of achievement which many now sought improperly to denigrate. Object now is to avoid war, later it could be promote peaceful co-existence and perhaps ultimately we would reach real peace with justice. Referred to division Germany as example current injustices. He said NATO not real military alliance as consisted nonmilitary states. NATO problems were to improve military posture, guard against political subversion, economic pressure and people's general weariness.

Macmillan noted UK responsibilities outside NATO and made plea for balanced forces. Suggested for example UK navy concentrate on anti-submarine warfare and leave striking force to US. He called for pooling of resources, assessment and assignment of specific tasks. He expressed satisfaction at US offer re procurement as assisting NATO countries.

In economic field he supported Common Market and free trade area. He praised proposal continue our US military assistance program and said NATO must not be outflanked by any means, political, economic or military. He said we must be willing discuss problems with Soviets to show we leave no stone unturned seeking for peace. He closed with procedural recommendations reported separately.

16) *Luxembourg.*

Bech did not speak.

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76. **Memorandum of a Conversation, Paris, December 17, 1957,  
9 a.m.**<sup>1</sup>

USDel/MC/26

PARTICIPANTS

*United States*  
The President  
Mr. C. Burke Elbrick  
Lt. Col. Walters

*Italy*  
Prime Minister Zoli  
Foreign Minister Pella

After an exchange of the usual pleasantries, the President said that he felt that there had been a considerable measure of general

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<sup>1</sup>Source: Department of State, Conference Files: Lot 63 D 123, CF 951. Secret. Drafted by Walters and cleared by Elbrick. This conversation took place at the American Embassy residence at 9 p.m.

agreement in the statements made by the various chiefs of government during the first day of the meeting.<sup>2</sup> He added that everyone seemed agreed on the need for consultation, but added that immediately thereafter they had all unilaterally released their statements to the press, which contradicted what they had just said. The President said this humorously, and then returning to a serious vein, he said we were very much in favor of closer, fuller and even earlier consultation. Prime Minister Zoli then complimented the President on the two splendid speeches he had made on the first day. He felt that they had struck the keynote of the meeting, and Mr. Pella said that the Conference could well have ended on that note—what followed was anti-climactic.

The President felt that Mr. Macmillan had made a fine presentation and had made useful suggestions as to the work procedure for the Conference. With this, the Italian Prime Minister and Foreign Minister agreed.

The President then said that during the time he had been in Europe, the Italian Government had always been in the forefront of the movement for European integration. He asked whether this was still true. Mr. Zoli replied that it was even more true today than before. This was true not only of the Italian Government but of broad sections of the population, particularly the young people who were convinced Europeans. The President said that he had always favored closer integration in Europe. If, for example, Italy, France, and Germany drew closer together, they would represent a power comparable to the Soviet Union and the United States, and in this case there would be three great powers in the world, two of them on the side of freedom and this would certainly cause the Russians to pause and reflect. Mr. Pella said it was important that there be no discrimination against anyone, and the President emphatically said he had been citing an example, but he certainly felt that the Belgians, the Dutch, and the others should likewise be included. Prime Minister Zoli felt that anything that could be done during the Conference to give additional stimulus in this direction within the framework of NATO would be helpful.

The President said that when he had been here before, one of Italy's great problems had been unemployment, and that there had been some 2.6 million unemployed, as he recollected the figure. Mr. Zoli replied that the figures of unemployment were sometimes somewhat deceptive. They now had 1.8 million unemployed; 1.6 million during periods of greater employment. This represented great progress, but they were not convinced that all of these were really unemployed. Italy's greatest preoccupation was the raising of the low

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<sup>2</sup>See Polto 1779, *supra*.

living standards which existed in southern Italy where great poverty existed. The President said that, as we had said before, we were asking for an increase in lending authority in certain governmental organizations, and that a favorable climate would attract private investment.

Mr. Zoli then said he knew that the President had an appointment with Chancellor Adenauer and that he did not wish to keep him any longer. He merely wished to tell him of the respect and affection which the Italian people had for him and their high hope that he would come to Rome at some time in the future. The President said he hoped this would be possible and the two Italian Ministers then took leave of the President.

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77. **Telegram From the United States Delegation at the NATO Heads of Government Meeting to the Department of State<sup>1</sup>**

*Paris, December 17, 1957—10 p.m.*

Polto 1790. 1) Following is report discussion Germany and disarmament at restricted meeting NATO Foreign Ministers 10:30 a.m., December 17, with SecGen Spaak in chair.<sup>2</sup>

2) Spaak listed topics on agenda as Germany, disarmament (including Bulganin letters), Middle East, liaison with other collective defense organizations, Africa, and political consultation.

3) Secretary inquired whether this meeting was restricted from standpoint of publicity. Spaak said he intended hold no press conference on this restricted session. There would be a press conference at the end of Heads of Governments meeting this afternoon but he would not communicate any summary of what Ministers might say this morning. For clarification Secretary asked whether Foreign Ministers who wished could make public substance their own statements. Portugal proposed that meeting be considered as absolutely private session and this was agreed. Spaak underlined that nothing was to be said to press on proceedings of this restricted session.

4) Re German reunification and Berlin, Spaak inquired whether anything had changed in NATO's attitude toward these questions. If as he expected answer was no then it remained to decide what refer-

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<sup>1</sup>Source: Department of State, Central Files, 396.1-PA/12-1757. Secret. Drafted by Timmons and authorized by Reinhardt. Repeated to the other NATO capitals and Moscow.

<sup>2</sup>The summary, C-R(57)83, and verbatim, C-VR(57)83, records of this session, both dated December 17, are *ibid.*, Conference Files: Lot 63 D 123, CF 951.



ence was to be made to subject in communiqué. Germany (Brentano) thanked United States and United Kingdom for reference to German reunification and Berlin in their statements at first plenary session. Felt it important mention German reunification and Berlin in final communiqué. If not mentioned absence would be remarked upon. Situation in Berlin always delicate and has become more so in recent weeks. SecGen asked German Delegation prepare draft language for communiqué. Secretary suggested we recall summit meeting at which Soviets agreed to German reunification. This not only reaffirms our desire that Germany be unified in freedom but emphasizes that Western position is that we are asking Soviets live up to an agreement already entered into.

5) France (Pineau) spoke first on second agenda item, disarmament. Pineau said NATO should firmly state its determination to strengthen itself in military field to meet Soviet threat. As parallel, NATO should also emphasize desire for disarmament agreement. He suggested Heads of Governments meeting take decision invite Soviets to meeting at Foreign Minister level with Western Four (United States, United Kingdom, France and Canada) to discuss resumption disarmament negotiations.

6) Speaking for Italy Pella said opportune in terms world opinion to stress difficulties for disarmament which flowed from Soviet attitude. West forced make greater effort because Soviet refusal negotiate seriously on disarmament. He suggested it be proposed to Soviets United Nations Disarmament Commission be convened resume disarmament discussions.

7) Norway (Lange) supported French proposal. Said Soviets had already taken position they don't accept present United Nations machinery for disarmament discussions. If they now agreed to attend Disarmament Commission meeting, Soviets would lose prestige. To show our good will we should not ask them accept loss prestige. Added that if five Foreign Ministers meet, Norway hoped Western representatives' attitude would be that proposals West has already put forward are good, but West willing discuss modifications, without any prejudice to our interests.

8) Canada (Smith) suggested that in reply to Bulganin letters NATO countries should take initiative and ask about Soviet attitude toward genuine disarmament inspection and control.

9) United Kingdom (Lloyd) hoped HG meeting would strengthen Alliance, but if no concrete results wrong impression would be created. He said present NATO meeting could not draft satisfactory replies Bulganin letters, nor was it advisable put forward idea summit meeting, which should not take place without much preparation. One thing that could be done was to offer Soviets meeting at Foreign

Minister level with Western Four. This offer would put military proposals being made at present meeting in their proper light.

10) Belgium (Larock) thought Pineau proposal for meeting would be best possible reply to Bulganin letters. Letters themselves should not be mentioned in communiqué but NATO should show itself willing seek solutions to disarmament problem. NATO should recall in communiqué where responsibility for disarmament impasse lies. We should also reiterate the correctness of the Western position on nuclear testing, control provisions, etc. If Russia does not accept resume Disarmament Commission discussions, increases in NATO military strength more justified than ever.

11) Secretary said that while United States had no objection in principle indicating willingness try discussions with Soviets at Foreign Minister level on disarmament; however, matter would have to be handled most carefully from standpoint United Nations. Enlarged Disarmament Commission will be meeting in early January. We should do nothing which would cut ground from under Commission. We must remember important countries from other parts of the world represented on Disarmament Commission and they have interest in matter. Perhaps Western Four could address communication to Disarmament Commission, stating willingness cooperate in seeking meeting at Foreign Minister level, but not as an independent action which would undermine the Disarmament Commission before it had a chance to meet.

12) Turkey (Zorlu) said Turkey supported Secretary's proposal. Stressed purpose HG meeting was primarily to strengthen NATO military defense. No one can doubt good will West has shown in United Nations Disarmament Subcommittee discussions. We must show public opinion that NATO's will to defend itself is strong. Suggested Soviets be invited attend meeting of United Nations Disarmament Commission in January. Said NATO must not attempt to interfere with work of Commission or to take disarmament out of United Nations framework.

13) Denmark (Hansen) supported Norway and Pineau proposal. Agreed no difficulties should be made for United Nations.

14) France said meeting five Foreign Ministers could examine certain disarmament questions and thus prepare way for meeting of Disarmament Commission in January.

15) Italy (Pella) supported United States proposal. Suggested first try have meeting of Disarmament Commission. If this fails, we can always come back to meeting at Foreign Minister level.

16) United Kingdom agreed necessary find formula to show that NATO not usurping task Disarmament Commission. Said discussion with Soviets in meeting of five Foreign Ministers was best formula for West. Proposal for Foreign Ministers meeting would have good

impact on public opinion. Suggested saying that we regret Soviets won't come to meeting of Disarmament Commission, but to show West's desire get disarmament discussions going again, West is suggesting meeting at Foreign Ministers level.

17) Secretary said that Western Four have status in disarmament picture only as members of subcommittee of a United Nations body. Since parent body recently enlarged, thought it would be strange if subcommittee were to go off on its own. On other hand, perhaps it was intent of Pineau proposal to suggest that NATO should now get into disarmament negotiations directly. That would be another matter and might not be wise. NATO cannot give a new mandate to the Disarmament Subcommittee.

18) United Kingdom said it understood Pineau proposal was not reinstatement of Disarmament Subcommittee. Rather, Western Four would offer on behalf their own countries, have a further disarmament discussion with Soviets.

19) France said United Kingdom interpretation correct. There should be no allusion to United Nations Disarmament Subcommittee. In present state, public opinion would not understand if special pains were not taken to show West ready make new effort get disarmament discussions going.

20) Germany supported United States and said NATO should not ignore United Nations and begin negotiations with Soviets on disarmament.

21) Greece (Kassimatis) agreed NATO should not compete with United Nations.

22) Portugal (Cunha) supported Pineau proposal. This would give public opinion feeling of NATO strength and reasonableness.

23) Turkey said NATO should show public opinion that whole negative attitude on disarmament lies with Soviets. Fifty-seven United Nations countries have already sided with Western disarmament proposals.

24) Netherlands supported Pineau proposal and said Secretary was right, in that in last analysis discussions on disarmament must take place in United Nations.

25) Turkey warned against doing anything that would damage normal standing of United Nations Disarmament Commission. It is not the West which wants an arms race or wishes to dominate the world.

26) Norway said that situation was that at United Nations, in spite Western efforts, deadlock has been reached. Western opinion expects US to make some suggestion to break this deadlock.

27) Secretary said we should remember great battle at United Nations recently was on issue of numbers. Soviets consistently charged that make up Disarmament Subcommittee at four-to-one

ratio was unfair to them. Increasing membership of Disarmament Commission to twenty-five went part way to meet Soviet position. It would not appear a new move if we now went back to four-to-one basis.

28) Canada said that she was willing to withdraw and make ratio three-to-one.

29) Spaak suggested that international staff prepare draft text for afternoon HG meeting containing synthesis various points raised this morning and putting up the two formulas that had emerged: invite Soviets to attend meeting of Disarmament Commission and stand on this position, or ask Soviets attend Disarmament Commission but indicate NATO prepared to try something else if deadlock continues. Perhaps another combination of NATO countries on our side could be formed. Soviets might want to bring in other countries on their side. If so, situation could be examined.

30) Secretary again stressed that raising membership Disarmament Commission was effort meet Soviets. To go back to four-to-one would be greater backdown for Soviets. Must not alienate uncommitted countries on Commission. Also clear that Soviets would not negotiate with NATO except through Warsaw Pact. He for one would not favor this. He also urged that meeting not forget United States suggestion put forward yesterday that NATO set up a technical group on disarmament.<sup>3</sup> This could have favorable impact. If negotiations are resumed, there will be many difficult technical problems, some of which had to be faced last summer on crash basis.

31) Other items discussed at restricted morning session reported in separate telegram.<sup>4</sup>

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<sup>3</sup>This suggestion was made by President Eisenhower in his statement to the Heads of Government at their first plenary meeting on December 16. For text of this statement, see Department of State *Bulletin*, January 6, 1958, pp. 6-8.

<sup>4</sup>Polto 1791, December 17. (Department of State, Central Files, 396.1-PA/12-1757)

## 78. Telegram From the United States Delegation at the NATO Heads of Government Meeting to the Department of State<sup>1</sup>

Paris, December 18, 1957—11 a.m.

Polto 1796. NATO Heads of Government in restricted session from 4 to 7:15 p.m. December 17.<sup>2</sup> Discussion, which centered on draft sections of communiqué prepared following Foreign Ministers meeting this morning,<sup>3</sup> touched on following topics: 1) Germany and Berlin, 2) disarmament, 3) Middle East, 4) Africa, 5) relations with other security organizations, 6) Indonesia, and 7) political consultation. Discussion of Middle East and Africa reported in separate message.<sup>4</sup>

Heads of Government agreed on following procedural arrangements:

1) International staff will by tomorrow morning prepare draft section of communiqué dealing with non-military subjects based on various drafts considered today.

2) This draft will be reviewed tomorrow by committee consisting Foreign Ministers Belgium, Canada, France, and U.K. in time for possible consideration by Heads of Government tomorrow afternoon session.

3) Foreign and Defense Ministers will meet in restricted session 9:30 a.m. tomorrow to consider military topics plus scientific cooperation and economic cooperation if time permits.

4) Heads of Government will meet at 4 p.m. tomorrow to review results morning meeting Foreign and Defense Ministers and possibly draft communiqué on non-military subjects.

5) Further meeting Heads of Government Thursday morning will almost certainly be necessary.

Report of discussion follows:

Germany and Berlin. Draft prepared by Germany<sup>5</sup> was modified slightly and referred to drafting group.

Disarmament. Discussion again focused on question of proposing to USSR special meeting on Heads of Government or Foreign Minister level, if USSR unwilling work through Disarmament Commission.

Canada (Smith) made strong plea for such meeting, arguing that public wished to know that all possibilities for disarmament had been exhausted. NATO should call on USSR to work with Disarmament Commission. However, if Soviets not willing, NATO should

<sup>1</sup>Source: Department of State, Central Files, 396.1-PA/12-1857. Secret. Authorized by Reinhardt. Transmitted in two sections and repeated to the other NATO capitals and Moscow.

<sup>2</sup>The summary, C-R(57)84, and verbatim, C-VR(57)84, records of this session, both dated December 17, are *ibid.*, Conference Files: Lot 63 D 123, CF 951.

<sup>3</sup>Transmitted in Polto 1791, December 17. (*Ibid.*, Central Files, 396.1-PA/12-1757)

<sup>4</sup>Polto 1797, December 18. (*Ibid.*, 396.1-PA/12-1857)

<sup>5</sup>Not found in Department of State files.

say heads of state prepared meet with them, provided they agree in advance on necessity for inspection system. Such proposal would have tremendous effect and give West initial time.

Greece (Averoff) stated present meeting in sense was NATO reply to Sputnik propaganda. If NATO response was to plead with USSR to discuss disarmament, might give impression weakness and fear.

Turkey (Zorlu) agreed with Greek point. Turkey also opposed to taking disarmament out of U.N. forum.

Norway (Lange) favored meeting on Foreign Minister or Head of Government level.

France (Pineau) acknowledged Greek and Turkish point had validity. However, felt that if public opinion was to accept greater defense effort, it was necessary to make new effort towards peace. Thought it quite feasible hold top level meeting to break deadlock and agree on principles, after which details could be left to Disarmament Commission.

U.K. (Macmillan) agreed with Pineau. Referred to public concern in U.K. about U.S. and U.K. planes carrying atomic bombs. This concern likely to be greater with advent ballistic missiles. However, "people will take it if they know we are doing something". People being asked to accept big obligations and risks and Macmillan felt strongly top level meeting was desirable.

Italy (Pella) noted differences of view as to whether or not proposed high level meeting would indicate weakness, suggested best to defer decision until Heads of Government could see what decisions they could take in military field. If latter substantial, might be more willingness to accept new approach on disarmament.

It was agreed accept Pella suggestion.

Relations with other security organizations. U.S. proposal, to effect that Council request Secretary General explore possibility developing relations with other organizations to facilitate exchange of information and opinion, met mixed reception.<sup>6</sup>

France (Pineau) indicated prepared to agree on proposal but dubious about putting in communiqué.

Norway (Lange) agreed on not putting in communiqué and was opposed to direct links between organizations. Thought liaison should be handled through common members of various organizations. Canada and Denmark agreed with Norway.

Secretary thought device of using common members as link would suggest NATO trying to run other organizations. What was

<sup>6</sup>This proposal was made by Dulles at the first plenary session of the Heads of Government meeting on December 16. For text, see Department of State *Bulletin*, January 6, 1957, pp. 8-12.

needed was feeling on part of other organizations that they are recognized. Was hard to see why NATO should close its eyes to information which it might obtain through links with other organizations. Also not desirable rebuff desires of others.

Germany (Adenauer) supported U.S. proposal firmly, as did Netherlands and Italy.

U.K. (Macmillan) said main thing was to establish relationships. This was basic to concept that we engaged in conflict of world-wide scope. Whether announcement should be made was secondary question but, on balance, U.K. also favored that. Thought it would encourage free world.

Spaak said problem was rather delicate one, and there was danger in announcing approach before knowing reactions other organizations. Suggested Council authorize him to take soundings with other organizations in confidence and report back either to Permanent Council or to next Ministerial meeting.

Spaak suggestion was accepted but Secretary pointed out was questionable whether matter could be kept quiet view fact U.S. proposal was known.

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Political consultation. France (Pineau) was dissatisfied with draft prepared by international staff, which French considered did not spell out with sufficient precision conditions under which consultation should take place. View lateness of hour discussion was not pursued.

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**79. Telegram From the United States Delegation at the NATO Heads of Government Meeting to the Department of State<sup>1</sup>**

*Paris, December 14, 1956—8 p.m.*

Polto 1804. 1. This message reports last item discussed at 9:30 a.m. session of NATO Foreign and Defense Ministers December 18<sup>2</sup>

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<sup>1</sup>Source: Department of State, Central Files, 396.1-PA/12-1857. Secret. Drafted by Timmons and authorized by Reinhardt. Repeated to the other NATO capitals and Moscow.

<sup>2</sup>The summary, C-R(56)75, and verbatim, C-VR(57)85, records of this session, both dated December 18, are *ibid.*, Conference Files: Lot 63 D 123, CF 952. The summary record details both morning and afternoon meetings.

2. After defense items dealt with (report separate message<sup>3</sup>), meeting considered draft economic section of communiqué (RDC/57/458) prepared by U.S. Delegation<sup>4</sup> on basis text contained Topol 1798.<sup>5</sup>

3. Turkey (Sarper) noted references to "other countries" and "less-developed areas", and inquired whether these references were to areas outside NATO.

14. Portugal (Cunha) thought that reference to lending "every encouragement" to development European economic community and European free trade area was too broad a formula, seemed to pass judgement of FTA, which presently under discussion in OEEC.

5. Italy (Cattani) said extremely interested in FTA and saw no reason not to mention it in communiqué. Thought economic cooperation between NATO countries and other areas should be stressed.

6. Greece (Averoff) thought paragraph on EEC and FTA seemed lay too much stress on raising already high economic level Western European countries and not enough on furthering growth in other parts NATO area.

7. Canada (Smith) said he wished submit redraft of same paragraph.

8. Secretary said that while US not wedded to particular language, we felt important at this time to emphasize two things. First, economic cooperation is desirable in order increase our own well-being and strength. Second, we wished make clear our concern over situation in less-developed countries, where Cold War being waged. Extremely important keep up our military strength in order not be coerced by Soviets. But there is real danger from Soviet and Chinese Communist penetration in less-developed areas, where hopes and aspirations are high. These countries already exerting themselves meet this challenge. US believes there is scope for greater cooperation and coordination of efforts of NATO countries, point already emphasized by Italian Delegation. Added that references to other countries should be qualified by words "free world". With respect EEC and FTA, these are important developments. Perhaps point made by some countries could be handled by making clear in paragraph in question that EEC and FTA not designed operate behind high protective barriers, and thus dislocate trade with other free countries. It is expected barriers will be lowered, and that trade and purchasing power will increase.

<sup>3</sup>Polto 1807, *infra*.

<sup>4</sup>A copy of RDC/57/458 (Final), Annex A/2, an undated working paper submitted by the U.S. Delegation to the NAC entitled, "Economic Co-operation in NATO," is in Department of State, Conference Files: Lot 63 D 123, CF 937.

<sup>5</sup>Dated December 2, not printed. (*Ibid.*, Central Files, 840.00/12-257)



9. Denmark (Krag) supported Canada and said all trade barriers should be reduced, not just in Western Europe but throughout Atlantic community.

10. France (Pineau) remarked on absence in draft of any mention of machinery to resist Soviet economic penetration.

11. Secretary said paper under discussion had not attempted deal with special situations, such as that referred to by Pineau. Such matters difficult and delicate. For example, if talked about publicly, certain countries with surpluses might attempt take advantage of US. Mentioned helpful work already done in NATO (such as Lebanese apples). US considering this entire problem but no conclusion reached. Secretary felt this subject best not mentioned in communiqué.

12. Greece reverted to need for mentioning development less-developed areas within NATO.

13. Italy made point that they assumed reference to NAC reviewing economic trends and assessing economic progress meant this would be done through existing NATO bodies, such as NAC and ECONAD.

14. Canada suggested reference to Article 2 of treaty.

15. Secretary inquired whether SecGen wished US prepare new draft for afternoon meeting. Spaak asked US to do so.

## 80. Telegram From the United States Delegation at the NATO Heads of Government Meeting to the Department of State<sup>1</sup>

*Paris, December 19, 1957—2 a.m.*

Polto 1807. This cable reports December 18th morning and afternoon meetings of Foreign and Defense Ministers.<sup>2</sup> Discussions related to NATO atomic stockpile, IRBM's, force contributions, defense production, scientific research and educational training. They resulted in adoption by Ministers of communiqué language for submission to drafting committee. (Economic section of communiqué also discussed and reported separately in Polto 1804.<sup>3</sup>) Following summary combines discussions in morning and afternoon sessions.

<sup>1</sup>Source: Department of State, Central Files, 396.1-PA/12-1957. Secret. Authorized by Reinhardt. Repeated to the other NATO capitals and Moscow.

<sup>2</sup>The summary, C-R(57)85, and the verbatim, C-VR(57)85, records of these sessions, both dated December 18, are *ibid.*, Conference Files: Lot 63 D 123, CF 952.

<sup>3</sup>*Supra.*

Lange (Norway) opened discussion on IRBM's by tabling text of communiqué language.<sup>4</sup> He stated Norway would have preferred that declaration on IRBM's be deferred until a subsequent disarmament discussion could be had with Soviets, but, since Norway understood there was general feeling around table that these weapons should be accepted now, he was introducing this amended proposal. Paper in essence stated that, because Soviets have adopted these weapons and have stated their readiness to use them, there is no alternative but to adopt the best weapons ourselves. Council, however, will have to "consider certain political and economic questions relating to their use and deployment." The military will have to report at an early date on their introduction. In the meantime, he suggested that disarmament talks continue.

Denmark, in supporting Norway, stated that they, too, would have preferred delay.

Belgium stated there should be no delay from a military point of view in taking these weapons at earliest possible date.

Secretary then expressed appreciation Norway's position, was very happy they had adopted this attitude, accepted their text in principle. During subsequent discussion, it was agreed to modify wording of text by changing words "consider certain political and economic questions" to "study of the various questions involved."

. . . . .

France discussed problems of sites and conditions of use, indicating that these matters should be determined bilaterally between supplier of weapons and receiving country.

Much discussion as to relationships between NATO, supplying country and receiving country. Was decided that conditions of use should be omitted from communiqué draft.

France thought financial arrangements would have to be made bilaterally.

Belgium and France agreed that weapon sites would be determined by country concerned, in accordance with SACEUR's military planning.

Spaak summed up, saying a country has to agree to accept weapons, weapons must be taken in accordance with military plans of SACEUR, question of use must be approved by NATO, and question of location and financial arrangements should be decided on bilateral basis. However, in agreed draft for communiqué, Spaak's suggestion that use must be approved by NATO was changed so that

<sup>4</sup>A copy of the Draft Declaration/Communiqué, PC-10, undated, is in Department of State, Conference Files: Lot 63 D 123, CF 952.

both location and arrangements for their use would be decided "in conformity with NATO defense plans and in agreement with states directly concerned."

On IRBMs, Greece thanked the United States for offer and reserved for the record its right to determine subsequently whether or not desires weapons. However, supported amended communiqué.

Netherlands thanked United States and said will be glad to have IRBMs if SACEUR desired. Dutch said unimportant to them where missiles are located; they were not afraid to have them on theory that they would attract Russian attack because any Russian attack would be a general one and part of a general Soviet plan.

NATO atomic stockpile and IRBMs were treated together, with discussion focusing on IRBMs and practically no discussion of NATO atomic stockpile.

In opening discussion on the "balance of collective forces," Duncan Sandys indicated that coordination, integration and standardization relate not only to forces but also to production, research and development.

Netherlands stressed interdependence and that NATO had never decided what balanced collective forces are. Integration should be a slow and progressive process.

There was then a general discussion whether or not to hold meeting of Defense Ministers after MC-70<sup>5</sup> had been approved and prior to Foreign Ministers spring meeting.

United Kingdom wanted discussion of MC-70 prior to its becoming final military document. Nobody agreed with United Kingdom. Spaak promised MC-70 by February 1. It was then agreed that there would be a special Foreign Ministers meeting.

Under item of defense production, United Kingdom indicated very happy that United States would seek ways to purchase European-produced advance weapons for its own forces. This would provide foreign exchange needed to make possible purchases in the United States of weapons not manufactured in Europe.

Greece put in plug for consideration by NATO of countries not having modern production facilities.

France suggested some use of common financing in defense production, but this not accepted.

There was no further substantive discussion of this item, and Spaak appointed working group, consisting of Assistant Secretary-General for Production and Logistics and representatives of United States, United Kingdom and France, to draft communiqué language.

Spaak introduced discussion of scientific and technical cooperation, saying there were two ideas having universal acceptance, one, a

<sup>5</sup>Not found in Department of State files.

scientific committee and, two, a scientific advisor. No country objected and no one discussed this. He referred to French proposal for foundation for scientific research.<sup>6</sup> French did not speak in support of their proposal.

Secretary Dulles suggested communiqué include reference to some specific items which had been suggested and which the science committee might consider implementing. While this was not adopted in final communiqué, it was agreed that science committee would be responsible in particular for making recommendations on French proposal and many others proposed by task force and NATO parliamentarians.

Canada urged communiqué include language on necessity for pooling scientific and technical resources and this was accepted for final draft.

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<sup>6</sup>A copy of the French proposal to establish an Atlantic Foundation for scientific research, RDC/57/428 (Final), Annex C/2, undated, is in Department of State, Conference Files: Lot 63 D 123, CF 937.

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## 81. Telegram From the United States Delegation at the NATO Heads of Government Meeting to the Department of State<sup>1</sup>

*Paris, December 19, 1957—p.m.*

Polto 1819. Subject: Heads of Governments meeting, Wednesday, December 18, 6 p.m.<sup>2</sup>

Item I, Draft declaration:<sup>3</sup> Chairman Spaak said object of meeting is to report to Heads of Governments on work done by Ministers in previous sessions. He first asked whether delegations wanted to issue a public declaration on NATO's purposes and plans. US expressed view that it essential to issue such a declaration. This was supported by UK. Discussion then turned to paragraph by paragraph reading of RDC (57) 449, Annex A2.<sup>4</sup> A number of suggestions for changes made, but general form and substance draft declaration remained intact.

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<sup>1</sup>Source: Department of State, Central Files, 396.1-PA/12-1957. Confidential. Drafted by Nolting and authorized by Reinhardt. Repeated to the other NATO capitals and Moscow.

<sup>2</sup>The summary, C-R(57)86, and verbatim, C-VR(57)86, records of this session, both dated December 18, are *ibid.*, Conference Files: Lot 63 D 123, CF 952.

<sup>3</sup>See footnote 4, *supra*.

<sup>4</sup>A copy of the revised English text of the draft declaration is in Department of State, Conference Files: Lot 63 D 123, CF 937.

Canada suggested addition of thought that Soviet satellites would not forever remain in bondage. This suggestion referred to drafting Committee of Four for specific language.

US noted that declaration lacked reference to increasing power of Soviet Union, and suggested that this thought be added.

Exchange developed between Greece and Turkey (both obviously thinking of Cyprus) regarding para 8, with Greeks seeking to incorporate language about "ideals and aims" of peoples, and Turks sharply disagreeing. This point finally resolved in language adopted in final communiqué<sup>5</sup> Thursday morning.

Document approved in general and referred back to Committee of Four for changes and final reference to Heads of Governments.

Item II, defense sections of communiqué: Council discussed PC-6 paragraph by paragraph.<sup>6</sup> No major debates developed, Council being in general agreement with language prepared by drafting Committee of Three (France, UK and US). Following morning's discussion by Foreign and Defense Ministers,<sup>7</sup> several minor suggestions adopted. Para 5 amended by US to include in first sentence "requirements established by that 'alliance' ". On para 6, President Eisenhower suggested deletion "in these fields we have welcomed generous and far-reaching offers made by government of US", saying that while US appreciates thought which is record, US did not want to be singled out from "corporate body" of which we are one member among equals.

This section of communiqué adopted in principle and referred to the communiqué Committee of Four for final polishing and final reference to Heads of Governments meeting Thursday morning.

Item III, communiqué section on scientific and technical cooperation, (PC-5):<sup>6</sup> draft generally approved, with addition suggested by Canada in para 2 concerning importance of efforts of teachers and scientists. Draft referred to communiqué Committee of Four for further polishing.

Item IV, draft communiqué section on economic policy, (PC-8)<sup>6</sup> reported separately.<sup>8</sup>

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<sup>5</sup>For text of the final declaration and communiqué dated December 19, see Department of State *Bulletin*, January 6, 1958, pp. 12-15.

<sup>6</sup>Not found in Department of State files.

<sup>7</sup>Document 79.

<sup>8</sup>Topol 1798 to Paris, December 2, not printed. (Department of State, Central Files, 840.00/12-257)

82. Telegram From the United States Delegation at the NATO Heads of Government Meeting to the Department of State<sup>1</sup>

Paris, December 19, 1957—8 p.m.

Polto 1820. Subject: Heads of Governments meeting, Thursday, December 19, 11 a.m.<sup>2</sup>

Chairman Spaak called upon Council to conclude screening of and finally adopt declaration and communiqué.<sup>3</sup>

Item 1. Revised declaration (PC-10)<sup>4</sup> read paragraph by paragraph. Following highlights discussion and changes:

In para 9, sharp debate developed between Turkey and Greece over words "peace and freedom". With Menderes mentioning Cyprus as his major concern, he insisted that the word "freedom" be dropped. Greece stoutly defended concept, supported by Spaak, who pointed out that in context para 9 the word "freedom" could not be interpreted as having any reference or relevance to Cyprus situation. Squabble finally resolved by adoption phrase "freedom in peace".

Declaration adopted and decision taken that communiqué section should follow as part of single document.

Continuing discussion PC-10, Council considered draft paragraph by paragraph, and finally adopted communiqué as officially released.

Following highlights of discussion may be of interest:

In para 11, at United States suggestion, word "moral" inserted. At Norway's suggestion, phrase "of that area" deleted on grounds it was too broad.

Brentano (Germany) proposed sharpening para 12, both with respect to Berlin and German reunification. Language referring to October 23, 1954 declaration<sup>5</sup> and Geneva Summit Conference was agreed upon.

Netherlands suggested slight addition to para 15 to meet requirements of Dutch public opinion concerning Indonesia. Proposal adopted without debate.

On para 16, discussion developed on question of "divergencies" and bringing them into harmony. President made point that NATO should not always aspire to "overcome" all divergencies, but should

<sup>1</sup>Source: Department of State, Central Files, 396.1-PA/12-1957. Confidential. Drafted by Nolting and authorized by Reinhardt. Repeated to the other NATO capitals and Moscow.

<sup>2</sup>The summary, C-R(57)87, and verbatim, C-VR(57)87, records of this session, both dated December 19, are *ibid.*, Conference Files: Lot 63 D 123, CF 953.

<sup>3</sup>See footnote 5, *supra*.

<sup>4</sup>See footnote 4, Document 80.

<sup>5</sup>For text of the Paris Agreements, reached at the Nine- and Four-Power Conferences, October 23, 1954, see *Foreign Relations, 1952-1954*, vol. v, Part 2, pp. 1435 ff.

certainly always be prepared to "accommodate" differences of view and subordinate them to a fundamental unity.

At this point in proceedings, Spaak announced that the press had gotten hold of PC-10. He expressed view that this represents deplorable situation and made very difficult, if not pointless, revision of text. He said that this always seemed to happen at ministerial meetings of NATO, whereas leaks were very rare from sessions of Permanent Council. Lange of Norway said that in view of premature publication of draft communiqué, changes should be kept to a minimum. Secretary Dulles said that the Council should make such changes as were necessary and not attempt to make "an honest man" out of the person who leaked draft communiqué.

Continuing discussion, United Kingdom suggested deletion para 34 from communiqué, with understanding that Council adopt as decision substance of para 34. This supported by United States, on grounds that public would interpret announcement of spring meeting as deferral of action on decisions taken at Heads of Government meeting. Netherlands objected to deletion and proposed reference to 1957 Annual Review. Finally agreed incorporate announcement spring military conference at Ministerial level under para 31.

Re para 42, economic cooperation, debate developed on effect of plans for Common Market and European Free Trade Area upon less developed European countries, Greece and Turkey teaming up to press point that "countries undergoing development should not be crushed by economic integration." In course discussion, Canada stated for record that it could not accept free trade area unless food, drink and tobacco were excluded; but on this understanding would not object to communiqué language.

Canada returned to para 13, stating for record that second sentence did not imply military support for countries of the Middle East. Chairman stated summary record would make this clear.

Final declaration and communiqué adopted.

The SecGen Spaak tried to continue custom of having a minister give final press conference; but was prevailed upon to handle it himself. Expressions of thanks were extended to the international staff and the PermReps on their work in preparing this meeting. President Eisenhower suggested that, in view of the important decisions taken and need for guidance in the future, there should be a short period of prayer. Following silent meditation and prayer, the meeting was officially adjourned.





# EUROPEAN INTEGRATION

EFFORTS BY THE UNITED STATES TO HELP PROMOTE THE POLITICAL AND ECONOMIC INTEGRATION OF WESTERN EUROPE; UNITED STATES SUPPORT FOR THE PROPOSED EUROPEAN ATOMIC ENERGY COMMUNITY (EURATOM) AND THE EUROPEAN ECONOMIC COMMUNITY (COMMON MARKET); UNITED STATES CONCERN WITH THE CARTEL ASPECTS OF THE EUROPEAN COAL AND STEEL COMMUNITY; UNITED STATES SUPPORT FOR THE PROPOSED EUROPEAN FREE TRADE ASSOCIATION<sup>1</sup>

83. **Memorandum From the Assistant Secretary of State for Economic Affairs (Waugh) to the Under Secretary of State (Hoover)**<sup>2</sup>

*Washington, February 14, 1955.*

SUBJECT

Dodge Memorandum<sup>3</sup> on Cartel Aspects in the Schuman Plan<sup>4</sup>

*Problem*

To define the Department's position in response to a memorandum from Mr. Dodge (Tab B) describing report cartel developments in the European Coal and Steel Community (CSC) and raising the question whether, if these reports are substantially correct, U.S. policy concerning the Community should be subject to further consideration.

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<sup>1</sup>Continued from *Foreign Relations, 1952-1954*, volume vi.

<sup>2</sup>Source: Department of State, Central Files, 850.33/2-1455. Secret. Drafted by Roger C. Dixon, Chief of the International Business Practices Division (BP), Office of International Trade and Resources (ITR); Harvey J. Winter of BP; and Louis C. Boocher of the Office of European Regional Affairs (RA). Isaiah Frank, Deputy Director of ITR; E. Edward Scoll of the Office of International Financial and Development Affairs (OFD); and Walworth Barbour, Deputy Assistant Secretary of State for European Affairs (EUR), concurred.

<sup>3</sup>This memorandum of February 5 by Joseph M. Dodge, Chairman of the Council on Foreign Economic Policy (CFEP), is not printed. (*Ibid.*)

<sup>4</sup>On May 9, 1950, French Foreign Minister Robert Schuman outlined a set of proposals for the creation of a supranational authority or community in Europe. The so-called Schuman Plan evolved into the European Coal and Steel Community (ECSC), comprising France, the Federal Republic of Germany, Italy, and the Benelux countries (Belgium, the Netherlands, and Luxembourg).

*Discussion*

In summary, the reports cited by Mr. Dodge in his memorandum of February 5 are that the steel producers of the Community now openly fix export prices and allocate markets; that the U.K. and the High Authority (Executive branch) of the Community have entered an accord which may have price stability as a primary purpose; that scrap for the Community is purchased centrally, with the High Authority designating the source of supply, the recipient companies and the tonnages to be taken; and that the U.S. by its loan of \$100 million to the CSC<sup>5</sup> may have indirectly approved restrictive policies and practices of the CSC, which are "contrary to the laws and practices that govern American industry".

Specific detailed comments on the points raised by Mr. Dodge may be found at Tab C.<sup>6</sup>

It is apparent that various restrictive arrangements, including the steel export cartel, exist among the industries of the CSC, and that action by the High Authority to promote competitive conditions is of vital importance to the success of the Community. It was not expected, on the other hand, that the establishment of the CSC would quickly lead to the abolition of all such arrangements in view of the complexity of the problem; the long history of such arrangements in Europe; the limits on the High Authority's powers for dealing with restrictive arrangements outside the Community; the pioneering character in Europe of the High Authority's efforts; and the long and careful preparation required in undertaking an anti-trust action, as shown by U.S. experience. Consequently, although progress is slow, to some extent this is inevitable in the circumstances.

Some steps have already been taken by the High Authority against restrictive arrangements and we have been assured that further measures are now in preparation. We consider that there are reasonably good prospects for further progress by the Community in combating such arrangements.

*Recommendations*

(1) That the State Department take the following position in response to Mr. Dodge's memorandum:

(a) That the United States should continue its strong support for the High Authority and the Community especially in view of the far-reaching significance of the CSC as a major step toward European unity;

(b) That the United States should continue to take every opportunity to encourage the High Authority to use its powers firmly and

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<sup>5</sup>This Export-Import Bank loan was concluded in April 1954.

<sup>6</sup>Not printed.

expeditiously in order to develop a competitive common market for coal and steel; and

(c) That the facts currently available to the Department concerning the points raised by Mr. Dodge, in conjunction with the steps which the High Authority has taken and is anticipating in implementing the anti-cartel provisions in the CSC Treaty, do not warrant a reconsideration at this time of U.S. policy towards the Coal and Steel Community.

(2) If the Council on Foreign Economic Policy desires further information on Mr. Dodge's points, Tab C should be tabled. In addition, if amplification of any of these points is desired by the Council, the Department should offer to supply it promptly.

#### 84. Report by the Department of State to the Council on Foreign Economic Policy<sup>1</sup>

CFEP 520/1

Washington, March 16, 1955.

SUBJECT

Department of State Comments on "The Development of Cartel Aspects in the Schuman Plan"

The Department's comments which follow relate to the four points raised in Mr. Dodge's memorandum of February 5, 1955, on the above mentioned subject.

(a) *Steel Export Cartel*. The steel producers of the European Coal and Steel Community (CSC) have, without sanction from the High Authority, established a cartel to set minimum prices for exports from the Community. So far as is known, this agreement does not involve an allocation of markets. The High Authority has in no way condoned the existence of the agreement. Up to now, however, it has felt that it lacked the power to take action against the cartel under the CSC Treaty's anti-cartel provisions, which could be applied only if the export cartel's activities had an adverse effect on competition *within* the Community.

<sup>1</sup>Source: Department of State, E-CFEP Files: Lot 61 D 282A, CFEP 520. Secret. Transmitted to the Council on Foreign Economic Policy (CFEP) on March 16, under cover of a memorandum from Samuel C. Waugh to Joseph M. Dodge. Waugh's memorandum reads as follows: "There are enclosed the Department's comments on the reported cartel developments in the European Coal and Steel Community cited in your memorandum of February 5, 1955. Our comments are in the form of two documents. The first of which is a brief summary of the specific points raised in your memorandum in relation to our CSC policy, while the second is a more detailed analysis of these points." A copy of the report and the covering memorandum are *ibid.*, Central Files, 850.33.

It would also be possible for the High Authority to establish maximum export prices if the prices fixed by the cartel were found to be substantially higher than prices within the Community and therefore inequitable to importing countries. A thorough examination in February of CSC export prices, made at the instigation of the Danish Government during the Ninth Session of the GATT, has failed to show that the export prices were in fact inequitable. Nevertheless, as a result of combined expressions of concern from the U.S. and other governments, the High Authority has currently decided to renew its investigation of the export cartel. Another favorable result has been the establishment of a precedent for consultation between the High Authority and third countries with respect to CSC export prices and practices.

(b) *United Kingdom-CSC Agreement.* The agreement between the United Kingdom and the CSC, which has not yet come into force, was entered into primarily to strengthen the political significance of the CSC and to give impetus to the movement towards European unity. It provides for consultation and an exchange of information between the U.K. Government and the executive organs of the CSC on such questions as the supply situation for coal and steel, investment, pricing policies, and technological development. Provision is also made for consultation with a view to reducing tariffs and other trade barriers in line with objectives of the CSC Treaty.

The Department has recognized that such a relationship could form the basis for restrictive arrangements. It seems clear, however, from the history and context of the agreement, that the exchange of information on pricing is designed to reveal the presence of artificial price factors, such as subsidies or export incentives which distort trade. The powers of the High Authority in the CSC Treaty with respect to prices are, moreover, defined in such a manner as to limit the possibility of restrictive agreements on prices. It has been suggested also that the existence of arrangements for governmental supervision of the relationship between CSC and UK steel producers may in fact help to forestall restrictive agreements.

(c) *CSC Scrap Importing Arrangements.* A private scrap organization in Brussels (OCCF) is primarily responsible for CSC scrap imports. While the OCCF determines CSC scrap import requirements, so far as we know, it does not administer any system of scrap allocation for the High Authority. There is an exclusive scrap purchasing arrangement between the OCCF and certain U.S. scrap dealers. This arrangement is tied in with a so-called Perequation Fund to equalize the cost of imported and domestic scrap. The High Authority supervises the administration of both the OCCF and the Perequation Fund through designated observers. Scrap may be imported by CSC consumers outside the OCCF arrangement but no perequation payments are made

on such imports. The exclusive purchasing arrangement with U.S. scrap dealers is supposed to terminate March 31, but there is a possibility that it will be renewed.

The scrap import purchasing arrangements have developed as a means of coping with the special problems created by the removal of national barriers to trade within the CSC. Current information seems to indicate that the High Authority regards this scrap importing arrangement as temporary and that it will be terminated when supply and demand for scrap come more closely into balance. Past actions of the High Authority against restrictive scrap arrangements appear to sustain this view.

The U.S. Representative to the CSC has been instructed to indicate informally to the High Authority our reservations about the exclusive scrap purchasing arrangement<sup>2</sup> It should be noted that the Federal Trade Commission currently is investigating the relationship between the U.S. scrap dealers and importers in other countries, including the CSC.

(d) *U.S. Loan to CSC.* The loan of \$100 million to the High Authority was designed to demonstrate concretely the U.S. support for the movement toward European unity. The loan agreement gives specific recognition to the basic principles of free competitive enterprise and it stipulates that loans shall be made in a manner consistent with the operation of a common market free from national barriers and private obstruction to competition.

The attached document (Tab 1) comments on these points in more detail.

*Further Considerations:*

It is apparent that various restrictive arrangements exist among the coal and steel industries of the CSC. The steel export cartel has already been discussed. Another example is the German central organization known as GEORG which decides price and sales policies for all Ruhr coal. The High Authority is attempting to reorganize this restrictive system but is encountering determined opposition from the Ruhr industry. In the latter case, as in most cases involving restrictive business practices, there are political and social factors involved as well as economic. Although it is fully realized that action by the High Authority to promote competitive conditions is of vital importance to the success of the Community, it was not expected that the establishment of the CSC would quickly lead to the abolition of all restrictive arrangements. There are a number of important factors which must be taken into account such as the complexity of the

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<sup>2</sup>Robert Eisenberg was the Acting U.S. Representative to the ECSC. The instruction in question has not been found in Department of State files.

problem; the long history of such arrangements in Europe; the limits on the High Authority's powers for dealing with restrictive arrangements extending outside the Community; the pioneering character in Europe of the High Authority's efforts; and the long and careful preparation required in undertaking an antitrust action, as shown by U.S. experience. Consequently, although progress is slow, to some extent this is inevitable in the circumstances.

Some steps have already been taken by the High Authority against restrictive arrangements and we have been assured that further measures are now in preparation. We consider that there are reasonably good prospects for further progress by the Community in combating such arrangements.

The developments cited by Mr. Dodge should, moreover, be considered in the broad perspective of the Community's potential contribution to U.S. interests in Europe. The following points deserve attention:

(a) The European Coal and Steel Community represents a dramatic movement in the direction of European unity, the promotion of which has been established by Congress and the Executive Branch as a basic objective of U.S. policy. Although the collapse of the EDC<sup>3</sup> provided a set-back to the extension of the supranational principles embodied in the CSC, the Community serves as a rallying point for those upholding the idea of a united Europe. United States support for the CSC is widely recognized as a symbol of U.S. interest in encouraging progress towards this goal. The President has on frequent occasions expressed his support for this objective, and has described the CSC as "the most hopeful and constructive development so far toward the economic and political integration of Europe."<sup>4</sup> The Secretary, in a communication to M. Monnet, has recently referred to the CSC as "a bold and inspired conception which will serve as a beacon for the future."<sup>5</sup>

(b) The provisions of the CSC Treaty directed against monopolies and restrictive business practices, while quite analogous to U.S. antitrust legislation, are completely unprecedented in Europe. They point the way for other efforts in Europe to encourage more competitive and dynamic economics.

(c) While the Community's progress in combating restrictive practices has been slow, it has been substantially more active in this sphere than most individual European governments or other international bodies. Further, it should be realized that the CSC cartel prob-

<sup>3</sup>Reference is to the proposed European Defense Community (EDC), which was defeated by the French National Assembly in August 1954. For documentation on U.S. policy toward the EDC, see *Foreign Relations, 1952-1954*, vol. v, Part 1, pp. 571 ff.

<sup>4</sup>The President made this statement in identical letters to the Chairman of the Senate Foreign Relations Committee and the House Foreign Affairs Committee, dated June 15, 1953. For complete text of the letters, see Department of State *Bulletin*, June 29, 1953, pp. 927-928.

<sup>5</sup>Reference is unclear. Jean Monnet was the President of the High Authority of the ECSC.

lem cannot be considered entirely apart from the same basic cartel problem in other segments of the European economy. Some progress on this problem has been made by Western European governments since the war. Much remains to be done, however, and we should continue to give all possible encouragement to these governments, as well as to the High Authority, toward further development of programs for the elimination of restrictive business practices.

*Conclusions:*

(1) The United States should continue its strong support for the High Authority and the Community, especially in view of the far-reaching significance of the CSC as a major step towards European unity.

(2) The United States should continue to take every opportunity to encourage the High Authority to use its powers firmly and expeditiously in order to develop a competitive market for coal and steel. In this way the U.S. can help to promote continued progress by the High Authority towards this goal.

(3) The facts currently available to the Department concerning reported cartel developments in the CSC, in conjunction with the steps which the High Authority has taken and is anticipating in implementing the anti-cartel provisions in the CSC Treaty, do not warrant a reconsideration at this time of U.S. policy towards the Coal and Steel Community.

[Tab 1]

ANALYSIS OF REPORTED CARTEL ASPECTS IN THE  
SCHUMAN PLAN

*(a) Steel Export Cartel*

The report is correct that the steel producers of the European Coal and Steel Community have established a cartel to fix minimum prices for export from the Community. This has been done without sanction of any organ of the CSC. There is evidence that a quota system was introduced in the spring of 1954 when the market was slack. However, export quotas were reported to have been abandoned in late summer as a result of the resurgence of demand for steel in world markets. There is no evidence that the cartel has allocated markets.

This arrangement, known as the Brussels Convention, was entered into by the steel producers of five of the six member states of the Community shortly before the establishment of the common

market for steel in May 1953. It covers substantially all of the steel exports of the Community.

The High Authority has two possible courses of action against the steel export cartel. It has the power under Article 65 of the CSC Treaty to act against the export cartel if the cartel's activities directly or indirectly adversely affect competition with the common market. It is also empowered under Article 61 to fix maximum export prices if existing prices are found to be inequitable to importing countries outside the Community. Both lines of action have been considered by the High Authority.

The Department has been concerned about the export agreement since its institution. After consultation with the High Authority, this Government approached the individual governments of the member states of the CSC with respect to the possibility of governmental action against the export cartel. No positive results were accomplished by this approach. Our concern about the export cartel was also expressed to the High Authority during the loan negotiations in April 1954.

More recently, the Danish Government has raised the subject in various international forums, including the GATT, contending that the export prices fixed by the cartel are inequitable in being substantially higher than CSC domestic prices. Such a situation would place Danish steel fabricators at a disadvantage in relation to fabricators within the Community. GATT consideration of the problem was recently suspended pending outcome of direct discussions between the Danes and the High Authority. The latest advice is that, in these discussions, the High Authority has proved to the satisfaction of the Danes that the Community's export prices are equitable, there being no significant difference between CSC export and domestic prices. A favorable result of this exercise has been the establishment of a precedent for consultation between the High Authority and third countries with respect to CSC export prices and practices.

Although clearly not condoning the activities of the export cartel, up to the present time the High Authority has felt that it does not have the power to act against it under the anti-cartel provisions of Article 65 because of lack of evidence of an adverse effect of the cartel's activities on competition within the common market. The High Authority has informed us that it intends to renew its investigation of the export price agreement.

*(b) United Kingdom-CSC Agreement*

An agreement concerning relations between the United Kingdom and the CSC was signed in London on December 21, 1954, and is now awaiting ratification. The agreement provides essentially for consultation and the exchange of information between the U.K. Gov-



ernment on the one hand and the High Authority and Council of Ministers representing the Community. This consultation is to embrace a wide range of topics of common interest concerning the production and marketing of coal and steel; and institutional framework—a Council of Associations—is established to facilitate the discussion of them. These topics include such matters as investment policy; pricing arrangements, including subsidies; technical developments and research; supplies of coal and steel and other raw materials; and trends in production, consumption, imports and exports. If possible, before introducing any additional restrictions on trade in coal and steel in time of shortage or oversupply of coal and steel, the U.K. and the CSC are to notify the Council in order to permit consideration of coordinated action by the appropriate governmental organs of the U.K. and the CSC. The Council may also examine tariffs and other trade barriers, with a view to their reduction. The main task of the new Council is likely to be the working out of the CSC tariff reductions called for under Sections 14 and 15 of the CSC Transitional Convention. Negotiations of reciprocal concessions from other countries, and particularly the U.K., is envisaged in those sections.

The High Authority and the United Kingdom have considered the new agreement as primarily of political significance. This indication of U.K. support for the Community was regarded not only as a means of strengthening the CSC but also as a way of encouraging the advocates of further progress toward European integration. Generally speaking, the State Department has favored the close association of the U.K. with the CSC.

We have been aware of the possibility that such an association could facilitate restrictive agreements on prices, and have discussed this matter with the High Authority. In light of the provisions of the CSC Treaty, and the history and context of the relevant sections of the agreement, we consider it unlikely that the agreement will be utilized for such purposes. It seems clear that the consultation on pricing arrangements is designed to reveal artificial factors, such as subsidies, which distort international trade. In addition, the powers of the High Authority with respect to price are defined in such a way as to limit the possibility of its sponsoring or entering into restrictive price agreements.

*(c) CSC Scrap Importing Arrangements*

The High Authority currently supervises the operation of a private organization in Brussels (Office Commun des Consommateurs de Ferraille, or OCCF), which performs certain functions with regard to CSC scrap imports. The OCCF determines CSC scrap import requirements, but, so far as we know, does not administer any system

of scrap allocation for the High Authority. There is an exclusive scrap purchasing arrangement between OCCF and two or three American scrap dealers. This arrangement is tied in with a Perequation Fund to equalize the higher delivered cost of imported scrap with domestic scrap. The High Authority has designated an observer to supervise the administration of both OCCF and the Perequation Fund. This observer participates in all their meetings and must approve any decisions made unanimously by them.

The OCCF acts as agents for CSC scrap importers and negotiates contracts on behalf of the actual importer. The latter is free to select his foreign supplier but if he wants to get the perequation payment, or subsidy, necessary to make imported scrap cheap enough to buy he has to let the OCCF negotiate the contract. With respect to scrap imports from the United States, a more rigid system is used. The OCCF has designated two or three American scrap dealers as exclusive agents for scrap purchases in the United States. U.S. scrap may be imported by CSC consumers from other than the exclusive agents but no perequation payments are made on such imports. We understand that the exclusive purchasing arrangement with U.S. scrap dealers is scheduled to terminate March 31, but there is a possibility that it will be renewed.

Payments into the Perequation Fund were made obligatory by the High Authority on March 26, 1954. These payments are levied on each ton of collected scrap consumed by the CSC steel producers, irrespective of origin. Recently, the High Authority extended for a period of three months the arrangements for perequation of scrap imported from third countries which was scheduled to terminate on March 31, 1955.

The scrap import purchasing arrangements have developed as a means of coping with the special problems created by the removal of national barriers to trade within the CSC. They were designed to mitigate the impact on the Community of the sudden entry into competition for CSC scrap of Italian steel consumers and to avoid placing at a competitive disadvantage the consumers of imported scrap.

There seems to be little question, however, that the High Authority regards the existing scrap importing arrangement as temporary. Last November we were informed that the High Authority did not intend to renew the exclusive purchasing arrangements with U.S. scrap dealers which were scheduled to expire on March 31. Because scrap is apparently in such short supply in the Community now, there is a possibility that the arrangement will be extended. The past record of the High Authority with respect to scrap has been clearly against restrictionism. For example, when the OCCF was established in April 1953, its principal function was to collect data to establish

scrap import requirements of the CSC. Joint purchasing of scrap by the OCCF was specifically prohibited by the High Authority. Further, under authority of Article 65 of the CSC Treaty the High Authority in June 1953 ordered the liquidation of the German and Italian scrap cartels and prevented the organization of a French scrap cartel. It has been reported recently that the Italian scrap cartel has continued to operate in violation of the High Authority's liquidation order.

The Department has instructed the U.S. Representative to the CSC to inform the High Authority that the United States questions the compatibility of the exclusive scrap purchasing arrangement with the CSC objectives of establishing and maintaining competitive conditions in the Community. The arrangement suggests a type of restrictionism which impedes progress toward these objectives.

The Federal Trade Commission currently is investigating the relationship between U.S. scrap dealers and importers in other countries, including the CSC, to ascertain if there has been any violation of the anti-trust laws.

*(d) U.S. Loan to CSC*

An agreement between the United States and the High Authority of the CSC was concluded in April 1954 for the loan of \$100 million to the High Authority for the purpose of assisting in modernizing and developing the natural resources of the CSC, principally coal and iron ore. The negotiation of the loan followed an expression by President Eisenhower of the view that such financial assistance would be concrete evidence of this Government's support for the movement toward European unity.

During the course of the negotiations U.S. representatives expressed concern about the problem of restrictive arrangements both in the export and domestic markets. The president of the High Authority, M. Monnet, agreed that this problem was an important one which had to be solved, but which involved many factors. For example, action against cartels in coal involves complex economic and social problems arising out of the displacement of miners. M. Monnet assured U.S. representatives that the High Authority would proceed to deal with the cartel problem as soon as possible. Some steps have been taken and negotiations are presently being conducted with coal operators looking toward the elimination of certain restrictive practices in that industry.

The High Authority specifically recognized this Government's interest in the basic principles of free competitive enterprise in the loan agreement itself. The preamble reads in part as follows: ". . . the High Authority of the European Coal and Steel Community has requested the extension of credit by the United States of

America in order to provide additional capital resources, thereby enabling it to further the creation of a broad competitive market in coal and steel. . . ." Further, Article I states that loans will go to projects which are considered by the High Authority to be consistent with the operation of a common market free from national barriers and private obstruction to competition.

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**85. Report by the Foreign Operations Administration to the Council on Foreign Economic Policy<sup>1</sup>**

CFEP 520/2

*Washington, March 16, 1955.*

**FOA REPORT ON DEVELOPMENT OF CARTEL ASPECTS IN  
THE SCHUMAN PLAN**

*1. Summary*

FOA believes the cartel problem in Europe is one of long standing with broad political and social as well as economic implications, that during this holding period in the progress towards an integrated European economy the CSC finds itself at a relative disadvantage vis-à-vis nationalist and cartel pressures, and consequently is less able to take enough necessary and desired anti-cartel actions. The cartel problem in Europe is a serious one. However, the most serious developments of cartel activity are national ones, notably in Germany and France, against which the CSC is struggling. FOA concludes that the only long range solution will be found in healthy conditions of free and expanding economies, and therefore that U.S. foreign economic policy in Europe should emphasize to an ever greater degree, as our aid diminishes, support of economic expansion, productivity, convertibility and reduction of trade barriers.

*2. Conclusions*

a) U.S. policy toward the High Authority and the CSC itself is sound and should be continued. Furthermore, the HA is the only agency in Europe armed with effective anti-cartel legislation. Technical assistance could help, as in the event of a reorganization of the Ruhr coal sales cartel.

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<sup>1</sup>Source: Department of State, E-CFEP Files: Lot 61 D 282A, CFEP 520/2. Secret.

b) *National* cartel activities, as in Germany and France, are the most dangerous, and thus merit priority of attention. Technical assistance projects can be of assistance here.

c) Concentrated U.S. attention to the long term cartel problem in Europe is warranted in cooperation with U.S. missions abroad.

d) The only long range solution is in terms of expanding economies and an integrated Europe. Hence U.S. foreign economic policy in Europe should continue to emphasize economic expansion, increased productivity, convertibility, reduction of trade barriers, increased free trade, and eventual European integration.

[Here follows the seven-page FOA statement on the cartel aspects of the ECSC.]

## 86. Memorandum From the Chairman of the Council on Foreign Economic Policy (Dodge) to the Council<sup>1</sup>

CFEP 520/4

*Washington, April 15, 1955.*

SUBJECT

Cartel Aspects in the European Coal and Steel Community

1. Reference is made to previous papers circulated on subject matter, CFEP 520/1,<sup>2</sup> 520/2<sup>3</sup> and 520/3.<sup>4</sup>

2. After further consideration, it is believed that the problem stated on page 1, and the suggested position on page 5, of CFEP 520/3 might be more exactly stated as follows:

*a. Problem*

"To determine whether the operations of the European Coal and Steel Community are giving rise to, or are failing to prevent the increase of, restrictive practices through cartels and to determine what further U.S. action should be taken in connection with developing a competitive market for coal and steel in Europe. Included in this problem are the following questions:

<sup>1</sup>Source: Department of State, E-CFEP Files: Lot 61 D 282A, CFEP 520/4. Secret.

<sup>2</sup>Document 84.

<sup>3</sup>*Supra.*

<sup>4</sup>CFEP 520/3, a memorandum from Joseph Dodge to the CFEP, dated April 1, summarized CFEP 520/1 and CFEP 520/2 and offered for discussion a possible position for the Council to take on the CSC cartel problem. (Department of State, E-CFEP Files: Lot 61 D 282A, CFEP 520)

1. Are restrictive practices in the coal and steel industries of the Community (a) declining; (b) continuing much as in the past; (c) or increasing?

2. If continuing or increasing, is it despite the efforts of the High Authority or with the High Authority's tacit or express authorization?

3. What means are available to the High Authority to deal with cartels and their activities?"

*b. Suggested Position*

"1. No change should be made at this time in the policy of United States support for the Coal and Steel Community as a constructive development toward the economic and political integration of Europe.

"2. The United States should continue to encourage the High Authority to use its powers to develop a competitive market for coal and steel.

"3. In view of the inconclusiveness of present evidence as to whether the High Authority is using the legal authority available to it, or is administering the U.S. loan of \$100 million, in such a way as to exercise the maximum influence to prevent the further development or to reduce the existing level of restrictive arrangements, the Department of State is requested:

a. To prepare a study including information as to:

(1) the nature and extent of business arrangements which have been approved or rejected by the High Authority under the anti-cartel provisions of the Treaty;

(2) the nature and extent of restrictive practices of firms which have received loans from the High Authority;

(3) cases in which the High Authority's orders have been disregarded by the firm or firms involved and the High Authority's action thereon;

(4) whether national governments are hampering efforts of the High Authority to develop more competitive markets;

(5) actions taken by the High Authority against restrictive and monopolistic practices; and

(6) actions taken by the High Authority in other areas designed to develop more competitive markets.

b. To submit recommendations based on the above study for further U.S. action in connection with developing a competitive market for coal and steel in Europe."

Joseph M. Dodge

87. **Letter From the President of the High Authority of the European Coal and Steel Community (Monnet) to the Secretary of State<sup>1</sup>**

*Luxembourg, March 17, 1955.*

EXCELLENCY: The High Authority of the European Coal and Steel Community is concerned by reports that the United States Government is considering the imposition of restrictions on the export of steel scrap. Representatives of the High Authority have had occasion to discuss the problem with the United States Representative to the C.S.C. and detailed technical information has been furnished by the High Authority for the information of the United States Government.

I am confident that the United States Government has been fully informed by the United States Representative of the position of the Community and the views of the High Authority, but I feel that, in view of the importance of the issue, I should draw your personal attention to the consequences which might flow from the imposition of quotas on scrap exports. The High Authority might then find that the Community is faced with a serious shortage which would entail the application of the measures provided in Article 59 of the Treaty of the European Community for Coal and Steel.

This would mean the establishment of a system of allocation and quotas which would restore national markets for scrap and might impair the free operation of the common market for steel, established under the Coal and Steel Community Treaty. This would be a backward step in the economic integration of Europe.

The attention of the Government of the United States is also invited to the close relationship between steel production within the Community and the defense efforts of the member states of the Community. A reduction in the production of steel could unfavourably affect production essential for the defense of Europe. Further, a smaller production of steel within the Community would adversely affect the high level of general economic activity which in recent

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<sup>1</sup>Source: Department of State, Central Files, 400.119/3-2855. Limited Official Use. Copies of this letter were transmitted to the Secretary of Commerce, the Secretary of the Interior, the Director of the Office of Defense Mobilization (ODM), and the members of the CFEP, under cover of a letter from Hoover, dated March 28. The letter reads in part as follows: "You will undoubtedly wish to consider the adverse effects on the Community, the European economy generally, and on European defense production which M. Monnet suggests might flow from the imposition of export restrictions by the United States. It is understood that the question of controls over scrap exports is to be discussed at the Council on Foreign Economic Policy next week. The Department believes that, in reaching a decision on this matter, the impact of the proposed control arrangements on our allies and objectives abroad should be taken fully into account."

months has made an important contribution to increased standards of investment and consumption in Western Europe and which has played its parts in the development of a more stable economic foundation in the West.

At the present time, the stocks of scrap available are sufficient for only seven weeks of production. It is essential not only that the exports of scrap to the Community be maintained at the present level, but also that maintenance of supply be assured. Uncertainty could have a seriously damaging effect on scrap price stability and on steel production.

With these factors in mind, and taking also into account the legitimate interests of steel producers in the United States, the High Authority would be prepared to examine with the member Governments the possibility of limiting to the present level the volume of scrap purchased by the C.S.C. industry in the United States. Action of this kind by the Community could be considered only if the Community were in a position to count on United States scrap being available up to these limits. If it should not prove possible for the United States Government to agree to such an arrangement, the High Authority feels that the Community's interests would be safeguarded only if the United States authorities would not reduce scrap exports to the Community below the present level without giving the High Authority advance notice of at least three months.

I know, Excellency, of your continued and close interest in the affairs of the European Community for Coal and Steel, and therefore the High Authority has taken this opportunity to place before you this problem of common concern.

Accept [etc.]

Jean Monnet

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88. **Memorandum From the Deputy Assistant Secretary of State for European Affairs (Barbour) to the Deputy Assistant Secretary of State for Economic Affairs (Kalijarvi)<sup>1</sup>**

*Washington, March 28, 1955.*

SUBJECT

Export Controls of Scrap Iron: Dodge Council Consideration on March 29

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<sup>1</sup>Source: Department of State, RA Files: Lot 58 D 374, CSC-Scrap. Confidential. Drafted by E. Allen Fidel, Officer in Charge of Economic Affairs, Office of British

*Continued*



With regard to the proposal by the Commerce Department that export controls be imposed on ferrous scrap, EUR is unprepared to judge whether as a result of current and anticipated exports, an excessive drain of U.S. scrap from the domestic economy is likely to occur. I understand that E has reason to believe that there is no economic necessity for the imposition of export controls; we would consider, with you, that in the absence of economic necessity export controls would be contrary to our foreign economic policy of removing all possible trade barriers both at home and abroad. If, on the other hand, there is an economic justification for controls, then EUR's concern would be directed to furthering the establishment of equitable export quotas reflecting a fair balance of domestic needs and foreign requirements of the CSC countries and the U.K.

In this connection I would like to point out to you that the CSC countries and the U.K. will be seriously affected by a decision to impose controls and by the extent of any controls decided upon. In a letter of March 17<sup>2</sup> M. Monnet states that the imposition of quota controls on export of U.S. scrap might entail establishing an internal allocation system in the Community in contrast to present free operations and, through restoration of national scrap markets, result in a backward step in European economic integration. He also outlines the relationship between steel production in the Community and the defense efforts of the CSC members and the possible effect of controls upon the total level of economic activity in Europe. In conclusion, M. Monnet suggests to us that the CSC governments might study possibilities for limiting U.S. scrap purchases to the present level or, if the U.S. could not agree to this, then the U.S. should consider not reducing scrap exports to the Community below the present level without at least three months advance notice.

The U.S. shares the strong interest expressed in Monnet's letter in avoiding an adverse impact on the process of European integration and on the economies and defense production of our allies. Reduced availabilities of U.S. scrap would also be of serious concern to the U.K. With the drying up of scrap supplies in Europe, the U.K. is counting on greatly increased imports of scrap from the U.S. in order to fulfill its steel production program on which depends both its vital export market and continuation of its present rate of defense production.

The EUR position is that our foreign policy objectives for EUR countries would be served by further assessment not only of U.S. but also of other Free World countries' supplies and reserves of, and re-

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Commonwealth and Northern European Affairs (BNA); Robert W. Barnett, Officer in Charge of Economic Organization Affairs, RA; and Louis Boochever.

<sup>2</sup>*Supra.*

quirements for, iron ore, pig iron, and the various grades of ferrous scrap before a final decision to impose controls is made. If a decision to impose controls cannot be avoided, then it is important that the level of exports from the U.S. be sufficient to avoid various unfavorable repercussions on our objectives and interests in Europe. In the first place, the quotas established should be at a level sufficiently high not to weaken the economies of friendly countries needing U.S. scrap. Secondly, quotas should be at a level which will not invite cut-backs in the defense industries of our allies. In addition, quotas should bear some equitable relationship to amounts available to U.S. scrap consumers. Lastly there should be full and frank consultation on the various aspects of our scrap problem with the CSC and with interested countries in order that they realize that their interests are being considered to the fullest possible extent. Adherence to these standards might well be of more importance to our relationships with friendly countries concerned than the actual imposing of export control.<sup>3</sup>

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<sup>3</sup>At the 14th meeting of the CFEP on March 29, the Council decided that quotas should not be established on the export of ferrous scrap pending the consideration of more complete information based on a further study by the Advisory Committee on Export Policy (ACEP). One of the considerations of the ACEP's study was to be the "requirements of scrap for friendly foreign countries, particularly Japan, the United Kingdom and the European Coal and Steel Community." (Eisenhower Library, CFEP Records)

In a letter to Monnet of April 15, Dulles stated that the High Authority's views regarding the export of steel scrap from the United States had "been made known to the heads of the United States agencies principally concerned, and the significance of exports of steel scrap from the United States to the European Coal and Steel Community and to the European economy, as discussed in your note, was taken into account in the decision to consider further within this Government the availability of scrap and the demand for it, including the export demand." The letter was transmitted in circular airgram 7117 to Luxembourg, April 16. (Department of State, Central Files, 400.119/4-1655)

**89. Memorandum From the Assistant Secretary of State for European Affairs (Merchant) to the Secretary of State<sup>1</sup>**

*Washington, April 12, 1955.*

**SUBJECT**

M. Monnet's personal plans and his views regarding progress in European integration

The idea of giving new impetus to European integration appears to be gaining support in a number of European capitals and is reflected in proposals for additional fields of activity for the European Coal and Steel Community. The clearest and most concrete summary of this development is contained in a recent letter from the Acting U.S. Representative to the CSC, reporting on a conversation with M. Monnet.<sup>2</sup>

M. Monnet said, in this conversation, that the governments of the six CSC member countries, including the French, appear willing to take further steps towards creating a united Europe. Their immediate objective, he reports, is to extend the scope of the CSC by bringing fuel oil and electric power under the jurisdiction of the High Authority, and by working out a separate organizational framework for the integration of transportation and atomic energy within the six countries. A single legislative Assembly and Court of Justice would continue to serve the enlarged Community.

The basic decision on additional integration, according to Monnet, is to be reached at the next meeting of the CSC Council of Ministers, around April 18. Both Chancellor Adenauer<sup>3</sup> and M. Pinay<sup>4</sup> have asked Monnet to remain as President of the High Authority to take charge of the extension of the Community, and he has agreed to do so, if the six governments decide on further integration and give him the necessary mandate.

M. Monnet does not wish the above information to be disseminated to U.S. Embassies in the six countries, fearing that any U.S. involvement with the Foreign Offices might have unfavorable effects. He also does not consider that any help from the U.S. Government is required at present. Because of M. Monnet's feeling on this matter, we are not planning to disseminate to the field or to other agencies at this time the information concerning his personal plans.

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<sup>1</sup>Source: Department of State, Central Files, 840.00/4-1255. Confidential. Drafted by Boochever and cleared with Joseph Palmer II, Deputy Director of RA. Copies were sent to Hoover and Waugh.

<sup>2</sup>Not found in Department of State files.

<sup>3</sup>Konrad Adenauer, Chancellor of the Federal Republic of Germany.

<sup>4</sup>Antoine Pinay, French Foreign Minister.

90. **Memorandum From the Assistant Secretary of State for Economic Affairs (Waugh) to the Under Secretary of State (Hoover)**<sup>1</sup>

*Washington, April 18, 1955.*

SUBJECT

Dodge Memorandum on Cartel Aspects in the European Coal and Steel Community

*Problem*

To define the Department's position with respect to CFEP 520/3, as revised,<sup>2</sup> (Tab C) setting forth a position which might be taken by the Council on Foreign Economic Policy toward the European Coal and Steel Community (CSC).

*Discussion*

In a memorandum of February 5<sup>3</sup> (Tab D) Mr. Dodge described four reported cartel developments in the CSC and raised the question whether, if these reports were correct, United States policy concerning the Community should be subject to further consideration.

The Department's comments<sup>4</sup> (Tab E) stressed the following points: (1) The High Authority has made some progress in enforcing the anti-cartel provisions of the CSC Treaty and there are reasonably good prospects for substantial further progress. While its pace appears slow, this is inevitable in the light of the complexity of the problem, the length of time entailed in preparation of antitrust actions, the pioneering character of these steps in Europe, and the consequent political and social resistances which are met. (2) The problem cannot be considered apart from the general cartel problem in Europe. (3) The CSC is of central importance as a step toward European integration.

The Department's comments concluded that (1) the United States should continue its strong support for the CSC; (2) the United States should continue to encourage the High Authority to use its powers to develop a competitive market for coal and steel; and (3) the facts currently available do not warrant a reconsideration of United States policy toward the CSC at this time.

Recommendations 1 and 2 of CFEP 520/3 (Tab C) revised are consistent with the Department's position. Recommendation 3 of CFEP 520/3 revised suggests a further study be made by the Depart-

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<sup>1</sup>Source: Department of State, E-CFEP Files: Lot 61 D 282A, CFEP 520. Secret. Drafted by Winter, Dixon, and Boochever.

<sup>2</sup>Document 86.

<sup>3</sup>Not printed, but see Document 83.

<sup>4</sup>Document 84.

ment of the CSC cartel problem with a view to making recommendations for further United States action concerning the development of a competitive market in coal and steel. We believe that such a study may be useful as a guide for future United States action in this field.

The "discussion" section of CFEP 520/3 contains certain points with which the Department takes issue. We have prepared a brief paper of comments on these points which we believe should be made a matter of record at the CFEP meeting.

#### *Recommendations*

1. That the following points be made with respect to CFEP 520/3 revised:

a) The Department strongly endorses Recommendations 1 and 2 and has consistently followed the course advocated in Recommendation 2.

b) The Department believes the study proposed in Recommendation 3 would be useful and could serve as a guide for additional United States actions in line with Recommendation 2 of CFEP 520/3.

c) The Department would like to place in the records a brief paper of comments on the "discussion" section of CFEP 520/3 (Tab F).

2. That, if a broad substantive discussion of the CSC cartel problem develops, and particularly if members of the Council express the view that United States policy toward the broad purposes of the CSC should be reassessed in light of its handling of cartel problems, the following position be taken:

a) It is premature to attempt to draw conclusions on the effectiveness of the High Authority's actions against restrictive practices. The High Authority, in dealing with restrictive practices, is faced with very complex problems the solutions to which are inherently time-consuming, as demonstrated by United States experience. The progress being made is reasonably encouraging, particularly in the light of the pioneering nature in Europe of the Treaty's anti-cartel provisions.

b) The best present policy to pursue and the one which will achieve the greatest progress toward the development of a competitive economy in the Community is helpful encouragement to the High Authority's efforts in this field.

c) Any indication of a weakening of United States support for the CSC at this time could have extremely prejudicial effects on current developments in the Community and in the general area of European integration.

**91. Minutes of the 16th Meeting of the Council on Foreign Economic Policy, Washington, April 19, 1955<sup>1</sup>**

ATTENDANCE

Messrs. Hoover, Waugh, Robertson, Jarvis, Turnage, Humphrey, Burgess, Morse, Butz, Roberts, S. Anderson, Stassen, Matteson, Richardson, Hauge, D. Anderson, Johnson, Burns, Rockefeller, May, Thorp, Wormser, Brundage, Hubbell, Cooley, Rock, Dodge, Hutchinson, Cullen

Draft Minutes of the 15th Meeting, Tuesday, April 5, 1955, were approved.

[Here follows discussion of CFEP 505, "P.L. 480—U.S. Policy With Respect to the Export of Rice to Asia."]

*FEP 520. U.S. Policy Toward European Coal and Steel Community.*

1. The following documents, CFEP 520/1, 520/2, 520/3 and 520/4 were summarized by the Chairman.

2. It was agreed that the problem could be stated as follows:

To determine whether the operations of the European Coal and Steel Community are giving rise to, or are failing to prevent the increase of, restrictive practices through cartels and to determine what further U.S. action should be taken in connection with developing a competitive market for coal and steel in Europe. Included in this problem are the following questions:

a. Are restrictive practices in the coal and steel industries of the Community (1) declining; (2) continuing much as in the past; or (3) increasing?

b. If continuing or increasing, is it despite the efforts of the High Authority or with the High Authority's tacit or express authorization?

c. What means are available to the High Authority to deal with cartels and their activities?

3. It was further agreed that under the terms of the Charter of the High Authority and the U.S. loan agreement, the reported developments would seem to warrant a continued concern by the U.S. Government and as evidence of that concern more definitive steps should be taken to determine what actually has been and is taking place. The Council, therefore, adopted the position that:

a. No change should be made at this time in the policy of United States support for the Coal and Steel Community as a constructive development toward the economic and political integration of Europe.

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<sup>1</sup>Source: Eisenhower Library, CFEP Records. Secret. Drafted by Lieutenant Colonel Paul H. Cullen, USA, Secretary of the CFEP.

b. The United States should continue to encourage the High Authority to use its powers to develop a competitive market for coal and steel.

c. In view of the inconclusiveness of present evidence as to whether the High Authority is using the legal authority available to it, or as administering the U.S. loan of \$100 million, in such a way as to exercise the maximum influence to prevent the further development or to reduce the existing level of restrictive arrangements, the Department of State should:

- (1) take steps to examine and determine
  - (a) the nature and extent of business arrangements which have been approved or rejected by the High Authority under the anti-cartel provisions of the Treaty;
  - (b) the nature and extent of restrictive practices of firms which have received loans from the High Authority;
  - (c) cases in which the High Authority's orders have been disregarded by the firm or firms involved and the High Authority's action thereon;
  - (d) whether national governments are hampering efforts of the High Authority to develop more competitive markets;
  - (e) actions taken by the High Authority against restrictive and monopolistic practices; and
  - (f) actions taken by the High Authority in other areas designed to develop more competitive markets.

(2) Submit recommendations based on the above determinations for further U.S. action in connection with developing a competitive market for coal and steel in Europe.

**Paul H. Cullen**

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**92. Memorandum of a Conversation, Department of State, Washington, April 20, 1955<sup>1</sup>**

**SUBJECT**

The European Coal-Steel Community

**PARTICIPANTS**

Albert Coppe—2nd Vice President, High Authority, European Coal-Steel Community

Edward Behr—Staff, High Authority, European Coal-Steel Community

Staff members, Departments of State, Commerce, Treasury, FOA and Export-Import Bank

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<sup>1</sup>Source: Department of State, Central Files, 850.33/4-2955. Official Use Only. Drafted by Ruth H. Phillips of the Office of European Regional Affairs on April 29.

During his day in Washington on April 20, 1955, M. Coppe met for one half hour with staff members of the Departments of State, Commerce, Treasury, FOA, and Export-Import Bank, to answer questions on matters of current interest to this group on the Coal-Steel Community.

The following questions were put to M. Coppe:

1. What is the current situation regarding the High Authority's action on the coal cartels, especially GEORG. Specifically, could M. Coppe elaborate on his statement before the Press Club that afternoon that favorable developments in this field could be expected in about two months?<sup>2</sup>

M. Coppe prefaced his remarks by noting that cartels had existed in Europe for at least 60 years prior to the establishment of the Coal-Steel Community and that rapid changes could not be expected in this field. One of the major problems in dealing with the cartel situation resulted from the fact that the centralized organization of coal enterprises had assured an equilibrium of production and employment among all the coal mines. Employment was spread out equally in all mines under this system. A reorganization of the coal agencies which might result in great disparity of employment as among the mines would alienate workers and be very damaging to the future of the Community. M. Coppe believed that the High Authority now had a reorganization plan which took these social and economic factors into account and was hopeful that industry and labor would go along with it. The High Authority was under an obligation to report on this subject to the Common Assembly at its extraordinary session in May, at which time M. Coppe thought there would be some encouraging news to report. It was this report which he had in mind when he referred to the possibility of action in the next two months in his Press Club speech.

2. The U.S. is favorably impressed with the boom in steel production, the countries in the Community having already overtaken their production goals in this sector. Expanded output, had, however, substantially increased CSC's demand for scrap, particularly imported scrap for steel production appears to be a long-run problem. What consideration is the CSC giving to this problem?

M. Coppe agreed that the steel industry in the CSC was overly dependent on scrap, noting that Italy's steel industry was based on an 80% use of scrap and France used 50% scrap in making steel. The steel industry, however, was becoming aware of this problem and the High Authority was encouraging steel producers to increase the use of pig iron as against scrap in the steel making process. M. Coppe considered significant progress along these lines, however, would

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<sup>2</sup>For Coppé's statement to the press, see *New York Times*, April 24, 1955, p. 28.



take two or three years. In the meantime, he emphasized the need for a continuation of scrap exports at current levels from the U.S. to the Community which was essential for maintaining the Community's high level of steel production. He expressed the High Authority's appreciation for the continued flow of scrap from this country.

He pointed out that there was strong pressure on the High Authority, especially from France, for the imposition of maximum prices and formal allocation of scrap and that it was only because the U.S. had continued to export large quantities of scrap that the High Authority had been able to resist such pressure. The High Authority did not wish to establish maximum prices, since this would freeze the already artificially low scrap prices in France and the Netherlands, thus perpetuating the problem of incentives for increased scrap collection in the Community. The High Authority was also opposed to allocation since this would involve the re-establishment of national scrap markets within the Community resulting in a serious set-back to the integration of the steel market. If the U.S. cut back on its export of scrap to the Community, M. Coppe emphasized that the High Authority would be forced to declare an emergency situation within 48 hours and impose maximum prices and allocation of scrap.

Representatives of the Departments of State and Commerce assured M. Coppe that the High Authority's views as expressed in M. Monnet's letter on scrap exports<sup>3</sup> were being taken into account in the decision to consider further in this Government the availability and demand for scrap, including export demand. Pending this further study, export licensing on exports of steel scrap from the U.S. will continue unchanged.

M. Coppe was asked whether he thought the Italian steel industry could be competitive if it relied more heavily on pig iron instead of scrap, since this would require additional coking coal which Italy had to import and expanded blast furnace capacity. M. Coppe said that he was convinced that the Italian industry could be competitive under these conditions. He noted that there was no longer much advantage in using domestic coal as against imported coal since it had been demonstrated that U.S. coal could be delivered in Italy at about the same price as coal from Germany. He thought the raw materials situation in steel had been changing considerably, that the countries of the Community, including Italy, were becoming aware of these changes and were moving to take advantage of them.

3. What are the High Authority's plans for use of the remaining \$35 million of the U.S. loan? Was it planned to use part of these funds for housing?

<sup>3</sup>Document 87.

M. Coppe first noted that there was actually only \$25 million remaining to be allocated from the U.S. loan, since \$10 million had been set aside for Italy and Belgium for industrial uses. The final transfer of the \$10 million to Italy and Belgium was held up by some special problems. In Italy, the problem was the proposed imposition of taxes by the Italians on the loan, which had the effect of increasing the interest rate from 4% to approximately 8%. The High Authority was now attempting to work this out with the Italians and was hopeful that this problem would soon be settled. In Belgium the question involved power stations at the coal mines involving political difficulties with the electric power industry. Regarding the use of the remaining U.S. loan, M. Coppe said that he thought that the U.S. funds could probably not be used in France where there was difficulty in obtaining guarantees on exchange rates. He stressed, however, the tremendous psychological impact of housing sponsored by the Community, stating that workers were very proud of the housing already built under CSC auspices. The existence of these houses was a dramatic expression of the Community as a concrete achievement. There was a great need for housing in the Community, and the High Authority was planning to move ahead in this field primarily with funds borrowed in Europe, with perhaps in addition some drawing on the U.S. loan funds. He said he was not sure of the latest developments with respect to the possible use of the U.S. loan for housing.

4. What was the outlook for expansion of the common market in coal and steel to other fields?

Prospects for further expansion of the common market were encouraging. M. Coppe thought that the initiative would be taken by the Benelux countries since France was currently unable to take the lead and it was undesirable for Germany to assume leadership, for political reasons. The Benelux countries are primarily interested in moving forward to a customs union on a six-country basis within the framework of a supranational organization. Experience with their own customs union arrangements had persuaded the Benelux of the necessity for this type of framework for a larger country grouping. The Benelux countries, however, had no objection to an expansion of the Community which would proceed along functional lines and they understood that the French were prepared to accept further sector integration in the fields of transport, electric power, energy and fuel. He indicated there might be certain difficulties due to international ramifications of the industry bringing fuel oil under a supranational authority. The possibility of bringing peaceful uses of atomic energy within the Community, he considered most exciting and promising, since there were no vested interests in this field as yet and since it was a wave of the future which had captured peo-

ple's imagination. In his view, new sectors of the economy which might be integrated on a six-country basis would come under the existing CSC institutions, since this framework was well established and had already proved effective.

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93. **Memorandum of a Conversation, Department of State,  
Washington, April 20, 1955<sup>1</sup>**

SUBJECT

European Coal and Steel Community (CSC)

PARTICIPANTS

U: Mr. Hoover

E: Mr. Waugh

EUR: Mr. Elbrick

RA: Mr. Barnett

RA: Mr. Boochever

Mr. Albert Coppe—2nd Vice President of the European Coal and Steel Community

Mr. Edward Behr—Staff of CSC High Authority

In the course of a courtesy call at Mr. Hoover's office, Mr. Coppe stressed the great value he attached to visits to this country by European business and labor leaders. After noting his own earlier skepticism regarding the usefulness of the European productivity teams which had come to this country, he cited the gradual and highly desirable change in European thinking that they were promoting. Mr. Hoover referred to his work as director of a U.S. fund which finances visits to the U.S. by Belgian leaders, and suggested that it might be useful if some of the fund's awards were specifically for the purpose of familiarizing Belgians with the advanced work of our universities in Business Management and fields related to increased productivity.

Turning to an evaluation of the CSC, Mr. Coppe said it was rather surprising that the Community, despite all the difficulties contemplated and dire predictions, had gone into operation so easily and successfully. He said that many influential opponents of the CSC, including some in his personal acquaintance, were now warm supporters of it, and that the possibility of achieving European integration by successive stages was no longer in doubt.

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<sup>1</sup>Source: Department of State, Central Files, 850.33/4-2055. Official Use Only. Drafted by Louis C. Boochever on May 2.

Among the notable successes of the Community, he mentioned the removal of price controls throughout most of the coal and steel industry. This he described as producing a minor revolution in European thinking, which had become addicted to "dirigism."

In answer to inquiries, he mentioned the current economic boom in Europe, and noted that it had not resulted from external forces, as traditionally in the past. He stressed that this development was giving Europe a new confidence in the ability of its economy to grow and expand.

Mr. Coppe mentioned various proposals to extend the scope of the CSC to embrace other economic sectors (transport, industrial and atomic energy), noting that there was no doubt that the existing Community would serve as the framework for any such extension of European integration on supranational lines. In response to a question about the possible title of such an expanded Community, he said that they were now using the title "Community for Coal and Steel" in order to facilitate the linking on of names of other economic sectors in the future.

Mr. Coppe emphasized that the inclusion of atomic energy in the Community would have a profound effect in promoting European integration, since it would identify the Community with the power of the future and capture the public imagination. Mr. Hoover noted that atomic power was, in fact, for the purposes of the Community, another way of generating electric power, and many of the problems of atomic power, e.g. transmission, etc., were actually problems common to electric power produced from coal or water power. Mr. Hoover also stressed that it would be a considerable time before atomic power could be produced economically, and there might be some danger to the Community of building up hopes of immediate benefits. Mr. Coppe said that he thought they could deal with that problem even if it took five or ten years before such power was in general use, so long as it was clearly on the way. He referred to the President's interest in assisting other countries in developing peaceful uses of atomic energy and suggested that the U.S. might wish to consider directing its efforts in a way that would promote the integration of Europe.

Prior to the group's joining Mr. Hoover, Mr. Waugh informed Mr. Coppe that attention in the United States, in connection with the Community, was focused on the question of restrictive business practices and the possibility of the CSC dealing with such practices. Mr. Coppe, in his remarks, noted that the European cartel tradition made the High Authority's task an especially difficult one, but affirmed the High Authority's recognition of the importance of using its powers to bring about more competitive conditions, and their determination to proceed ahead towards this objective. He cited the

current stand against the powerful Ruhr coal cartel (GEORG) as a leading example of their effort to combat restrictive practices. Mr. Waugh also asked whether the High Authority would be able to use the U.S. loan in ways that would help combat restrictive practices. Mr. Coppe answered that this was not feasible. He cited other apparent benefits from the loan, however: in encouraging European lenders to offer credit to the High Authority, and to extend loans to CSC enterprises on terms which break away from the postwar pattern of short maturities and high interest rates. These favorable results of the U.S. loan were also referred to later in the conversation with Mr. Hoover.

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#### 94. Telegram From the Chargé in Italy (Durbrow) to the Department of State<sup>1</sup>

*Rome, May 29, 1955—7 p.m.*

4430. From Eisenberg CSC Mission.

1. Understand German proposal for Messina conference<sup>2</sup> envisages further integration of six CSC countries using both functional and overall approach. Participation other countries not excluded but action to start from six members. Council of Ministers of CSC would work out solutions on case by case basis with aid of high authority.

2. Cavaletti<sup>3</sup> expressed today great concern about Italian position which calls for integration within OEEC or WEU framework and rejects action on six countries basis. He says this position reflects views of certain Foreign Affairs Ministry officials, but no reorientation Italian policy decided by government. Cavaletti fears Italian approach might preclude for long time progress towards effective European integration on basis CSC if they knew that US continues to favor six nations community concept. He says lack of any recent indications US views leads Foreign Office to believe US no longer favors community concept in view EDC defeat.<sup>4</sup>

**Durbrow**

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<sup>1</sup>Source: Department of State, Central Files, 850.33/5-2955. Secret; Niact. Repeated for information to Paris, London, Luxembourg, Brussels, Bonn, and The Hague.

<sup>2</sup>The Foreign Ministers of the six CSC countries were scheduled to meet at Messina, Italy, June 1-3.

<sup>3</sup>Sabino Cavaletti di Oliveto, Italian Ambassador to Luxembourg.

<sup>4</sup>Telegram 4431 from Rome, May 29, reads as follows:

"In light Cavaletti statement to Eisenberg and since Embassy has received query from Foreign Office re US views on further integration steps, we should appreciate Department's urgent instructions on what we may say to Italians re six-country approach versus OEEC approach." (Department of State, Central Files, 850.33/5-2955)

95. Telegram From the Acting Secretary of State to the Embassy in Italy<sup>1</sup>

*Washington, May 30, 1955—1:43 p.m.*

3849. Ref Rome 4430<sup>2</sup> and 4431<sup>3</sup> May 29 rptd Paris, London, Luxembourg, Brussels, Bonn, The Hague unnumbered.

1. Details German proposal not known Dept. However Dept looks with interest and sympathy on European initiatives of this sort to maintain or accelerate momentum development or integration based on Community of Six.

2. At same time, Dept desires encourage European efforts maintain and strengthen cooperative arrangements developed by OEEC.

3. Dept does not believe advances by Community of Six towards further functional or overall integration will prejudice continued value of OEEC. OEEC is institution designed maximize effective cooperative arrangements, and only over very extended period of time, if ever, is it apt to become framework for arrangements involving waivers of sovereignty in favor of authority such as now exists for CSC.

4. Supranational aspect of CSC distinguishes it, in kind, from OEEC and while not diminishing capacity of participating countries to play active and constructive role in OEEC, it paves way for the truly integrated association, politically, economically, and otherwise, of member countries, and especially Germany and France, upon which long term welfare, strength, and security of Atlantic Community may well depend. WEU does not appear to Dept to offer promise of accelerating integration in this sense.

5. However Dept considers it vital that choice of institutional means for achieving European unification should be decision by European countries themselves. Thus, Dept's basic position is that in indicating friendly interest and support growth CSC no invidious comment is proper re OEEC, WEU, or other European arrangements for achieving effective cooperation.

6. Recommend you convey substance of foregoing to Italians informally.

7. FOA concurs.<sup>4</sup>

**Hoover**

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<sup>1</sup>Source: Department of State, Central Files, 850.33/5-2955. Secret; Priority. Drafted and approved by Barnett. Repeated for information to London, Luxembourg, Brussels, Bonn, The Hague, Paris, and USRO.

<sup>2</sup>*Supra.*

<sup>3</sup>Not printed, but see footnote 4, *supra.*

<sup>4</sup>In telegram 4452 from Rome, May 31, the Embassy reported that it conveyed the substance of telegram 3849 to the Italian Foreign Office that day. The telegram reads in part, "In expressing appreciation for US views, Foreign Office official confirmed

## 96. Editorial Note

Between June 1 and 3, the Foreign Ministers of the six ECSC countries met at Messina, Italy, to discuss further integration efforts. The Ministers—Antoine Pinay of France, Walter Hallstein of the Federal Republic of Germany, Gaetano Martino of Italy, Paul-Henri Spaak of Belgium, Johan W. Beyen of the Netherlands, and Joseph Bech of Luxembourg—issued a communiqué at the conclusion of the conference which called for further European integration in the fields of transport, power, communications, trade, and atomic energy. To accomplish these goals, the Ministers appointed an Intergovernmental Committee, headed by Spaak, to study the problems raised by these proposals, prepare drafts of treaties or agreements, and report back to the Ministers by October 1, 1955, at the latest. For text of the resolution adopted at Messina, see Royal Institute of International Affairs, *Documents on International Affairs, 1955* (New York: Oxford University Press, 1958), pages 163–166.

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that Italian position at present favors OEEC approach to integration." The official also stated that the "pro-Europeans" in the Italian Foreign Office doubted the wisdom of this position, favoring instead "building up CSC and forgiving [*forging*] even stronger supra-national European links with Germany." He explained that the Italian position was still "somewhat flexible" and that they would discuss the question at Messina with an open mind. (Department of State, Central Files, 850.33/5–3155)

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 97. Memorandum of a Conversation, Department of State,  
Washington, June 7, 1955<sup>1</sup>

## SUBJECT

Discussion with Minister Erhard

## PARTICIPANTS

Secretary Dulles  
 Dr. Ludwig Erhard, German Federal Minister of Economics  
 Mr. Thorsten V. Kalijarvi, E  
 Ambassador Krekeler, German Embassy  
 Miss Grosse-Schwartz, Interpreter

[Here follows discussion of German reunification.]

Secretary Dulles hoped the Federal Republic would not weaken its emphasis on the need for the unification of Europe. If that conti-

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<sup>1</sup>Source: Department of State, Secretary's Memoranda of Conversation: Lot 64 D 199. Limited Official Use. Drafted by Kalijarvi.

ment can attain unification, it can achieve a strength to balance the Soviet part of Europe. The US believes that the possibilities for Western European recovery and attainment of great strength are immense. Secretary Dulles feared that there may have been recently some decline of interest in this objective in Germany.

Minister Erhard countered that the Secretary took too pessimistic a view of the matter. He, Erhard, was a personal believer in a unified Europe. The doubts in Germany over unification were not political in nature but rather questioned the method that was followed in the Coal and Steel Community as being the appropriate one to follow in general. He observed that it was he who had been responsible for the conference at Messina. The German Government was anxious to attain the maximum degree of freedom in Europe, most notably freedom of movement by individuals and migration. On the basis of this type of freedom real freedom in Europe could be attained. Then unification could come. Moreover, the Coal and Steel Community had not been intended to stand alone but to be combined with European Defense Community and other combinations. Erhard pointed out that he had proposed a European capital fund to aid the weaker countries, notably southern Italy.

Secretary Dulles said that the people of the US and Congress believed firmly that the division of Europe was the cause of wars in the past. The Europeans have an obligation to tie themselves together and to attain strength in that way so that it will not be necessary to call upon the US again. Any weakening in the move towards unification would be disillusioning here. The reason Chancellor Adenauer has a strong following in the US is that the US thinks of him as a European.

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**98. Letter From the Secretary of State to the President of the High Authority of the European Coal and Steel Community (Mayer)<sup>1</sup>**

*Washington, June 8, 1955.*

DEAR MR. PRESIDENT: You have my sincere best wishes for success as you assume your duties as President of the High Authority of the European Coal and Steel Community.

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<sup>1</sup>Source: Department of State, Central Files, 850.33/6-855. Drafted by Merchant and transmitted in telegram 180 to Luxembourg, with the instruction that it be delivered upon René Mayer's accession to the Presidency of the High Authority. Mayer was elected to succeed Monnet in that post during the Messina Conference.



On this occasion I would like to reaffirm the great importance which the United States attaches to the Community as a bold and practical step in the direction of a united Europe. I might also recall that President Eisenhower has a keen personal interest in the Community, which he has described as the most hopeful and constructive development so far towards the economic and political integration of Europe.<sup>2</sup>

It is most encouraging, therefore, to us in the United States, that the European Coal and Steel Community is in successful operation. I am sure that its pioneering achievements will serve and encourage the cause of European integration, which can contribute powerfully to the strength and prosperity of Europe.<sup>3</sup>

Faithfully yours,

**John Foster Dulles**

<sup>2</sup>See footnote 4, Document 84.

<sup>3</sup>Mayer responded to this letter in a letter to Dulles, dated June 10. An unofficial translation of that letter was transmitted to the Department in Colux 56 from Luxembourg, June 10. (Department of State, Central Files, 850.33/6-1055)

## 99. Telegram From the Ambassador in France (Dillon) to the Department of State<sup>1</sup>

*Paris, June 10, 1955—2 p.m.*

5420. Pinay's press conference following Messina meeting mentioned European atomic pool following terms: Remarking particularly on peaceful AE uses he stressed immense political importance European integration this field. "It is question creating common organization with common budget permitting financing installations and research in course or to be started. Such organization could obtain results which countries could not obtain singly due lack resources. Organization should have free access to ore resources of member countries and should facilitate free exchange knowledge and technicians". Organization would not have monopoly but would have "power of decision". "Arrangements concluded previously between member countries and third parties should be such that member countries could fulfill obligations to organization. It will be necessary to examine such accords to see if they compatible with creation organization and if not whether they can be revised. This is important and delicate point bearing principally on question access to uraniferrous ore

<sup>1</sup>Source: Department of State, Central Files, 840.1901/6-1055. Secret. Repeated for information to Brussels.

“recherches”. (Which may be misprint for “resources”—see Embassy despatch 2704, June 9.<sup>2</sup>)

Sauvagnargues<sup>3</sup> raised matter with Embassy officer yesterday suggesting two points be brought Department’s attention:

(1) Proposal for AE pool is running into difficulty with Belgians on question pooling uranium because Belgian/US agreement<sup>4</sup> in effect prevents Belgium contributing any substantial amount its uranium to pool. Sauvagnargues understands Belgian/US agreement now being renegotiated and Foreign Office would hope some arrangement would be made enable Belgium contribute uranium to pool. He felt whole European AE pool would be jeopardized if one partner unable contribute its share uranium.

(2) Important element new project is possibility pooling atomic know-how. If US imparted technical secrets one partner with understanding they not be made available third parties pool would again be handicapped. Asked whether he envisaged US substituting for present bilaterals some arrangement whereby secrets would be given to European pool as such, he said no but that perhaps in concluding bilaterals US would be able find some formula taking into account European pooling know-how.

Matter subsequently discussed Boegner<sup>5</sup> who agreed with Sauvagnargues’ position. He added, however, that whole question atomic pool still state flux and agreed that, after Geneva<sup>6</sup> and after negotiation international AE agency, picture might change. Boegner stressed point that in French view European pool was in no way competitive with or substitute for international agency. He insisted however that Department be advised question access Belgian ores presented grave difficulties for formation European pool. When asked if main question was not really method of supplying sufficient ore for pool’s needs, i.e., agency might supply ore to pool rather than having Belgium do so directly, he hedged and said that main question was one of principle, i.e., pool member countries must be in position, if pool to be successful, make own major contributions.

Re item (2) we pointed out to Boegner difficulties which would result if all members pool had access to know-how imparted by US to any one member country under bilateral . . .

<sup>2</sup>According to the despatch, the word in question is “resources.” (*Ibid.*, 850.33/6-955)

<sup>3</sup>Jean Sauvagnargues of the French Foreign Ministry.

<sup>4</sup>Reference is to the pending agreement for cooperation concerning the civil uses of atomic energy between the United States and Belgium. It was signed in Washington on June 15 and entered into force on July 21; for text, see 6 UST 2551.

<sup>5</sup>Jean-Marc Boegner of the French Foreign Ministry.

<sup>6</sup>Reference is to the meeting of the Heads of Government of the United States, the United Kingdom, France, and the Soviet Union, scheduled to open at Geneva on July 18.

Whether deliberately intended or not whole French position results putting US in opposition European integration important field.  
Dillon

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100. Memorandum of a Conversation, Luxembourg, June 11, 1955<sup>1</sup>

SUBJECT

Courtesy Visit of Assistant Secretary Waugh with Monsieur René Mayer, President of the CSC

PARTICIPANTS

Monsieur Mayer and Assistant Secretary Waugh  
Messrs Spierenburg, Giaechero, Finet, Wehrer, Pathol, Kohnstamm; Eisenberg and Barnett

On Saturday, June 11, Assistant Secretary Waugh flew from Paris to Luxembourg and proceeded at once to meet with Monsieur René Mayer, who had been installed the previous day as the new President of the High Authority of the Coal and Steel Community.<sup>2</sup> The conversation which ensued between Mr. Waugh and Monsieur Mayer lasted a half hour, after which Mr. Waugh and Monsieur [Mayer] were joined by Mr. Spierenburg, Mr. Giaechero, Mr. Finet, Mr. Wehrer, and Mr. Pathol—all members of the High Authority; Mr. Kohnstamm, Secretary General of the High Authority and Messrs. Eisenberg and Barnett. At 2:30 Mr. Barnett—in flight with Waugh to Paris—made notes on Mr. Waugh's report on the conversation he had had with Monsieur Mayer.

Monsieur Mayer told Mr. Waugh that he appreciated deeply the Secretary's letter of congratulations and that his reply to the Secretary was the first document which he, as President of the High Authority, had signed.<sup>3</sup> He requested Mr. Waugh to deliver his reply to the Secretary and Mr. Waugh said that this would be done by him on Monday, June 13.

Monsieur Mayer said that he wished Mr. Waugh to understand his relationship to Monsieur Monnet. Monsieur Mayer had been approached some six months previously with an offer to accept the

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<sup>1</sup>Source: Department of State, Central Files, 850.33/6-1155. Official Use Only. Drafted by Barnett.

<sup>2</sup>Waugh was in Paris for a meeting of the Council of the Organization for European Economic Cooperation (OEEC), June 9-10.

<sup>3</sup>Dulles' letter is printed as Document 98. Regarding Monnet's reply, see footnote 3, *ibid.*

presidency of the High Authority. His reply at that time was that he would not consider accepting the offer until it became clear that Monsieur Monnet could not go on. He regarded Monsieur Monnet as having laid the groundwork for future growth of the Coal and Steel Community, and that it would now be his function to build up that foundation. He expressed his satisfaction that Mr. Waugh intended to pay a visit upon Monsieur Monnet while in Luxembourg.

Monsieur Mayer dwelt at length upon the importance to him of the personal relationships which he had enjoyed with various U.S. Government officials; notably, Mr. Dulles, Mr. B. Smith<sup>4</sup> and Mr. Bruce.<sup>5</sup> He said he remembered with the greatest pleasure having made the acquaintance of General Eisenhower when he was at SHAPE. He stressed the value which he attached to his friendship with American officials.

Monsieur Mayer himself took the initiative in discussing the question of U.S. Government representation to the Coal and Steel Community. Quietly but firmly he reviewed the following considerations in assessing the relative advantages of direct representation and representation by a deputy, resident in Luxembourg, of the U.S. Ambassador to NATO-OEEC. No question of personalities was involved. He said he attached the greatest importance to the disassociation of the Coal and Steel Community from military organizations and programs for Western Europe; Switzerland and possibly Austria could play important roles in the expansion of the Community into the fields of power and transportation, and as neutral nations they would be precluded from being associated with any organization with a military color. Monsieur Mayer recognized that the business of the Coal-Steel Community might not be sufficiently taxing to justify assignment of a really top-flight American official on a full time basis. He intimated that he would not take exception to the use by the U.S. of its appointee for economic duties in connection with GATT, the ECE, etc. Mr. Waugh inquired if assignment of Coal-Steel Community representation to Minister Buchanan might serve our mutual purposes. Monsieur Mayer replied that this would be most unwise.

Monsieur Mayer said that he felt confident that all six countries agreed in the views he had stated above and that if Mr. Waugh raised the matter with Monsieur Monnet, he would echo the same views.

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<sup>4</sup>Walter Bedell Smith, former Under Secretary of State.

<sup>5</sup>David K.E. Bruce, former U.S. Representative to the European Coal and Steel Community.

As a final comment on this subject, Monsieur Mayer said that now was a crucial time for the U.S. to show an active and real interest in the future of the Coal-Steel Community.

Mr. Waugh said that he would communicate Monsieur Mayer's views to the Assistant Secretary for European Affairs and to Mr. Dulles. He could not, he added, make any commitment as to what the final decision of the U.S. Government would be.

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### 101. Editorial Note

Konrad Adenauer, German Chancellor, arrived in the United States on June 13 for a series of discussions with United States officials over a 3-day period. In a conversation of June 14 with Secretary of State Dulles, the question of European integration was discussed. A portion of the memorandum of that conversation by Cecil B. Lyon, Director of the Office of German Affairs, reads in part as follows:

"The Secretary referred to his Paris discussion on the question of European integration with the Chancellor and said that the American people continue to have tremendous concern in this question. He added that there has been recently a slight feeling that of late the Chancellor's views may have altered on the subject of European integration. However, the Secretary felt that on the basis of the talks with the Chancellor that such a feeling is not correct. The Secretary stated he believes we have taken steps forward both politically and militarily and that such concepts as the Coal and Steel Community were good and should be held on to.

"The Chancellor replied that he was in full agreement and only the day before his departure from Germany he had discussed the matter with Economic Minister Erhard and the latter had told him of his talk when in Washington with the Secretary. He, Erhard, stated that he was a determined friend of European integration. The Chancellor added that he had instructed Professor Hallstein to push forward on this matter at Messina but the French would not go along. The Chancellor reminded the Secretary that this was an election year in France and there was no uniform opinion in France with respect to European integration. This situation must be taken into account and the Chancellor did not think it was possible for the present to establish any further supra-national organizations, although Pinay himself was a friend of integration.

"The Secretary expressed regret that his friend Monnet was not longer in a position to help in this field." (Department of State, Secretary's Memoranda of Conversation: Lot 64 D 199)

**102. Memorandum From Ruth H. Phillips of the Office of European Regional Affairs to the Director of the Office (Palmer)<sup>1</sup>**

*Washington, June 15, 1955.*

SUBJECT

U.S. Export Policy on Ferrous Scrap

Following several months of discussion and negotiation between the Departments of State and Commerce on the need for additional export controls on scrap, Secretary Weeks has informed the Dodge Council that we have concluded that current controls are adequate and should be continued; that export policy will be reviewed again in two to three months when the ODM study of mobilization requirements is completed; and that the Department of State will "as appropriate occasions arise, continue to make clear to the principal foreign consumers of U.S. scrap the desirability of achieving a proper balance in the use of scrap and pig iron and the desirability of avoiding undue dependence on the United States as a source of scrap." Mr. Weeks closes his letter with the statement that he assumes this resolution of the problem closes the matter as far as the Dodge Council is concerned.<sup>2</sup>

This action by the Commerce Department represents a complete victory for the State Department's position on this question and is the culmination of several months' efforts by Department personnel, our CSC Mission, and the CSC High Authority, to head off the imposition of quantitative export controls on scrap.

The decision to continue the existing policy on scrap exports will be regarded by the High Authority as further evidence of U.S. support of the CSC. Coppe, during his recent Washington visit, stressed the importance of a high level of U.S. scrap to the maintenance of the common market in scrap. Monnet, in a letter to the Secretary, also urged the continuation of exports to the CSC at the current level.

Existing U.S. scrap controls are an open-end type with certain administrative safeguards, permitting a generally free flow of scrap abroad. The principal foreign consumers of U.S. scrap are the countries of the CSC, the UK, and Japan. Initially, we were the only agency on the inter-departmental Advisory Committee on Export Policy opposed to quantitative controls on scrap exports and we un-

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<sup>1</sup>Source: Department of State, Central Files, 460.509/6-1555. Limited Official Use. Copies were sent to Barnett, Bochever, Fidel, and George A. Tesoro, Acting Economic Adviser, Office of Western European Affairs (WE).

<sup>2</sup>Sinclair Weeks' letter, dated June 3, was attached to the source text, but not printed.

dertook a single-handed, comprehensive effort to convince the other agencies that the economies and defense build-up of our foreign allies would be adversely affected by a reduction in U.S. scrap exports. We also held that the other agencies had failed to prove that U.S. security interests were being damaged by the free flow of the scrap abroad. If any single factor can be isolated as the most influential in substantiating the Department's position, I would select the letter from the High Authority on the importance of a continuation of U.S. scrap exports and the action in support of this letter by Robert Eisenberg and Department staff in E and EUR.

EUR also resisted undertaking immediate, strong representations to the principal foreign consumers on the desirability of avoiding undue dependence on U.S. scrap, which Commerce wanted as a condition to agreement not to impose additional controls. It was our view that vigorous approaches along these lines had recently been made, that follow-up at this time would not be productive, and that the matter of such representations had to be left to the State Department's discretion. This position was eventually accepted by Commerce.

The Commerce Department will eventually be putting out a Program Determination on the decision to extend the existing program and presumably will be issuing a press release on the Program Determination.<sup>3</sup>

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<sup>3</sup>On June 23, at the 304th meeting of the Operating Committee of the ACEP, the acting chairman of the committee announced that, in accordance with Weeks' letter to Dodge, control on exports of ferrous scrap would continue to be the same in the third quarter as they had been in the second quarter. (Memorandum by George M. Pollard of the International Resources Division (IRD), June 23; Department of State, Central Files, 400.119/6-2355)

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### 103. Despatch From the Chargé in Italy (Durbrow) to the Department of State<sup>1</sup>

No. 2568

*Rome, June 17, 1955.*

SUBJECT

Foreign Minister on European Integration

There is enclosed a Memorandum of Conversation dated June 14 between Foreign Minister Martino, Assistant Secretary of the Treas-

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<sup>1</sup>Source: Department of State, Central Files, 850.33/6-1755. Secret.

ury Overby, and Ministers Durbrow and Tasca.<sup>2</sup> In the course of the conversation, Foreign Minister Martino expressed concern that during the past months there has been no strong expression of interest in European integration on the part of the United States. Foreign Minister Martino also expressed the hope that either the Secretary of State or some other high American official could find the opportunity in the near future to make a strong statement to the effect that the United States still regarded European integration as an important objective.

In connection with the Foreign Minister's remarks to Mr. Overby, it is of interest that at the time this Embassy outlined to the Foreign Office the views contained in Deptel 3849 of May 30,<sup>3</sup> there were several private comments by Foreign Office officials expressing regret that the U.S. had not seen fit to give stronger support not only to the idea of European integration, but also to the CSC as the sole European institution with supranational authority. These officials recognized that the United States would not and could not become involved in the choice of the timing and structure of European integration, but they believed that a neutral statement of general support for integration, following the extremely active support of EDC, might be interpreted as a decrease of United States interest in the achievement of a workable integration of Europe in the economic, and eventually political, fields.

The Italians still consider full European integration as a cardinal point of their foreign policy, but are aware of their deficiencies in relation to acting as a guiding spirit. As the weakest nation economically of the six CSC countries, Italy must proceed with some caution in the process, but there is little doubt that Italy desires progress of a general nature on the road of integration.

At Messina the Italians were concerned by the fact that the French insisted that they could not accept any arrangement which might require another Parliamentary debate involving the European system. The Italians were also concerned that the Germans showed signs of irritation with the French position and made it clear that Germany no longer saw reason for it to take advanced European positions when France always held back. Added to these preoccupations was the then unofficially expressed worry that the United States was becoming luke-warm toward integration.

The Embassy believes that Foreign Minister Martino's request for a statement by the United States merits serious consideration. At the same time, it is noted that the Netherlands Foreign Minister be-

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<sup>2</sup>Not printed. Andrew N. Overby was in Italy as part of a larger trip to several European countries, following the OEEC Council meeting in Paris.

<sup>3</sup>Document 95.



believes that the present is not the time for United States encouragement to be most effective (The Hague's telegram of June 7 to Department,<sup>4</sup> repeated Rome unnn). In any event, it might be desirable for the United States to give further private indication at this time that European integration continues to be a most desirable goal.

**Elbridge Durbrow**

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<sup>4</sup>Reference is presumably to telegram 1937 from The Hague, June 8, in which Chargé Andreas G. Ronhovde reported on a recent conversation with Foreign Minister Beyen. Beyen summarized his impressions of the Messina Conference, indicating that he was encouraged by its results. "He said he was extremely grateful for United States moral support, which he said was and is invaluable," Ronhovde noted, "but he thought it was yet too early for active United States encouragement to be most effective." (Department of State, Central Files, 850.33/6-855)

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**104. Letter From the Acting United States Representative to the European Coal and Steel Community (Eisenberg) to the Acting Director of the Office of European Regional Affairs (Palmer)<sup>1</sup>**

*Luxembourg, June 30, 1955.*

DEAR JOE: I had been planning to write a despatch evaluating the Messina Resolution in the light of the position papers and plans which the various delegates brought along. Pressure of other work, especially the June meeting of the Common Assembly and an instruction of the Department requesting a whole series of detailed reports on the cartel policy of the High Authority,<sup>2</sup> made it impossible for me to write the despatch as planned. In the meantime, the Department has received all the information necessary and I trust that, if required, the report will be written in Washington.

There are, however, a few aspects of the "relance" of the European integration on which I would like to comment.

As far as I can ascertain, the interested officials of the six countries feel that real progress toward integration can be expected only in the field of atomic energy. With regard to transportation, electric power and other forms of energy, little more than coordination of

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<sup>1</sup>Source: Department of State, RA Files: Lot 58 D 374, CSC—Correspondence with Eisenberg. Secret; Official-Informal.

<sup>2</sup>In instruction A-50 to Luxembourg, June 15, the Department summarized the CFEF consideration of the cartel problem in the ECSC and requested the U.S. Mission to the ECSC to furnish the Department with information regarding the problem. (*Ibid.*, Central Files, 850.33/6-1555)

development programs is expected to result from the work of the Spaak Committee. There is not much scope for integration in these fields nor can any willingness be discerned on the part of the Governments for radical changes. The creation of a "European common market" on the other hand, is considered by officials in several of the six countries as a pretty nebulous project. Some form of a customs union might be achieved in the long run but not much is expected to be worked out, in terms of specific agreements, for considerable time. The fact that free movement of labor, harmonization of credit and social policies are listed in the Messina Resolution among the elements essential for the creation of the European common market, indicates how little realistic it would be for the time being to expect that this part of the Messina program will come to fruition.

With regard to atomic energy, all six countries have indicated more definitely than in other respects their desire to cooperate and even to create a common organization with appropriate responsibilities and powers. There may be some doubt as to whether the French are ready to agree to the creation of a European authority for atomic energy— . . . . Nevertheless, there is a definite pressure on all the six countries to cooperate in research and development in this field, resulting from their belief that individually they would be too small to keep up with the big nations and also from the fact that their coal industry already forms a common market and any problems for the coal resulting from the development of atomic energy would necessarily have to be handled jointly.

When discussing the prospects of the implementation of the Messina Resolution with European officials who are close to this work, I am impressed by the general optimism which they show with regard to integration in the field of atomic energy. It is generally expected that the Spaak group will succeed in working out proposals for integration in this field and some of my sources believe that eventually the central powers will be in the hands of a reorganized High Authority or of another, similar supranational institution. It is not believed that the United Kingdom will participate in any closer form than that of an association. In fact, the British do not seem to find it easy to decide on sending an observer to the work of the Spaak group. Beyen, when raising this question ten days ago, was told that the cabinet would have to decide what the British position would be.

In the eyes of many European officials, the success of the present plan to create a European Community for atomic energy depends to a large extent on the attitude of the United States. Two reasons are advanced in this connection: first, the leading role which the United States plays in the field of atomic energy and, secondly, the existence of the US-Belgian energy agreement and of other bilateral

agreements. It is believed that the United States could kill the new integration plan outright if we insist on making bilateral agreements with each of the six countries. On the other hand, it is believed that the United States could supply a strong impetus to integration in the field of atomic energy and in this way to European integration in general.

I was glad to note that several posts have specifically raised the question of United States policy in this matter. It might take some time before a firm US policy can be developed and perhaps will be considered necessary to wait for some more tangible proofs of the European will to integrate in the field of atomic energy before US policy is fixed. It is obvious that pending a decision on US policy it is essential to avoid taking a position which might be interpreted in Europe as rejection of the atomic pool idea but I think it might be desirable for US Government to make clear that we have an open mind on the possibility of European integration in the atomic energy field.

The first meeting of the Spaak Committee is scheduled for July 9, the first interim meeting of the Ministers for September 5.

Sincerely,

*Bob*

**Robert Eisenberg**

P.S. I heard yesterday some more on the UK position on the question of cooperation with the Spaak Committee. Apparently the British Government is waiting for a formal invitation to participate in order to reply. The six governments, on the other hand, might wait for the Spaak Committee to convene before the invitation is sent out so that it could be sent in the name of the Committee.

Of more importance is an indication I received that the British attitude might be more positive than originally expected. It seems that there is a feeling in the British Government that the UK has to participate with the six countries in the technical development work on atomic energy. The British participation in the work of the Spaak Committee might therefore be more than that of sending an observer since they would want to participate in the discussions and drafting of agreements dealing with cooperation in this particular field. The 6 countries, on the other hand, will certainly want to go further in their own cooperation than joint work in the field of technical development. They will want to do some joint planning, financing, and investment in the field of actual exploitation of atomic energy rather than only the development activities.

**R.E.**

105. Memorandum From the Assistant Secretary of State for European Affairs (Merchant) to the Secretary of State<sup>1</sup>

*Washington, July 1, 1955.*

SUBJECT

U.S. Policy towards proposed European Atomic Pool

1. The President's forthcoming message to the Congress on his program for the peaceful uses of atomic energy raises the question of our attitude towards the proposal for a six-country European Authority for atomic energy on a Schuman Plan basis. As presently drafted, the message would permit United States cooperation in the research reactor field with regional groupings of nations with deficient resources. It does not address itself, however, to cooperation with groupings of states in the power reactor field nor to groupings which might be inspired by a desire to have a more effective program by pooling their resources. Cooperation with such groupings would seem to be authorized by Sec. 124 of the Atomic Energy Act.<sup>2</sup>

2. As you know, the Foreign Ministers of the six Schuman Plan Countries agreed at Messina to study various proposals for the revival of the European integration movement, and in particular the pooling of atomic energy resources for peaceful purposes. The Germans and Belgians at least feel that atomic energy provides the best basis for a dynamic program to give new life to the integration movement because of (1) the need to pool inadequate resources in this field, (2) the relative absence of vested interests, and (3) the appeal of the peaceful atom to the public imagination. They will probably propose the creation of supranational authority in this field, while the French seem to favor something more along Western European Union lines.

3. The United States cannot help being involved in this question from an early stage. Before any European agreement can be reached, the negotiators will have to know from us (1) whether a supranational pool could expect the same kind of technical and other assistance as we have already promised certain individual countries; (2) whether we would be willing to adapt existing bilateral relationships with prospective members to the extent which might be necessary to make a pool possible.

4. In my opinion we should be in a position to respond favorably if and when the Europeans raise these questions. While we

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<sup>1</sup>Source: Department of State, RA Files, Lot 58 D 374, Atomic Energy Integration. Secret. Drafted by Palmer, Barnett, and Stanley M. Cleveland of RA. William R. Tyler, Deputy Director of WE, and Jacques J. Reinstein, Director of the Office of German Affairs (GER), concurred.

<sup>2</sup>Reference is to the Atomic Energy Act of 1954, Public Law 703, enacted on August 30, 1954. For text, see 68 Stat. 919.

would have to reserve final judgment until we see just what is proposed, a European decision to create a real common atomic authority on Schuman Plan lines would appear in our interests as a way of (a) reviving the European integration movement and supporting the Coal and Steel Community, (b) forging a new link between Germany and the West and (c) permitting the Europeans to make the best use of their inadequate resources in this field.

*Recommendations:*

1. That you agree in principle it is in our national interest that for peaceful atomic cooperation purposes we treat a European common atomic authority modeled on the Schuman Plan in the same way as we would treat a national state, provided of course that we were otherwise prepared to negotiate a bilateral agreement with each present and future member of such authority.

2. That you authorize us to clear with the Atomic Energy Commission and propose to the President the insertion in his proposed Message to Congress of the following passage:

"There may well be circumstances in which the technical and material resources of several nations could best be utilized through a voluntary grouping of their resources, or in which the means available to a single nation do not appear adequate to take advantage effectively of the two programs which I have proposed. In these circumstances the U.S., in carrying out its part in these programs, would support a voluntary grouping of the resources of several nations within a single region. For example, the member states of the European Coal and Steel Community have recently taken a decision to study the peaceful development of atomic energy through a common organization. We should be in a position to respond to any group initiative which might result from this study."

3. That you authorize us subsequently to discuss with the Atomic Energy Commission:

a. The methods whereby in the event the Europeans agree to create an atomic pool along Schuman Plan lines, we could, consistent with U.S. national security interests, assist Belgium, with which we now have bilateral arrangements, to transfer to a common authority the privileges, responsibilities, undertakings and position of leadership which flow from these arrangements, to the extent necessary to permit the creation of the pool with willing Belgian participation.

b. Delay new bilateral arrangements in the power reactor field with the other Schuman Plan countries over the next few months pending further developments in discussions by the six governments pursuant to the Messina communiqué. This would not preclude the conclusion of bilateral arrangements in the research and training fields to the extent necessary to meet existing commitments to negotiate.

106. Memorandum From the Special Assistant to the Secretary of State for Atomic Energy Affairs (Smith) to the Secretary of State<sup>1</sup>

*Washington, July 1, 1955.*

SUBJECT

U.S. Policy toward Proposed European Atomic Pool

In a memorandum of this date, Mr. Merchant recommends that you agree in principle that we would treat a European atomic energy authority (modeled on the Schuman plan) in the same way as we would treat a national state. He also recommends that the President make a positive statement along this line in his forthcoming message to Congress on atomic energy cooperation; that we explore modifying our atomic energy agreement just signed with Belgium to remove bars to integration; and that we hold up any more power reactor bilaterals with Schuman plan countries pending further study of integration.

S/AE does not concur with these recommendations. We have checked informally with the Atomic Energy Commission and are advised that the Atomic Energy Commission is also not prepared to agree with the proposed position at this time.

Atomic power cooperation has just been initiated with the U.K., Canada, and Belgium, the three countries with whom we have been most closely associated in atomic energy development since the war. In studying possible atomic power cooperation with any other country, difficult problems arise, and greater problems appear if multilateral cooperation under the Atomic Energy Act is considered. As a practical matter, it is not clear that the Act envisages any multilateral cooperation in the peaceful uses of atomic energy except with an International Atomic Energy Agency. The attitude of the Schuman plan countries toward atomic energy integration has by no means been officially established—especially in France and Belgium—despite enthusiastic favorable statements by individual officials. While atomic energy integration is an attractive goal, there are only vague concepts at present as to what it would mean.

With regard to modifying our just concluded agreement with Belgium, this agreement is most important to our national security and to defense of the Free World, and is also considered highly important by the Belgian Government. Modification may not prove

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<sup>1</sup>Source: Department of State, Central Files, 840.1901/7-155. Secret. Drafted by Phillip J. Farley of the Office of the Special Assistant to the Secretary of State for Atomic Energy Affairs (S/AE). Copies were sent to Phleger, Merchant, and Palmer.

consistent in important respects with either our national interest or the Belgian interest.

In view of these and other uncertainties, we should not at this point adopt a policy of support for a European atomic energy authority, even in principle, or make an announcement of such support which we may find it difficult to implement. We need first to make sure that integration is practical and is desired by the European countries, and also that the U.S. is in a position to cooperate with such an authority.

### 107. Telegram From the Secretary of State to the Embassy in Germany<sup>1</sup>

*Washington, July 1, 1955—8:40 p.m.*

12. Bonn tel 3889<sup>2</sup> and D-2661.<sup>3</sup> Dept gratified at views expressed by Ophuels on necessity further pursuing European integra-

<sup>1</sup>Source: Department of State, Central Files, 840.00/6-1555. Confidential. Drafted by Boochever and approved by Barnett. Repeated for information to Paris, Brussels, The Hague, Rome, London, and Luxembourg; passed to USRO and the CSC Mission.

<sup>2</sup>Telegram 3889, June 14, reads in part as follows:

"In discussion with Embassy officer at Foreign Office today of current status and prospects European integration in light Messina Conference, Ophuels made following comments:

"Federal Government including Chancellor have reaffirmed within Government politically urgent necessity of further pursuing practical integration. This necessity arises from two considerations: unless Western European nations integrate further in present period relative prosperity, existing bonds on basis steps already taken could not survive economic depression if one came; also unless Germany integrated with West more closely, growing nationalism could make Federal Republic increasingly susceptible Soviet blandishments especially re neutralization. Way to minimize both these dangers is to achieve soon further close integration from which none of European nations could easily break away; last chance to do so lies in next year. Positive indications US interest in integration needed to maintain momentum. OEEC type relationship would not be tight or strong enough to survive two dangers mentioned."

Max Ophuels, Director of the Office of International and Supranational Affairs in the German Foreign Office, emphasized that integration in the field of atomic energy would give an important impulse to the whole integration concept. (*Ibid.*, 850.33/6-1455)

<sup>3</sup>Despatch 2661, June 15, summarized the Federal Republic of Germany's views on Western European integration. It reads in part as follows:

"Officials of the Federal Republic Foreign Ministry concerned with European integration say that the Federal Government is firm in its determination to pursue integration as a matter of policy. Concern about the dangers of economic depression and of Soviet appeals to German nationalism are said to underlie this determination. Restraints on progress toward integration are attributed largely to the French, although some internal resistance in the West German Government is acknowledged. While a general supranational approach is considered ideal, the sector approach is accepted as

*Continued*

tion. Particularly welcome his recognition need for Europe continue advance beyond cooperation arrangements to Federal institutions, with necessary transfer of sovereign power. Without giving impression U.S. initiative or pressure, Dept wishes encourage and support Germans and other Europeans advocating such views. In general, U.S. prepared indicate approval sound European initiatives toward this type integration when such proposals at sufficiently concrete stage and timing appropriate in relation their acceptance in Europe. (Dept's thinking on relation cooperative organizations and supranational institutions contained Deptel 3849 to Rome May 30.<sup>4</sup>)

Re Ophuels' comments on atomic energy, U.S. looks sympathetically on European initiative for exploring possibilities expanding integration into field peaceful uses atomic energy. For time being, therefore, do not wish encourage Germans to request bilateral agreement with U.S. on peaceful uses although U.S. prepared proceed on basis June 10 invitation if they desire.

Re suggested integration total European energy requirements, not clear what intended by reference to allocation of supply by percentages among several power sources. U.S. would wish discourage arrangement which froze relationship among various sources of energy and seriously limited competition among them.<sup>5</sup>

Dulles

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practically attainable, especially with regard to transportation and energy, including atomic energy. This last is in fact seen as most quickly attainable and most susceptible of supranational arrangement, and there is much interest in extent to which the United States might assist." (*Ibid.*, 840.00/6-1555)

<sup>4</sup>Document 95.

<sup>5</sup>In Colux 1 from Luxembourg, July 7, Eisenberg reported that he conveyed to Mayer and Spierenberg the U.S. views on European atomic energy integration as outlined in telegram 12 to Bonn. Mayer stated that the U.S. position on this issue would be decisive for the success or breakdown of negotiations on integration in the atomic energy field. He also suggested that Spaak should be informed at once about the U.S. views on this issue "and expressed hope no new bilateral atomic energy agreements would be signed by US with any of the six countries during Brussels negotiations." (Department of State, Central Files, 840.00/7-755)

In telegram 26 from Brussels, July 8, Ambassador Frederick M. Alger, Jr., offered in part the following views:

"I have taken no steps to convey to Spaak substance of Department telegram 12 to Bonn and do not think that I should do so until our own thinking has been clarified. I am convinced that Spaak is personally willing to discuss with us any arrangements vis-à-vis French which would be necessary in connection with genuine integration in atomic energy field but Belgians are definitely wary of French moves which have so far appeared to them as means of obtaining Belgian uranium rather than real concern for European integration. It is my understanding that Spaak conveyed idea to French at Messina that Belgian position did not preclude consideration of the question of Belgian uranium in relation to atomic energy pool." (*Ibid.*, 840.1901/7-855)



**108. Memorandum by the Secretary of State<sup>1</sup>***Washington, July 5, 1955.*

I read Mr. Merchant's memorandum on US Policy towards proposed European Atomic Pool.<sup>2</sup> I have also read Mr. Smith's dissent from Mr. Merchant's recommendations.<sup>3</sup>

I agree with recommendations (1) and (2). I agree with (3a), with emphasis on "assist Belgium". I do not think we should pressure Belgium.

With reference to (3b), I do not think we should use delay as a means of coercion. I do not think we should rush these other bilateral arrangements but should go ahead in an orderly way with the understanding that if the pool is agreed upon, we should treat them in the same way as we treat the Belgian agreement.

JFD

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<sup>1</sup>Source: Department of State, RA Files: Lot 58 D 374, Atomic Energy Integration. Secret.

<sup>2</sup>Document 105.

<sup>3</sup>Document 106.

**109. Despatch From the Ambassador in the United Kingdom (Aldrich) to the Department of State<sup>1</sup>**

No. 23

*London, July 5, 1955.*

SUBJECT

Atomic Energy and European Integration

When Mr. Palmer was here he indicated that the Department had in mind the possibility that further steps for European integration might be taken through the expansion of the work of the Coal and Steel Community into the field of atomic energy. Similarly instructions from the Department relating to the proposed work of the OEEC in this field have explicitly warned our representatives against approving the OEEC as the appropriate channel for European activity in atomic energy and instructed them to make sure that the way was kept open for the CSC to operate in this field.

Monnet has begun his campaign to arouse public opinion in Europe in support of a United States of Europe; Beyen has visited the U.K. on behalf of the six countries of the CSC to try to gain U.K.

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<sup>1</sup>Source: Department of State, Central Files, 840.00/7-555. Official Use Only.

participation in the studies which they propose of further steps toward European integration. The communiqué issued in Messina is, however, extremely vague as to what these six countries have in mind. I am informed that Beyen gave practically no further clarification to the British ministers when he met them here. It would appear, therefore, that the six countries are starting in de novo to examine possible further steps toward the integration of Europe. It is also certain that they will run into extremely powerful opposition from vested interests in industry and those having vested interests in existing institutions for European cooperation, such as the OEEC. The British are unlikely to give a very enthusiastic answer to Beyen's approach; in fact, the answer they do give is certain to be very cautious and accompanied by many reservations. In addition the Scandinavian countries have a great deal of suspicion of any proposals of this kind emanating from the six countries. It would appear, therefore, that the road ahead for the proponents of integration is long and rough.

If one looks back at the origins of the institutions which now exist for integrated or cooperative effort on the part of the European countries, one is struck by the fact that each one of them came into being and derived its vitality from some major and immediate political need or because of some important outside catalyst. The CSC, for example, came into being primarily because of the compelling need of finding a way of rapprochement between France and Germany after the war. Its origins and the forces which brought it into being over much determined opposition were fundamentally political rather than economic. The OEEC was created by the Marshall Plan; its original function was to plan the use of U.S. aid. Later the highly constructive and useful European Payments Union came into being because the capital was contributed by the U.S. These institutions have been administered, and on the whole well-administered, by the Europeans. They are truly European institutions. But their basic parentage was American.

Similarly, NATO was made possible by U.S. contributions of men and military strength. WEU was made possible by the British promise to maintain troops in Europe.

As one looks around the European scene now, no such catalyst of further progress appears on the horizon. Much has been accomplished in the way of more effectively organized cooperation (as distinguished from integration) through the establishment of WEU and the expansion and perfecting of the work of NATO and the OEEC. But there seems to be little cause for hope that any further important move toward what might be called the Monnet type of approach can be expected.

The only place where an outside stimulus comparable to those mentioned above would appear to be possible is in the field of atomic energy. So far, few vested interests exist in this field in Europe. The potentialities for development and use of atomic energy in such a big area as Europe are enormous. The cost to individual countries of developing separate resources would be tremendous. But they are likely to proceed along separate lines unless forestalled by something better.

Therefore if we genuinely believe that the integration of Europe can be furthered by development of a further supranational institution similar to the CSC, or through expansion of the CSC, it would seem that atomic energy offers the only real possibility for immediate action. Either we or the British could initiate it—perhaps we could do it jointly. The influence we could exert on the form of the European institution to be developed by reason of the contribution that we would be in a position to make would be great. We could in effect provide the capital for an atomic EPU.

If we are taking this idea seriously, we should act fairly quickly, either ourselves, or by trying to get the British to do it, or by joint action. Because if we don't, countries will proceed as far as they can on a piecemeal basis (as we and the British are now helping them to do) and we will shortly find unscrambling or merger of individual country activities in the atomic field as difficult as in other more established forms of trade and energy.

For the Ambassador:  
**Winthrop G. Brown**

*Acting Minister for Economic Affairs*

**110. Letter From the Acting Director of the Office of European Regional Affairs (Palmer) to the Counselor of the Embassy in Belgium (Sprouse)<sup>1</sup>**

*Washington, July 8, 1955.*

DEAR PHIL: I hope the arrangements in the Department's Telegram Number 7 to Brussels,<sup>2</sup> for covering the post-Messina experts

<sup>1</sup>Source: Department of State, Central Files, 840.00/7-855. Secret; Official-Informal. Drafted by Boochever.

<sup>2</sup>Telegram 7, July 5, reads as follows: "CSC Mission should detail officer to assist Embassy Brussels cover and report July meeting committee experts European integration established Messina Conference." (*Ibid.*, 840.00/6-2855)

meetings, will work out satisfactorily. As you probably recognize, the Messina meetings and the resulting resolution have attracted a great deal of attention in Washington, and there is sure to be keen interest in the work of the Spaak Committee. As you know, the Secretary continues to show a strong personal interest in the fate of European integration.

As we see it, the Messina meetings have served mainly as a "holding action" on the integration front, with any serious decisions left for the future. It appears that the conflicts within and among the CSC Governments with regard to future measures of integration remain unresolved. On the other hand, it is rather impressive and encouraging that the idea of relaunching the integration movement is being seriously considered so soon after the defeat of the EDC. We will be interested in any signs that the conflicting governmental views are being reconciled, although we are rather dubious that much can be accomplished at the moment, given the present divisions within the French Government of Gaullist and "European" elements. Some further Department comments which may be relevant to the Brussels meetings are incorporated in our 3849 to Rome, repeated Brussels 1335, May 30,<sup>3</sup> and our 12 to Bonn, July 1,<sup>4</sup> repeated Brussels by pouch.

There is particular interest in the Department in the possibility that the Europeans may decide to develop the peaceful uses of atomic energy on an integrated basis. While we would have to reserve final judgment until we see just what is proposed, it is clear that the Department would consider a European decision to create a real common atomic authority on Schuman Plan lines as being in our interests, as a way of reviving European integration and supporting the CSC, forging a new link between Germany and the West and permitting the Europeans to make the best use of their inadequate resources in this field. The question of United States cooperation with such an atomic authority is a more complicated problem, involving as it does our bilateral relations with the Belgians, French sensitivities, limitations imposed by the U.S. Atomic Energy Act, etc. These problems are currently receiving our attention and it will undoubtedly require some time before we can provide any meaningful guidance. I mention this because I am afraid that you will have to walk a pretty tight rope between lending discreet encouragement to any European initiative in this field and avoiding any commitments or even encouragement as to the extent to which we might be able to cooperate.

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<sup>3</sup>Document 95.

<sup>4</sup>Document 107.

In view of the importance of the work of the Spaak Committee and the surrounding discussions in Brussels, I hope that you will be able to assign one of your senior officers to cover these meetings. We would, of course, be delighted if it worked out that Chuck Adair<sup>5</sup> could undertake the job.

I recognize that reporting on these meetings will add to the already heavy burden of the Embassy, but I know that you will find that whoever is assigned by the CSC Mission will be of considerable assistance. In view of the apparent intention to hold meetings in Brussels over a prolonged period, the present arrangement appeared to us to be the best way to insure effective coverage. When our CSC Mission is fully staffed, it should be able to resume the load on international meetings of this type.<sup>6</sup>

Sincerely yours,

Joseph Palmer 2nd

<sup>5</sup>Charles W. Adair, Jr., Economic Counselor at the Embassy in Belgium.

<sup>6</sup>Eisenberg replied to Palmer's letter on July 12. His reply reads in part as follows:

"I was very happy about the clarification of U.S. policy which was in our hands a week ago and which supplemented the telegram to Rome in connection with the Messina Resolution. However, I dare say you will have to speak in much stronger tones when you want all the interested posts to present your views to their respective Foreign Offices in unequivocal manner. Integration along the CSC pattern is an idea which is new and let us say often suspicious not only to the countries which might be involved as partners but very often also to the diplomats who are representing our country there. This applies in varying degrees probably in all six countries, although one or the other of our Embassies is quite conscious of the political importance of further European integration." (Department of State, RA Files: Lot 58 D 374, CSC—Correspondence with Eisenberg)

## 111. Memorandum of a Conversation, Department of State, Washington, July 15, 1955<sup>1</sup>

### SUBJECT

Proposals for Six Nation European Atomic Energy Authority Patterned on the Schuman Plan

### PARTICIPANTS

AEC—Messrs. Hall, K. Davis, Wells, and Eisenberg  
 EUR/RA—Messrs. Palmer, Boochever, Cleveland, and Unger  
 S/AE—Messrs. Smith and Schaetzel

Mr. Palmer summarized the United States attitude toward European integration with a special reference to the Schuman plan. He

<sup>1</sup>Source: Department of State, Atomic Energy Files: Lot 57 D 688, Euratom—Regional. Confidential. Drafted by J. Robert Schaetzel.

said that future European efforts towards integration may well have to be in a "sector approach," e.g., atomic energy, communications, transportation, etc. A move forward in the atomic energy field would have several attractions to the United States. It would be consistent with the expressed views of the President and Congress in support of European unity. The absence of vested interest in the atomic energy field make this perhaps the most attractive area in which future efforts toward integration might take place. Mr. Palmer noted the Secretary's approval in principle of American efforts to encourage a move towards integration in the atomic field by the Europeans. Therefore, the first step was to explore with the AEC some of the complications, legal, security, and engineering, that might arise should the Europeans decide to move ahead.

Mr. Hall<sup>2</sup> asked what the Working Group set up at Messina is doing and what is the timing they have in mind. Mr. Cleveland explained that the group is covering the entire power picture of which atomic energy would be a segment and this portion is to be covered by a separate Subcommittee. The Subcommittee will meet for the first time this week. The Subcommittee is called upon to make a preliminary report by October 1, 1955 to the Ministers. He noted that there is a German paper making proposals in this field which we have not seen.

Apologizing for having to leave the meeting, Mr. Davis<sup>3</sup> said that he wished to mention two aspects of this problem which he felt were important. First, the demand for and size of a nuclear power network materially affects its economics, therefore, a six-nation approach would have a better chance of success. Secondly, there are clear advantages to be derived from large capacity power reactors. He admitted that there were problems raised by the bilaterals but the real point he wished to make was that in his view a better climate was created for the development of nuclear power if one were dealing with six-nation approach (Mr. Davis then left).

Mr. Hall inquired as to the attitude of the British toward the idea of European integration in this area. Mr. Palmer said that the British seemed to be more interested in cooperative efforts within the OEEC framework than in a six-nation approach. It was emphasized that it was most unlikely that the U.K. would participate in a European atomic energy authority, consequently the existing U.K.-U.S. bilateral agreement would *not* raise problems.

Mr. Eisenberg suggested the paradox of Belgian initiative in proposing a six-nation approach while at the same time their bilateral

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<sup>2</sup>John A. Hall, Director, Division of International Affairs, Atomic Energy Commission (AEC).

<sup>3</sup>W. Kenneth Davis, Director, Division of Reactor Development, AEC.

with us is a stumbling block. Mr. Palmer agreed that there was a difficult tactical situation here. The Europeans do look to us for guidance and are keenly interested in our views as to the direction in which they might move and yet the initiative must remain theirs. Our concern is that we continue to show sympathetic interest while at the same time we consider in Washington the obstacles which might seem to stand in the way of European initiative and whether it is feasible to remove these difficulties. Mr. Eisenberg asked whether we needed to view the bilateral agreements as an obstacle. Mr. Hall said that in the sense that a European agency affects Belgian capacity to supply uranium it would seem to be an obstacle.

Mr. Hall then raised the technical question as to who needs natural uranium. The French seem to have all they will need for the next ten years. It would appear then that the recent request of the Belgians by the French was a bargaining move. As far as uranium ore availability and cost is concerned he suggested that there was no benefit to be gained by regionalism. Mr. Palmer observed that it was not in terms of raw material that integration of atomic efforts seems to be especially promising but rather in the area of exchanging information and development. He also agreed with a point that Mr. Davis had made earlier on the advantages of six-nation approach.

In response to Mr. Hall's point that when the countries got around to constructing nuclear power plants they would undoubtedly be built by and within the individual national states, Mr. Cleveland said that he felt an integrated approach would have a bearing on where such plants were to be constructed. While it is true that a single European grid does exist today, national enterprises still can cut off the energy flow to the grid when the power is needed in the originating state. It would be hoped that an integrated approach would avoid this narrow nationalism.

Mr. Hall asked what the relationship of a European atomic authority would be to the new international agency. Mr. Smith replied that he had discussed this matter with Mr. Patterson<sup>4</sup> and that the latter saw no problem. Mr. Patterson felt that if the six nations were to get together along the lines being discussed this would enable them to make a greater contribution to the agency and this was consistent with the notion that these industrialized European powers should be viewed more as contributors to the agency, rather than beneficiaries. Mr. Eisenberg pointed out that the draft statute would require the six nations to participate in the work of the agency as

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<sup>4</sup>Morehead Patterson was appointed by President Eisenhower on November 4, 1954, to implement U.S. policy with regard to the proposed International Atomic Energy Agency.

individual states, even if they should decide to pool their atomic energy efforts.

Mr. Schaetzel stressed the advantage of making full use of the time element. Various European nations are now beginning to make decisions which will set the pattern for the development of atomic energy in the future. It may be possible to make "European" decisions now in the absence of private or governmental vested interests which might be difficult or impossible several years from now and after *national* programs are well entrenched.

Mr. Hall noted that the French have told us that they would like to talk about breeder reactors which raises difficult problems for us. He said that the Germans have also indicated their interest in negotiating and that there is no reason to think that either nation has changed its mind. He was suggesting, therefore, that these countries were not talking about 6 kgs of fissionable material but about large amounts and classified information. He felt that the legal officers should consider this problem.

Mr. Wells<sup>5</sup> said the arguments in favor of an integrated European approach were so persuasive that if the present statute might not be considered to permit cooperation by the U.S. with such an authority he felt confident that the law could be changed. Congress has been most amenable to suggestions for modifying the statute. He noted that Section 123 was not drafted in such a manner as to be clear on this point and unfortunately, Section 144 deals with military matters. While Section 124<sup>6</sup> might be of some help he said he could not be sure what it means. His instinct, because of the importance of European cooperation in this area, was not to attempt to bend the present law to accommodate European ideas.

It was important to consider at this juncture the practical problems. There was first the matter of classified data. The Belgian agreement is the only one covering this subject and yet even here, no information has passed or will pass until the Belgians install an adequate security system. He posed the difficulties for us in considering the transmittal of classified data to France. In dealing with a pool it would be necessary to consider the security problem of the whole to be that of the worst single unit. Mr. Unger<sup>7</sup> suggested that we could take some heart in the precedent for the transmittal of secret information in the NATO agreement. Mr. Smith pointed out that we are dealing with a different group of people with different ideas of security than those of the NATO military officers. Mr. Hall said that the classified data issue was a problem all over the world. Hope for the

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<sup>5</sup>Algie A. Wells of the AEC.

<sup>6</sup>Reference is to sections of the Atomic Energy Act of 1954.

<sup>7</sup>Leonard Unger, Officer in Charge of Political-Military Affairs, RA.



future seemed to be in declassification of power technology. We may then get down to the problem of custody of fissionable material. Mr. Smith said he could not imagine a transfer of classified information to a six-nation entity. If one were dealing with a Latin American regional group the United States might get away with an arrangement for the transfer of unclassified data and would have essentially a problem of material custody. However, in Europe with their scientific proficiency one must anticipate that they will want data which is on the frontier of research and development. Mr. Hall remarked that a high percentage of the information on power reactors has been declassified and in a short time this might well be true of the balance. However, Mr. Smith questioned whether the declassification approach would satisfy the Europeans. They will always want to have access to advanced technology.

Mr. Hall said he felt it was quite wrong to deal with this broad area of nuclear information on a classified basis. Indeed the present statute contains a mandate to declassify rapidly such data. He felt pressure from American business would speed the process. We can anticipate a point in the not too distant future when the problem will be one of material accountability only and not one of classified information control.

Mr. Eisenberg suggested that if the USSR comes forward with substantial information we might have a competitive race in declassification.

Returning to the subject of U.S. cooperation with a European authority, Mr. Wells said he saw no reason why we could not work with such an agency. He noted, however, that the individual country or countries could not transfer restricted data unless the United States agrees, and the transfer would have to be to a country with which we would have a bilateral of similar scope. He said he disliked seeing the Belgian agreement presented as a stumbling block to a possible move towards European atomic integration. On the other hand, it would be most imprudent, in urging the Europeans to take the initiative in establishing an authority, for us to mislead them on the dimension of the security problem. Perhaps we should suggest the need for them to bring their security standards up to a tolerable level. He was impressed by Mr. Smith's point of the likely desire of the Europeans for the most advanced information. Certainly France would have no real interest in an organization concerned with unclassified information.

As one of the factors that might draw France into a European authority Mr. Eisenberg noted the appeal to the French ego of being able to assume the role of scientific leadership. Mr. Palmer added that there was also an advantage to France of being able to use this means of controlling German nuclear development.

Mr. Hall questioned whether a problem did not arise from the fact that American companies were authorized and encouraged to export technology and yet they would be forced in this instance to deal with a governmental entity. It was pointed out that American business in the past has shown no reluctance in dealing with governmental purchasers. In any event, there was a strong likelihood that even if an authority were established individual contracts would be between European national entities and American suppliers. Mr. Smith said that it would be up to American industry to make a judgment as to whether a prospective sale was to its advantage.

Mr. Palmer questioned whether the ambiguity of Section 124 of the law might not be resolved through consultation with the Joint Committee. Mr. Schaetzel suggested that rather than confine a consultation to this narrow point would it not be desirable to discuss with the Committee on an exploratory basis the question of European integration in the field of atomic energy and the steps which the Europeans are now contemplating. Mr. Smith felt that it might be possible to do this the next time there is a meeting with the Committee to consider IAEA.

Given the security situation in France Mr. Hall said he could not recommend to his superiors that an agreement for cooperation containing the exchange of classified data be consummated now with France. As for the suggestions that the European nations be encouraged to institute security systems comparable to ours, this brought one up against one of the real problems which is the resistance of the European scientific community to this approach. Mr. Hall speculated that if we were to push hard for the general installation of security systems the effect might well be to kill the entire notion of a six-nation authority by eliminating the scientists.

Mr. Smith suggested that we might be overstating the problem of the bilaterals for after all, the Europeans have great scientific and industrial resources. There is a real question of how much they require our assistance. Mr. Hall agreed that they may not require the information, but they will need the enriched materials, at least initially. Mr. Wells said that this would not create such difficult problems for we could probably draw up an agreement covering the custody of material. He agreed with Mr. Smith that it was hard to see that the bilaterals amounted to such an obstacle.

It was agreed that in the light of the preceding discussion an attempt should be made to draft an instruction to the field which would endeavor to relate the bilateral agreements for cooperation to the notion of a European atomic authority. Mr. Smith also suggested that it would be useful to explore this entire matter further with some of the people in the field in the course of the International Conference for the Peaceful Uses of Atomic Energy.

112. Telegram From the Acting Secretary of State to the Embassy in Germany<sup>1</sup>

*Washington, July 16, 1955—2:03 p.m.*

164. Ref: Embtel 188 July 15.<sup>2</sup> Dept and AEC urgently exploring legal, security and policy aspects US cooperation European atomic pool.

Under circumstances, you should not inform Brentano along lines statement reftel, but confine your remarks to (1) confirmation US support for European integration on Schuman Plan lines including any European initiative on this basis in atomic energy field; (2) explanation US studying problems involved in US cooperation with such a European atomic pool; and (3) denial that as matter of principle US favors bilateral relationship to exclusion encouragement and support European development in this field.

**Hoover**

<sup>1</sup>Source: Department of State, Central Files, 840.1901/7-1555. Confidential. Drafted and approved by Palmer.

<sup>2</sup>In telegram 188, Ambassador Conant reported that during an informal dinner conversation with Foreign Minister Heinrich von Brentano that week, he was asked officially what the U.S. position was regarding the development of atomic energy for peaceful uses on a European basis. Von Brentano pointed out that he had heard a rumor that the United States wished to encourage the joint development of atomic energy for peaceful purposes between the United States and the Federal Republic of Germany rather than to encourage and support European development. Conant proposed to give essentially the following statement to von Brentano when he saw him the next week:

"While U.S. Atomic Energy Act 1954 requires bilateral agreement between U.S. and FedRep if certain info and assistance is to be provided, it is U.S. policy to support and encourage European development atomic energy. We do not contemplate a purely German-American atomic energy development on exclusive bilateral basis. When European plans are further developed, I assume we would be ready give same info and assistance to each cooperating European nation.

"If this is in any way incorrect, please inform me before Tuesday." (*Ibid.*)

113. Telegram From the Ambassador in France (Dillon) to the Department of State<sup>1</sup>

*Paris, July 18, 1955—2 p.m.*

261. For Merchant from Dillon. I am transmitting this message to Geneva because of probability that French will raise subject towards end of week with either Secretary or President or both.<sup>2</sup>

Rene Mayer lunched with me yesterday. He told me that he was more convinced than ever of necessity for continued progress towards unification of Europe. He said this was necessary both for obvious economic reasons and even more important to provide a pole of attraction to hold peoples of the West together against the ideological push of Communist powers. He said he felt this was particularly important for the Socialist parties of West Europe. If the movement toward European unity ceased to be concrete reality Socialists would lose it as an issue and would be forced to return to their fundamental Marxist philosophy which would make it more difficult for them to resist Communist appeals for united action. Mayer said there were three concrete steps now possible.

(a) A move toward some form of monetary accord providing at least partial convertibility among member countries of the Coal and Steel Community with the possibility of this partial convertibility being extended to additional countries.

(b) Expansion of the Coal and Steel pool to include some sort of close relationship with Switzerland and Austria. He said negotiations with Switzerland were well advanced towards an agreement for association generally similar to that with England.

(c) Creation of a European atomic energy pool.

Mayer felt that the latter step was most important as indicating a concrete and immediate step in the direction of European unity and was of even greater importance for its long range effects. He said that the only difficulty with the creation of this pool was the special position of France which had substantially more knowledge on atomic energy than any of the other countries who would join this pool. He did not think there was any possibility that the British would join and felt that their representation at Brussels was merely for the purpose of getting first hand information on developments.

Mayer said that to prevent the European atomic energy pool from becoming a political football in the French Parliament and provoking an alliance of extreme right and left wing elements in the

<sup>1</sup>Source: Department of State, Central Files, 840.00/7-1855. Secret. Also sent to Geneva and repeated for information to Brussels.

<sup>2</sup>Secretary Dulles and President Eisenhower were in Geneva for the Heads of Government Conference, July 18-23, attended by delegations from the United States, the United Kingdom, France, and the Soviet Union.

French Assembly against this European proposal, it would be absolutely essential that other countries coming into the pool contribute what they can so that the French Government could tell the Assembly that in joining the pool they were obtaining certain concrete advantages in return for the contribution of French technical knowhow. Mayer said that the one case in point was Belgium with her sources of uranium in the Congo. He said that the French fully understood the necessity for the large United States share in the Congo output, as, after all, this ore was being used for the protection of the free world. Mayer felt that the essential point must be an agreement in principle that Belgium would contribute to the European pool a substantial share of the uranium ore which is left to her under the Belgian-United States agreement. He said further that Congo uranium was important to the pool as it could be produced at a price very much cheaper than French uranium which is the only other source presently available to the European pool.

Rene Mayer said he had not talked to Spaak in Brussels about this matter as he considered it to be a governmental question between France and Belgium and in view of his present international position he considered it improper for him to discuss the question with Spaak. He said that he wanted the United States however to be in no doubt as to the great importance which he attached to the prompt creation of a European atomic energy pool and as to his view that this would require a contribution by Belgium of Congo uranium.

Mayer expressed full confidence in Gaillard, who is heading the French Delegation at Brussels and said he expected Gaillard to make a number of very concrete and constructive proposals at the meeting opening today, the 18th, in Brussels. He said he expected Gaillard to go to Geneva at the end of the week to report on the progress at Brussels and that he considered it likely that either Pinay or Faure or both would raise the question of the United States attitude toward a European atomic energy pool with either the Secretary or the President or both.

**Dillon**

**114. Memorandum From the Deputy Assistant Secretary of State for European Affairs (Barbour) to the Secretary of State<sup>1</sup>**

*Washington, July 26, 1955.*

SUBJECT

Suggested Discussion with Admiral Strauss of AEC

You will recall that on July 5, you authorized discussion with AEC of the problems involved in U.S. cooperation with a European Atomic Pool along Schuman Plan lines (Tab A).<sup>2</sup> We have been pursuing this matter with AEC at the working level. Although from this initial exploration substantial cooperation with European pool appears possible, several security and atomic-energy policy questions remain to be resolved. An AEC legal opinion on this subject is incorporated in the telegram attached as Tab B.<sup>3</sup>

Meanwhile Admiral Strauss will be leaving soon for Geneva to attend the International Conference on Peaceful Uses of Atomic Energy (August 8-20). It is likely that, outside the scope of the Conference itself, his views will be sought by representatives of various European countries on proposals to create a European Atomic Pool. Since any expression of U.S. views on proposals for integration in peaceful atomic development could have a substantial impact on the course of events in this present formative stage, it is recommended that you arrange to talk with Admiral Strauss before his departure from Washington (July 28, 10:00 p.m.) in order to point up to him the political importance of this problem to the future of European integration. We believe that Admiral Strauss would welcome receiving such guidance from you at this time.

In talking to Admiral Strauss, you may wish to make the following points:

1. The U.S. Government is pursuing a policy of fostering and supporting the movement toward political federation and economic integration of Western Europe. This policy has received strong sup-

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<sup>1</sup>Source: Department of State, RA Files: Lot 58 D 374, Atomic Energy Integration. Secret. Drafted by Boochever and cleared with Palmer and Gerard Smith.

<sup>2</sup>See Document 108.

<sup>3</sup>Reference is to Tosec 48 to Geneva, July 21. It reads as follows:

"AEC legal opinion cooperation involving transfer fissionable material or classified information with group of nations permissible under Section 124 of 1954 Act provided that there exists a treaty or Act of Congress followed by Agreement for Cooperation under Section 123 of Act.

"AEC advises problems involved such cooperation are considerable. Problems of security and technical feasibility suggest any proposal such cooperation be thoroughly evaluated before any action taken.

"Department believes however substantial cooperation possible within above limitations and cautions." (Department of State, Central Files, 396.1-GE/7-2055)

port from Congress. The movement towards European unity has potential political, economic, and military benefits for Europe and the free world.

2. In the European Coal and Steel Community, six nations have taken an important step towards integration in the transfer of certain of their national governmental powers to new European federal institutions. Further steps in this direction were checked by the defeat of the EDC.

3. The most hopeful avenue for relaunching the movement towards European integration now appears to be the creation of a European common authority, along Schuman Plan lines, to be responsible for the development of atomic energy for peaceful purposes.

4. Because of U.S. predominance in the atomic field, the U.S. attitude towards proposals for an atomic energy pool and the possibility of U.S. cooperation with it could have a major influence on the European decision concerning the pattern of peaceful atomic development: i.e. whether to proceed on an integrated or on a predominantly national basis.

5. While the U.S. would have to reserve final judgment until we see what the Europeans are prepared to propose, from the point of view of our foreign policy a European decision to create a real common atomic authority along Schuman Plan lines would be in the U.S. interest. Such a decision would contribute strongly to the U.S. objective of European unity.

*Recommendation:*

That you talk with Admiral Strauss, confirming for him the political importance of European proposals for integration in the development of the peaceful uses of atomic energy.<sup>4</sup>

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<sup>4</sup>Dulles spoke with Strauss at 4:30 p.m., July 28. A memorandum of that conversation, drafted by Dulles, reads in part as follows:

"I referred to the proposed suggested atomic activities of the Coal and Steel Community. I said that it was the policy of the United States to give backing to the Community and to all proper enlargements of its functions as a supernational agency for the member nations. Therefore, as a matter of broad policy, I would like to see us help it in any reasonable arrangements to take peaceful atomic developments as one of its purposes. However, I was not able to judge the technical value of what it planned. This would have to be judged by Admiral Strauss. My purpose was merely to give him the State Department policy background against which we hoped he would operate." (Eisenhower Library, Dulles Papers, General Memoranda of Conversation)

**115. Memorandum From the Assistant Secretary of State for European Affairs (Merchant) to the Officer in Charge of Economic Organization Affairs, Office of European Regional Affairs (Barnett)<sup>1</sup>**

*Washington, August 15, 1955.*

Over the weekend I came to the conclusion that we must urgently reassess all available possibilities to revitalize the concept of European integration. If we fail to do this we may well see a most unhappy drift in German opinion. The obvious most fruitful area of development seems to me in the peaceful use of atomic energy. I would appreciate it if you would give this matter some urgent thought and also let me know where we stand on the feasibility of an atomic peaceful pool arrangement under existing U.S. law. I would also like your thoughts as to the most desirable timing of the announcement of David Bruce's successor as our representative to the Coal and Steel Community and also how we can most effectively capitalize on Rene Mayer's forthcoming visit to this country.

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<sup>1</sup>Source: Department of State, RA Files: Lot 58 D 374, Atomic Energy Integration. Confidential.

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**116. Editorial Note**

On August 17, the Advisory Committee on Export Policy discussed a proposal by the Department of Commerce to place an export quota on ferrous scrap and semifinished steel products. At the Secretary of State's staff meeting of August 18, Dulles was informed of this development. (Notes of the Secretary's Staff Meeting; Department of State, Secretary's Staff Meetings: Lot 63 D 75) Later that morning, the Secretary discussed the Commerce proposal with President Eisenhower during a telephone conversation. A memorandum of that conversation, prepared in the office of the Secretary, reads in part as follows:

"The Sec. said something had come up in staff mtg this morning which disturbed him. The Commerce Dept was planning to put on an export quota on steel scrap. That will raise havoc with the Coal and Steel Community etc. The price has gotten up a little and they want to have the export quota on to break the price. Sec. said he didn't like it coming on top of the cotton thing, bicycles, Chief Joseph Dam. The President said he hadn't heard about this one. The President said we might say that this was very much against the



President's (logic). President said he could see placing an embargo on it in case of war but didn't understand this. Sec. said that it was taken up in the Dodge Cmte. The President wanted to know if Commerce could do this without his approval. They discussed this and agreed Commerce couldn't. The Pres. suggested we call Commerce and say the Pres. has gotten wind of this and did not want any action until it has his approval." (Eisenhower Library, Dulles Papers, White House Telephone Conversations)

The Commerce proposal was distributed to the Council on Foreign Economic Policy as CFEP 532/1 at the opening of the Council meeting held at 3:30 p.m. that same day. (Department of State, E-CFEP Files: Lot 61 D 282A, CFEP 532) During the meeting, which was attended by Dulles, the CFEP agreed that Commerce "had not presented sufficient justification for the establishment of the proposed export quotas on scrap at this time." It was also recognized that additional factors which had not been presented might warrant a further review of the matter by the Council at a later date and the CFEP accordingly requested Commerce to prepare a new study on this subject. (Minutes of the 26th meeting of the CFEP; Eisenhower Library, CFEP Records)

The question of export controls on ferrous scrap and semifinished steel was considered further at the next meeting of the Council, held on August 30. According to the minutes of that meeting, drafted by Cullen, the following decision was reached:

"It was agreed that present circumstances do not clearly indicate a long-term problem sufficiently serious to justify either temporarily or permanently changing the foreign economic policy with respect to export controls. However, it was recognized that there is the possibility that a more serious situation may develop that would make it necessary to take steps to protect the availability of the domestic scrap supply. Therefore the problem should be kept under close scrutiny by interested Departments and the CFEP for further consideration when and if circumstances more clearly indicate the need for action." (Minutes of the 27th meeting of the CFEP; *ibid.*)

Additional documentation on the scrap question is in Department of State, E-CFEP Files: Lot 61 D 282A, CFEP 532; *ibid.*, RA Files: Lot 58 D 374, CSC-Scrap; and Eisenhower Library, CFEP Records.

117. **Memorandum From the Officer in Charge of Economic Organization Affairs, Office of European Regional Affairs (Barnett) to the Assistant Secretary of State for European Affairs (Merchant)**<sup>1</sup>

*Washington, August 19, 1955.*

SUBJECT

European Integration: Peaceful Uses of Atomic Energy

On the basis of discussions of your memorandum of August 15, which I have discussed with Messrs. Schaezel (S/AE), Reinstein, Tyler, Boochever, Nunley,<sup>2</sup> Tenney<sup>3</sup> and Edwin Martin<sup>4</sup> (USRO), I am making this interim response, with the request for guidance on next steps which of course RA would clear as needed with interested offices.

The AEC opinion on the feasibility of U.S. arrangements with groupings of countries is extremely discouraging (Tab A).<sup>5</sup>

I am persuaded that we should try to deal with the German problem as you suggest but that two difficulties seem to preclude an injection of decisive U.S. influence within a short-time framework. First, Spaak and other "Europeans" want us to stay in the background at this stage (Tab B).<sup>6</sup> Second, our law limits our present room for maneuver. Following adjournment of the current Geneva conference, however, AEC can hardly avoid entering into active and urgent consultations with S/AE and the regional bureaus to appraise the political and security implications of the massive and to some extent competitive interchanges of information which have been taking place. These consultations must, I believe necessarily, deal with the problem of security which is at the heart of our lack of political maneuver under present circumstances. I would hope that EUR could participate so as to accelerate changes in AEC practice and/or legislation which, consistent with national security, would give us the greater flexibility we need for using our very great resources in the field of peaceful applications of atomic energy more effectively for foreign policy purposes.

Meanwhile, I recommend the following course of action:

1. We should inform our Missions in the Six Countries and the U.K., for their background, that we support Spaak, as Chairman of

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<sup>1</sup>Source: Department of State, Central Files, 840.00/8-1955. Confidential.

<sup>2</sup>William T. Nunley, Public Affairs Adviser, RA.

<sup>3</sup>E. Paul Tenney, Executive Director, EUR.

<sup>4</sup>Edwin M. Martin, Director of the Office of Political Affairs, U.S. Mission to the North Atlantic Treaty Organization and European Regional Organizations (USRO).

<sup>5</sup>See footnote 3, Document 114.

<sup>6</sup>Tab B summarizes Spaak's strategy for further European integration efforts.

the Community of Six Brussels Study Group, in his desire to develop a Six-Country initiative to revitalize European integration through peaceful uses of atomic energy. We should also inform them that it may be difficult for the U.S. to respond quickly and fully to a Six-Country proposal for collaboration and assistance from us.

2. We should inform our Missions in OEEC countries that we do not regard sympathy for and encouragement of the efforts being made by the Community of Six as being in any way inconsistent with full U.S. association in the investigations of the OEEC. The Community of Six is exploring the feasibility of creating supranational arrangements for the development and administration of atomic energy resources; through this mechanism they collectively may be able to accomplish results that would be impossible for single members of the Community. The OEEC seeks to exchange information and knowledge which would maximize the collective knowledge of Atlantic Community countries, including members of the Community of Six. The IAEA will be a global agency with which and through which both OEEC and CSC can work in their relations with the Soviet Bloc countries and other underdeveloped parts of the world. These activities may overlap; we do not regard them as conflicting with each other.

3. EUR should form a Working Group, chaired by RA, to begin urgent study of U.S. resources, informational and material, in the field of peaceful uses of atomic energy available as a means for revitalizing European cooperation and integration, and particularly strengthening the association of Germany with the West. The cooperation of GER, WE, BNA, S/AE, E and OIR should be enlisted:

a. This Group's immediate purpose would be to draw up an inventory of questions and problems to be made the subject of discussion with representatives from our Missions in Belgium, Netherlands, Luxembourg, Italy, France, Germany, and the U.K. and from USRO and our CSC Mission who will be attending the Senior Economic Officers Meeting in Paris on September 19-21. The session with these officers should take place for one day following adjournment of the Senior Officers Sessions. Robert Schaezel (S/AE) should be present for this session.

b. The Working Group should then, in the light of the Paris discussion, proceed to the preparation of such factual studies and statements of policy guidance as can contribute to the effective and coordinated day to day handling of problems confronting our European Missions in the immediate future.

c. Although the possibility that we may have to prepare a policy position for submission and adoption by NSC should not be ruled out, we should try to establish the position we desire by bilateral agreement between the Department and the AEC and thereafter, if and as necessary, prepare the legislative proposals we desire.

4. Immediate steps should be taken to implement the new plan for direct representation to the High Authority at Luxembourg. Joe Palmer has worked out with Paul Tenney all staffing details, except when the Chief of Mission will be announced. The Chief of Mission should, I believe, be announced at once and be present at the Paris Meeting (3a above).

5. Mr. Nunley is preparing a schedule of activity for M. Rene Mayer when he comes to the United States this coming winter.<sup>7</sup>

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<sup>7</sup>In a handwritten note on the source text, Merchant commented as follows: "I suggest moving ahead on paragraphs 3, 4 and 5 and holding up on action under 1 and 2."

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#### 118. Telegram From the Secretary of State to the Embassy in France<sup>1</sup>

*Washington, September 1, 1955—6:30 p.m.*

842. Ref: Brussels 172<sup>2</sup> and 24.<sup>3</sup> Concerned at possible implications renewed British pressure for OEEC representations on Steering Group. Agree OEEC experience should be used in Brussels work. Also desirable that interests OEEC and third countries generally be taken into account in formulating specific provisions of integration measures, if decision undertake such measures forthcoming. Competence and experience of OEEC however already available to Brussels committee; e.g. Armand, leader in OEEC energy work is President of Brussels Nuclear Energy Commission and OEEC observer is present

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<sup>1</sup>Source: Department of State, Central Files, 840.1901/8-1855. Confidential; Priority. Drafted by Boochever and Barnett and approved by C. Burke Elbrick. Also sent to London, Rome, The Hague, Bonn, and Brussels, Luxembourg, and the CSC Mission in Luxembourg. Paris was instructed to pass the telegram to USRO for information.

<sup>2</sup>In telegram 172, August 18, the Embassy reported that it had been informed by the British Chargé in Belgium that, on instructions from London, he was going to approach the Belgian Foreign Office that day "to emphasize British interest in having OEEC tied in more closely with work of Inter-Governmental Committee on European Integration, particularly in field of nuclear energy." The Chargé also indicated that similar British approaches were being made at the capitals of the other CSC countries. (*Ibid.*)

<sup>3</sup>Reference is presumably to telegram 214 from Brussels, August 30. That telegram reads as follows:

"British Chargé tells us Spaak has informed him that within framework of authority he exercises as chairman intergovernmental committee he is inviting OEEC representative participate in steering committee meetings on same basis as CSC High Authority representative." (*Ibid.*, 840.1901/8-3055)

this group. British view that formal OEEC representation on Steering Committee needed to reduce duplication not persuasive.

Our understanding is that Steering Committee is political body attempting reach agreement on extension CSC concept—i.e. further merger of governmental powers in federal institutions. In U.S. view essential value and significance Messina-Brussels meetings will be measured by their success in advancing agreement of this type and not by activity as competitive forum for type cooperative action already effectively provided by OEEC. We see no need for another and smaller OEEC. Appropriate therefore representation on Steering Committee should be from national governments responsibly and directly involved in Community of Six and from CSC itself, whose exercise of governmental powers would be directly affected. OEEC representative could not be associated in major decisions on extension present scope of Community. On contrary, given sufficient voice in Steering Committee could retard or complicate extension of integration along CSC lines. In considering British proposal desirable that Brussels participants should have these pitfalls in mind. FYI British move for OEEC representation may reflect distaste for further CSC-type integration in which they unwilling participate. End FYI.

Department's general position on relationship OEEC and CSC described in Deptel 3849 to Rome May 30<sup>4</sup> repeated CSC Country Missions, London, USRO. In short we regard CSC and OEEC as inherently different and not essentially conflicting. If supranational Community of Six extended to embrace additional sectors U.S. would regard this as important relaunching of European integration. OEEC meanwhile can carry on extremely useful work through cooperation of wider group governments acting on national instruction and should continue provide promising framework for further development cooperative arrangements, even in fields where integration amongst fewer countries sought or already achieved. Questions jurisdiction and relations bound to arise, but two institutions considered here as complementary and not mutually exclusive.

Believe strong U.S. interest in European integration warrants U.S. making known to CSC governments and UK, U.S. reaction to British proposal along lines outlined above. Request Spaak be informed.<sup>5</sup>

Dulles

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<sup>4</sup>Document 95.

<sup>5</sup>The various replies to this telegram, none printed, are in Department of State, Central Files, 840.00 and 840.1901. Polto 294 from Paris, September 2, pointed out that USRO believed, on the basis of its knowledge of OEEC's attitude, that "representation OEEC as full member Steering Committee will promote US interest in preventing smaller OEEC among six. . . . We further believe highly unfortunate consequences for US in OEEC if it should become known that US instrumental in insisting OEEC

## 119. Editorial Note

On September 30 Secretary Dulles met with Foreign Minister von Brentano and his advisers in Washington to discuss matters of mutual concern to the United States and the Federal Republic of Germany. The following portion of their conversation concerned European integration:

"Brentano said that he had no further questions. Later he would perhaps like to discuss certain aspects of European policy. Any support that the United States might give would be psychologically and politically of great importance for European cooperation. He had in mind particularly keeping alive the European idea. Europe had grown rather 'tired' with respect to integration policies after the EDC, and it was recognized that the situation probably would remain quiet until after the French elections. Brentano thought that it would be particularly helpful if the United States made it unmistakably clear that it was interested in pooling atomic energy in Europe. If it were made known that future support of the United States depended on continued progress toward integration, this would provide a most useful support. Brentano said that he would report later on the Messina conference.

"The Secretary said that the United States took a deep interest in this topic of integration in Europe. He thought that there was perhaps no aspect of foreign policy which had more unanimous support in this country and the Congress. They were convinced that only troubles and wars could come from the continued division of Europe. The Secretary had been shocked at Geneva when he heard Bulganin say that he wished to see Europe restored to the condition it was in on the outbreak of World War II. For what reason, the Secretary failed to see. The United States would be completely discouraged about the future of Europe and our association with Europe if the only prospect was to go back to those conditions. Therefore, the Federal Republic could count on the United States throwing its weight in any practical way behind any reasonable program leading toward European unification. Such a program would catch the imagination of the young people of Europe, who would be provided with the opportunity to build something new and better. With regard to the atomic pool, this was an idea toward which we were sympathetic, but until

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representation on Steering Committee be limited observer status." USRO suggested that the real problem was the British attitude and that it would be useful to have discussions with the British on the respective roles of the OEEC and the ECSC in an attempt to "sell" U.S. policy as expressed in telegram 842. The Department replied to Polto 294 in Topol 223, also of September 2. That telegram reads as follows: "Since US not member of CSC or participant in Steering Committee, Dept's 842 was not intended as instruction to make protest but was and is intended to authorize 'making known' US views on matter which Spaak and Steering Committee may be in process deciding. Our views based on available information related to OEEC membership as politically responsible participant on Steering Committee, and not staff relationships that might desirably be established with OEEC Secretariat. Agree Polto 294 (London consultations with UK desirable in attempt sell our policy Deptel Paris 842." (*Ibid.*, 840.00/9-255)

the European plans were made more precise, we would not wish to commit ourselves to something which was unknown and which might not be possible under present legislation. What we could do would depend very much upon the European plan. However, the Secretary perceived no difficulty in getting our legislation altered in order to permit cooperation with the European countries on a combined basis." (Memorandum of conversation, by Coburn C. Kidd, Officer in Charge of German Political Affairs; Department of State, Secretary's Memoranda of Conversation: Lot 64 D 199)

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## 120. Editorial Note

On October 13, Jean Monnet issued a press release announcing the establishment of an Action Committee for a United States of Europe. The Embassy in France reported this development to the Department in despatch 763, October 20. (Department of State, Central Files, 740.00/10-2055) In telegram 1922 from Paris, Ambassador Dillon informed Secretary of State Dulles that, as a result of conversations with Monnet and others, he believed that the new Monnet committee was "of significant importance and is already giving renewed impetus to European unity movement." He also stated that Monnet had asked to see Dulles while he was in Paris "to describe his present efforts and in particular to emphasize importance of progress on European atomic energy pool," and expressed the hope that Dulles would meet with Monnet. (*Ibid.*, 840.00/10-2055) Dulles was scheduled to be in Paris prior to the meeting of the Foreign Ministers of the United States, the United Kingdom, France, and the Soviet Union, scheduled to open at Geneva on October 27.

In a memorandum to Assistant Secretary Merchant, dated October 20, Benson E.L. Timmons, III, Director of RA, summarized Monnet's press release and analyzed Monnet's new committee as follows:

"The new Action Committee has as its ultimate objective the creation of a United States of Europe. Initial activities will apparently be aimed at influencing the Brussels Committee on Integration, headed by Spaak, to come forward with proposals that move in this direction and at influencing Parliaments to approve such proposals. The Committee explicitly seeks to encourage measures involving the delegation of national powers to European federal institutions rather than measures of cooperation among governments (of the type that might be accomplished, for example, through the OEEC).

"The list of sponsors of the Committee includes the responsible leaders of the Socialist and Christian Democratic parties and of the Socialist and Christian trade unions. An impressive group of sponsors has also been lined up from Liberal and Conservative parties. While the Committee does not include direct representation from European

governments, it has reportedly been made clear abroad that Edgar Faure looks favorably on Monnet's effort.

"The organization of Monnet's Committee makes it probable the European integration will become increasingly important as a political issue within the six CSC countries and improves the chances that constructive steps towards European integration could result from the work of the Brussels Committee." (*Ibid.*, RA Files: Lot 58 D 374, General—Economic Integration)

121. Telegram From the Ambassador in Belgium (Alger) to the Department of State<sup>1</sup>

*Brussels, October 21, 1955—5 p.m.*

390. Ophuels told me yesterday during courtesy return his courtesy call he believes intergovernmental committee on European integration will come up with some significant progress but that one of areas of difficulty is kind of atomic pool proposal which will emerge. He asked me to recommend that US Government let it be known that German industrialists would gain no advantage through bilateral agreement with US, not be had through participation pool. I told him my Government was sympathetic to Messina effort but that on his specific suggestion I had no idea what my Government's reactions would be but would report his suggestions.

As Department will have observed, Ophuels' suggestion to me is along lines suggestions which have been passed to US representative to CSC Luxembourg and in Bonn.<sup>2</sup>

<sup>1</sup>Source: Department of State, Central Files, 840.00/10-2155. Secret.

<sup>2</sup>In telegram 1177 from Bonn, October 13, the Embassy reported on several recent conversations with three German officials who had participated in the Brussels integration meetings. The telegram reads in part as follows:

"Officials both Economic Ministry and Foreign Office note an important factor contributing to difficulty in reaching agreement regarding establishment European atomic energy agency is uncertainty regarding attitude United States Government, especially on allocations enriched nuclear fuels. In fact, Embassy has previously heard that German opponents nuclear agency argue its member countries will receive less favorable treatment from US than if they were to deal with US individually. Same fears are expressed regarding future relationship between proposed international atomic agency and European agency." (*Ibid.*, 840.00/10-1355)

Colux 25 from Luxembourg, October 17, reads in part as follows:

"According to source close to Spaak, German opposition threatens agreement on integration European nuclear energy industry, but clarification of US position might force Germans to give up lone wolf approach. Basic question is whether US would consider supplying for next few years adequate quantities nuclear fuel to European agency. Without such assurance, Germans will continue seeing better prospect for themselves in bilateral deal with US and refuse joining European agency. Indications



Since I believe (1) that US should take no initiative in integration field during course of Spaak's efforts to implement Messina agreement without having assurance that timing and general content would not be regarded as unfortunate by Spaak, (2) that pressure on US to take some action is increasing and (3) as Spaak will be away from Brussels until October 26, I requested an Embassy officer to sound out Rothschild<sup>3</sup> discreetly in the course of a previously arranged meeting.

Rothschild told Embassy officer he continues to believe that useful projects will come out of intergovernmental committee's work, especially in atomic energy and common market areas. He said that efforts of atomic energy working committee had not yet reached decisive stage, even on expert level, which he emphasized all working committees are. He said large number of difficulties of varying degrees of importance had naturally been encountered from time to time as experts tried to work out their problems but that these difficulties were being overcome and he felt optimistic that progress would continue to be made. He said he wished to urge that too much importance not be attached at this stage to the problems of any given day, and added that what would count would be the final report to the Ministers which Spaak would be able to get the chiefs of delegations to agree to. He said that to be specific as regards the atomic energy working committee, some difficulties were being encountered due to the attitude currently being adopted by certain German industrialists. The Embassy officer then inquired if Rothschild saw a present utility in the US Government's endeavoring to be helpful, adding that he did not, of course, know that the US Government would be able to take any specific action but that he wished to have Rothschild's personal view.

Rothschild replied that he believes that it would definitely be premature for the US to take any action at this time, either as regards atomic energy pool or general progress of intergovernmental committee. He said he felt Belgians working here and through their friends in Germany would be able to overcome present difficulties and emphasized once again that atomic energy working committee has still not completed its work at expert level and that even the work of the experts would be inconclusive, since maneuvering on the political level would really begin when work on overall report underway. He added Belgium still had measure of bargaining strength in atomic energy field due to its special relationships with US.

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are Belgians willing to make certain concessions to prevent breakdown negotiations." (*Ibid.*, 840.1901/10-1755)

<sup>3</sup>Robert Rothschild, Belgian Chef de Cabinet.

Rothschild added that if situation revealed that some action by US would be helpful he would not fail to raise matter informally with US.

Rothschild told Embassy officer that atomic energy working committee had not been able to meet since October 7, due solely to inability of members to come together. He anticipates its next and presumably last meeting will occur October 26 or 27 and that this committee's report should be available early November. Other working committee reports now completed and copies will be air pouched Department upon receipt. Spaak's drafting group has already tackled common market question and Rothschild said Belgians were pleased with French proposal in this field. Although it is not audacious, it is the first constructive integration proposal emanating from French Government in 3 years. He added on highly confidential basis that paper had French Cabinet approval. French paper received too late to be incorporated in final report of common market working committee but two will be blended together in Spaak's final report.

Embassy officer got impression that fact problems encountered in day to day work at expert level have been extensively reported by US Missions has come to attention Belgian Foreign Office and that they believe it would be unfortunate if too much importance were attached status of intergovernmental committee's work at any preliminary stage. In this connection see Embassy despatch 436 of October 14<sup>4</sup> reporting similar comment by Hupperts, Deputy Chief Belgian delegation.

In the light of Rothschild's views, I strongly believe it would be inopportune for US attempt at this time to influence negotiations connected with current progress work intergovernmental committee.

I urge Rothschild's views re US action at this time be closely held in order avoid prejudicing Embassy's relations with him.

Alger

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<sup>4</sup>Not printed. (Department of State, Central Files, 840.00/10-1455)

## 122. Telegram From the Acting Secretary of State to the Embassy in Germany<sup>1</sup>

*Washington, October 24, 1955—12:09 p.m.*

1159. Secretary has notified Dept. from Paris that he approves Bonn action only and information for other addressees following message.<sup>2</sup>

Re Bonn's 1177 and Colux 25.<sup>3</sup>

1. Reftels suggest Eur uncertainty re US attitude towards relations with possible Eur atomic energy agency may be having discouraging effect on proponents of European integration this field. Reftels, corroborated by recent conversations here with Menne, leading German industrialist, indicate Erhard and his supporters resting case for national as opposed broader European program atomic energy development on assumption Germany (and by implication, other countries) will receive more favorable treatment if deal with US directly.

2. It is of course not possible to decide what relations with proposed European atomic energy agency would be until Europeans have agreed on structure, powers and purposes of such agency. However, if Europeans should establish common institution which US could consider as possessing sovereign responsibility and authority and which would otherwise contribute to stronger and prospering Europe through integration, Executive Branch would be prepared promptly and vigorously to seek the necessary Congressional action to permit atomic energy cooperation including supply of atomic materials. US can enter into arrangement for cooperation with group of nations after joint resolution or treaty.

<sup>1</sup>Source: Department of State, Central Files, 840.1901/10-1755. Secret; Niact. Drafted and approved by Barnett. Also sent priority for information to Brussels, The Hague, Paris, Luxembourg, and Rome, CSC Mission in Luxembourg, and USRO in Paris.

<sup>2</sup>In Tosec 7 to Paris, October 22, for Dulles and Merchant, the Department transmitted a draft of this circular message for the Secretary's approval. (*Ibid.*, 840.00/10-1355) In the immediately preceding telegram, Tosec 6 to Paris, also of October 22, the Department informed Dulles and Merchant as follows:

"1. Immediately following telegram is text circular telegram on attitude of US towards Community of Six work on peaceful uses of atomic energy as revised and now acceptable to AEC which we recommend you approve and have communicated to addressees.

"2. Brussels 390 received today also being repeated to you simultaneously. It recommends against US intervention at this stage in Spaak's activities. If circular message is regarded by you as possibly capable of misconstruction as 'intervention' we would then suggest, in view imminence Brussels Group Oct 26 session, that it be communicated immediately to Conant only for action and Spaak for advice re timing distribution to other addressees. Spaak expected to attend WEU meeting Monday." (*Ibid.*, 840.00/10-2155)

<sup>3</sup>Neither printed, but see footnote 2, *supra*.

3. It should be recognized that US relationships if finally concluded as envisaged above would reinforce US Executive-Congressional support European integration with unforeseeable but real mutual practical advantages to both US and pool flowing from association.

Hoover

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123. Telegram From the Acting Secretary of State to the Embassy in Germany<sup>1</sup>

*Washington, October 24, 1955—12:09 p.m.*

1160. For Ambassador. Secretary has notified Department from Paris that he approves following message to you for action:<sup>2</sup>

Re Embtel 1177 and Colux 25. I am concerned at indication in last paragraph your telegram<sup>3</sup> and paragraphs 4-6 of Colux 25<sup>4</sup> that German opponents of European integration in atomic field are making use of argument that Germany would receive less favorable treatment from US as member of European Nuclear Agency than it would bilaterally.

In present state of Brussels talks, it is obviously too early for US to undertake any specific commitments on our future relations with proposed Agency. A decision on this subject must depend in particular on our judgment as to extent to which arrangements finally agreed on really advance objectives for which we support European integration.

However, we would not wish to see Germans use any alleged US preference for bilateralism as a reason to prevent agreement on atomic integration arrangements.

If in your judgment above argument is in fact playing an important role in German Government's attitude, you should take next op-

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<sup>1</sup>Source: Department of State, Central Files, 840.1901/10-1755. Secret; Niact; Limit Distribution. Drafted and approved by Barnett.

<sup>2</sup>In Tosec 8 to Paris, October 22, the Department transmitted an identical draft of this message to Dulles and Merchant for the Secretary's approval. (*Ibid.*, 840.00/10-1355)

<sup>3</sup>The last paragraph of telegram 1177 from Bonn is quoted in footnote 2, Document 121.

<sup>4</sup>These paragraphs explained the reasons for German opposition to European atomic energy integration. See *ibid.*

portunity to express concern to Chancellor and explain to him position outlined in separate message being sent you.<sup>5</sup>

Hoover

<sup>5</sup>In telegram 1406 from Bonn, November 1, Ambassador Conant informed the Department as follows:

"Regarding Department telegram Bonn 1160. I have left with Brentano aide-mémoire incorporating sense first sentence paragraph 1 and language paragraph 2 Department telegram 1159. Brentano said he was glad to have this but would have wished we could go further. He also suggested I see Strauss, which I hope to do in next few days.

"Understand Cabinet will attempt on November 3 take decision regarding instructions to be sent German delegation Brussels. In this connection, I have impression Germans are having considerable difficulty reconciling conflicting viewpoints to reach a firm position not only on European atomic agency but also on domestic framework nuclear industry. I would therefore hope it might be possible to avoid premature precipitation of issue regarding European agency, since I believe that given sufficient time Germans may be able work out position which would not necessarily be negative." (Department of State, Central Files, 840.1901/11-155)

## 124. Memorandum of a Conversation, Paris, October 25, 1955<sup>1</sup>

### PARTICIPANTS

M. Jean Monnet

The Secretary

Mr. Merchant (for latter part)

The Secretary saw M. Jean Monnet at the latter's request for about half an hour this evening. M. Monnet described at length his current efforts to create a European pool for the peaceful use of atomic energy. He referred to the prominent Europeans who had associated themselves with him in this activity. He expressed grave concern over the attitudes on this subject which have developed in Germany. The German industrialists are anxious to reserve this entire area for their own operation without governmental participation or interference. Moreover the impression is growing in Germany that the Germans will be able to make a better deal bilaterally with the United States on the provision of fissionable material than would be possible through a multilateral agreement with the United States. M. Monnet was assured that the United States Government was anxious to cooperate with any multilateral agency created in this area because it believed that a further impetus toward European integration could

<sup>1</sup>Source: Department of State, Central Files, 840.1901/12-2555. Confidential. Drafted by Merchant. The conversation took place at the American Embassy residence.

derive from the establishment of such a pool. The nature of the cooperation of the United States and in fact the initial determination that cooperation of any sort was possible would necessarily depend upon the form which such a European agency developed. Our attitude, however, was sympathetic and whereas there were procedural and possibly statutory complications on the part of the United States, the intent was present to work with any such agency to the maximum extent feasible. M. Monnet was also told that we were aware of the attitudes developing in Germany and that our Ambassador at Bonn had been authorized informally to let the Germans know that there was no reason to suppose that any nation would benefit by bilateral agreement with the United States beyond the benefits which could be expected to be available for a European agency. They were also to be told that we were following this development with great interest and close attention because of the hopes it seemed to hold for a further move toward integration in Western Europe.

M. Monnet seemed pleased with this information. He expressed the desire, however, to talk further to the Secretary on the subject and stated his intention during the course of the Foreign Ministers Conference to make a visit to Geneva for that purpose.

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**125. Memorandum From the Director of the Office of European Regional Affairs (Timmons) to the Director of the Office of Political Affairs, United States Mission to the North Atlantic Treaty Organization and European Regional Organizations (Martin)<sup>1</sup>**

*Washington, October 27, 1955.*

**SUBJECT**

U.S. Policy on European Integration

Your memorandum of October 5 inquired whether the Department's telegram to Rome 3849 of May 30, and particularly the first sentence of paragraph 5, still represents the Washington position.<sup>2</sup> I assume that the principal point of that telegram, i.e. the distinction between "cooperation" and "integration"—which appears to us to be still valid—does not present any problem.

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<sup>1</sup>Source: Department of State, EUR Files: Lot 61 D 252, RA Correspondence 1955. Confidential. Drafted by Boochever.

<sup>2</sup>Edwin M. Martin's memorandum was attached to the source text, but is not printed. For telegram 3849, see Document 95.

While the sentence to which you specifically refer is a truism if taken literally, it is open to varying interpretations. It was intended to convey the thought that decisions in Europe on such a fundamental political issue as the need for countries to surrender national power to federal institutions, can be effective only if they arise out of genuine and strong European convictions. I believe that there is general agreement in Washington and USRO to this extent. The implications which should be drawn from this with regard to the desirable extent and scope of U.S. action to influence such decisions have not been, and perhaps cannot be, spelled out in detail.

There are various unstated premises, however, which underlie our tactics, in addition to the substantive policies of the telegrams you cite, and it might be useful to mention these briefly although without attempting a precise formulation. We wish to encourage and support those Europeans whose views parallel those of the Department on the great importance of continuing progress in integration. At the same time we wish to avoid a series of pitfalls: over-commitment or inflexible commitment to a course of action that ultimately may not prove acceptable in Europe; U.S. involvement unnecessarily in details of European planning; U.S. public statements which are likely to be interpreted abroad as undue U.S. intervention or arouse more public antagonism than support. Naturally, we can never be sure in advance that any proposed U.S. action meets all these requirements but I think that they are the principal tactical considerations we weigh in the balance.

I would be glad to have any comment or reaction you may have to this line of thinking.

**B.E.L. Timmons**

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**126. Report by the Department of State to the Council on Foreign Economic Policy<sup>1</sup>**

CFEP 520/5

*Washington, October 28, 1955.*

SUBJECT

Information re "CFEP 520. U.S. Policy Toward European Coal and Steel Community"

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<sup>1</sup>Source: Department of State, E-CFEP Files: Lot 61 D 282A, CFEP 520. Secret. Transmitted to the CFEP on November 15 under cover of a memorandum by Paul Cullen which summarized its contents. (*Ibid.*)

## REPORT OF DEPARTMENT OF STATE

On the basis of submissions by the Department of State and other interested agencies on the cartel problem in the European Coal and Steel Community (CSC), the CFEP on April 19, 1955, concluded that this problem warranted a continuing concern on the part of the United States Government. It decided that no change should be made in U.S. policy of supporting the CSC as a constructive development toward European economic and political integration, and the U.S. should continue to encourage the High Authority to develop a competitive market for coal and steel. Finally, the Council asked the State Department to prepare additional information on various aspects of the High Authority's activities on the cartel problem and on U.S. actions to further development of a competitive coal and steel market.

*Conclusions*

A detailed description of the High Authority's activities in the cartel field is appended and is summarized herein. The following conclusions may be drawn from the facts thus set forth.

(1) Decisions already taken by the High Authority under the antitrust provisions of the Treaty are consistent with the broad objectives of establishing and maintaining competitive conditions in the Community.

(2) Numerous business agreements exist which are believed to involve restrictive practices. Many of these are currently being investigated by the High Authority.

(3) The High Authority has not considered it feasible to use directly its lending operations based on the U.S. loan as a means of eliminating restrictive business arrangements.

(4) Despite the complexity of the problems involved, the High Authority would appear to be pushing firmly ahead in its current efforts to solve the coal cartel problem. In general, prospects for continued efforts by the High Authority to combat restrictive practices are enhanced by the strong interest of its new President, Rene Mayer, in enforcement of the antitrust provisions of the CSC Treaty.

(5) Policies in areas outside the field of restrictive business practices (i.e., with respect to price controls, transport discriminations, and subsidies) to develop more competitive coal and steel markets are being pursued by the High Authority.

*Current Implementation of U.S. Policy toward CSC*

In addition to continuing consultations with the High Authority directed to solutions of specific problems of restrictive business practices in which the U.S. has a special interest, the following are the principal actions in this field planned by the Department for the near future:



1. Based on preliminary discussions initiated by the High Authority, its approval will be sought for a U.S. expert group to consult with the High Authority on the comparative organization and operation of steel markets in the U.S. and the CSC area. The State Department hopes that the creation of such a group would enable both the High Authority and the U.S. to obtain an authoritative, first-hand survey of competitive conditions in the CSC steel industry. It would also provide an occasion for advising the High Authority generally on problems of competition and monopoly in that industry.

2. The problem of the development of a more competitive coal and steel market will be discussed with the new President of the High Authority, Rene Mayer, on his projected visit to the U.S. this winter.

*Summary of High Authority actions against restrictive business practices*

The antitrust provisions of the CSC Treaty are the principal basis on which the High Authority can proceed against restrictive business practices and, together with their powers to eliminate a range of national trade barriers, promote a more competitive market for coal and steel. These provisions prohibit all restrictive agreements in the first instance (Article 65) and provide for review of mergers and consolidations of enterprises which might prevent the maintenance of effective competition in a substantial part of the CSC (Article 66).

The following information relates to those specific points raised in the CFEP meeting of April 19.

*"actions taken by the High Authority against restrictive and monopolistic practices"*

Although the High Authority has comparatively little experience in this field and few if any precedents to rely on, a number of significant actions have been taken against restrictive practices during the slightly more than two years that the antitrust provisions have been in effect. Three formal decisions calling for the liquidation of three national scrap cartels have been issued; three other scrap cartels have been liquidated voluntarily; and seven agreements covering various coal and steel products have been revised to conform with the Treaty's antitrust provisions either voluntarily or upon intervention by the High Authority. Relatively more important problems in this field, however, are now under consideration by the High Authority. The High Authority's anti-cartel program is being put to a major, perhaps even crucial, test in connection with the reorganization of the Ruhr and other coal cartels. Many complicated economic and social factors must be taken into account in dealing with this problem. Latest reports indicate that the negotiations between the High Authority and Ruhr coal group concerning its reorganization are nearing a conclusion. If the coal cartel obstacle is successfully surmounted, the High

Authority considers that it must come to grips with the problem of competition in the steel industry where the existence of agreements on prices has been suspected since the common market was established in 1953. So far there is every indication that the High Authority is pushing firmly ahead in its efforts to solve these problems.

With regard to concentrations and mergers, the High Authority has had under consideration 14 cases and has authorized 7 on the grounds that they would not adversely affect competition in a substantial part of the CSC. The remaining 7 cases are under study. Although there has been a trend in the CSC member States in recent years toward greater concentration in the steel industry, this does not appear to be a problem at this time. Out of a total of 250 steel enterprises in the CSC, the total production of the three largest amounted to only 13 percent of the 1954 production of the CSC area. By way of comparison, the largest U.S. steel firm produces approximately one-third of the total U.S. production.

*"the nature and extent of business arrangements which have been approved or rejected by the High Authority under the anti-cartel provisions of the Treaty"*

The High Authority has the power to authorize a business agreement to specialize in production, or to engage in joint buying or selling, of specified products only if the participants would not be in a position to influence significantly competitive conditions in the CSC. Only 7 of 71 agreements submitted to the High Authority have been authorized up to August 1, 1955, including two specialization agreements for iron and steel products, two joint selling agreements for iron and steel products, and three joint selling agreements for coal. One application for authorization from a German scrap cartel has been formally rejected by the High Authority.

*"the nature and extent of restrictive practices of firms which have received loans from the High Authority"*

All of the \$100 million U.S. loan had by May 1955 been allocated by the High Authority to specific projects aimed at modernizing and expanding production of raw materials and the construction at mines of power plants utilizing low-grade coal. (Loans for establishing or modernizing steel production facilities were excluded under the terms of the U.S. loan agreement.) None of the 59 enterprises which has received a loan is known to be engaged in restrictive practices in violation of a decision of the High Authority under Article 65 prohibiting such practices. A number of the loan recipients, almost all of them in the coal industry, are, however, participating in business arrangements which are under investigation by the High Authority or in which modifications are being proposed because of

their alleged restrictive character. Arrangements of the type in question are of long standing in the European coal industry, preceding the establishment of the CSC; embrace all or nearly all of the coal producing or marketing enterprises of the countries concerned; and were generally either sponsored or approved by the national governments. As noted before, no quick or easy solution has been found so far for the coal cartel problems because of the complicated economic and social factors which have to be dealt with in Europe, as in other coal producing countries. If the High Authority had made no loans to firms believed to be involved in restrictive arrangements pending the outcome of its investigations or efforts to modify broadly the structure of coal marketing in the CSC area, coal companies would have been eliminated from consideration as loan recipients, since the loan had to be drawn by June 30, 1955. As a practical matter this would have meant that the lending operation of the High Authority under the U.S. loan would have been frustrated—with a consequent loss of important benefits to the European economy from increased production and lowered costs as well as the political benefits envisaged from the loan through strengthening the position of the High Authority and encouraging European integration. The High Authority did not consider it feasible to use the granting or withholding of loans as an instrument for influencing changes in business arrangements, and it is unlikely that by withholding loans to the CSC coal industry it could have enhanced its ability to modify the arrangements on which negotiations are now in process.

*"whether national governments are hampering efforts of the High Authority to develop more competitive markets"*

Although no government of a CSC member State has openly obstructed efforts of the High Authority to enforce Article 65, the position of the Federal Republic of Germany has been described as not being "helpful" in the attempt to reorganize the Ruhr coal cartel, GEORG. The Federal Republic's position is reported to be based on a concern about the effects of the proposed reorganization both on stability of production and employment.

*"cases in which the High Authority's orders have been disregarded by the firm or firms involved and the High Authority's action thereon"*

The only case known to the Department in which a decision of the High Authority is probably being disregarded or circumvented is that involving Campsider, the Italian scrap cartel. Campsider was ordered to cease its operations in 1953, but instead revised its statutes, supposedly to conform to the provisions of the Treaty, and asked for High Authority authorization. Pending a decision on this application, the organization continues to operate.

*"actions taken by the High Authority in other areas designed to develop more competitive markets"*

The High Authority has followed policies in areas outside the field of restrictive business practices designed to develop more competitive markets. Widespread national price controls which had been in effect prior to the establishment of the CSC were eliminated when the common market was established. Although not hesitating to impose controls in exceptional cases when necessary, the High Authority has kept its own use of price controls to a minimum in line with its objective of having the coal and steel markets governed by the play of competitive forces. The High Authority has intervened in steel pricing in an effort to eliminate discriminations and to introduce greater flexibility in steel prices. In the important field of railway transport the High Authority has made outstanding progress in the elimination of national discriminations and in harmonizing national transport policies with a resulting impetus to competition through the greater movement of coal and steel across national frontiers. With respect to the few instances in which subsidies on certain products in specified countries are still permitted by the CSC Treaty, the High Authority has taken some important actions looking toward the earliest possible termination of subsidy payments.<sup>2</sup>

<sup>2</sup>A more detailed 23-page report, which elaborated on the points presented in this summary memorandum, was attached to the source text.

## 127. Telegram From the Ambassador in Germany (Conant) to the Department of State<sup>1</sup>

*Bonn, November 4, 1955—6 p.m.*

1468. At request of Foreign Minister von Brentano I saw Minister Strauss<sup>2</sup> this morning and explained position US Government as set forth in aide-mémoire presented to von Brentano last week (re Embtel 1406, November 1<sup>3</sup>). Strauss said there was no question of desire of his government to have European cooperation in field of atomic energy. The problem was what way would be chosen. He

<sup>1</sup>Source: Department of State, Central Files, 840.1901/11-455. Secret. Repeated for information to Luxembourg, Brussels, Paris, and London.

<sup>2</sup>Franz-Joseph Strauss, Minister for Atomic Questions.

<sup>3</sup>See footnote 5, Document 123.

mentioned Brussels discussions<sup>4</sup> and also discussions of larger group of nations in OEEC.<sup>5</sup> He also pointed to difficulties presented by Brussels proposals because of their complexity and the length of the treaty which would be a book. Furthermore, he felt drastic provisions about depriving private companies of patent rights was a serious objection. He spoke at some length about German attitude towards French desire to push European cooperation in the field of atomic energy as contrasted with French attitude towards EDC and other schemes of European cooperation discussed in the last years. I gathered he felt his government and Germans in general resented eagerness of French to cooperate in this field as contrasted with their delaying tactics in EDC and other efforts European cooperation. He set forth his own views as to the desirability of working towards a European political assembly with representatives elected by the people of all the six nations, this assembly to create a community with definite but restricted powers, starting with reduction tariffs and agreement for freedom of movement of population within the six countries.

He said that if such a truly European supranational community were created, the Germans would be ready to give to it powers in the field of atomic energy.

He implied that, though they would explore OEEC and Brussels approaches to atomic cooperation, they would be inclined to be reluctant to proceed along latter limited route unless there was some evidence of French desire to move towards bigger goal of European political community with limited powers.

(Do not believe too much significance should be attached to Strauss' emphasis on agreement on ultimate goal of political integration and apparent neglect of Common Market approach, since he is not wholly familiar with details of negotiations. Believe government position as reported fourth paragraph Embtel 1177, October 13,<sup>6</sup> basically unchanged.)

In discussion of the atomic energy problem in general and the forthcoming legislation from Bundestag, I pointed to misunderstandings that seem to exist in certain German industrial circles in regard to the special nature of atomic energy. I pointed out that the reprocessing of fuel elements was a necessary part of the production of atomic energy and this reprocessing produced plutonium which is an atomic explosive. I further pointed out our treaty with Belgium re-

<sup>4</sup>Reference is to the ongoing deliberations of the Intergovernmental Committee on European Integration in Brussels. The Foreign Ministers of the six ECSC countries met at Noordwijk in the Netherlands on September 6 to discuss an interim report by Spaak on the progress of the Intergovernmental Committee.

<sup>5</sup>The OEEC Council met in Paris, June 9-10, and discussed, among other matters, the resolution adopted at Messina on European integration efforts.

<sup>6</sup>See footnote 2, Document 121.

quired this reprocessing to be done by the US emphasizing our belief in the importance of the control of such highly dangerous material. Strauss indicated he would be glad to have me see Erhard, which I propose to do next week, in view of Economic Ministry's key role in Brussels negotiations.

While Strauss was aware of the basic facts and their significance, there is evidence that Erhard's Ministry and some German industrialists are playing down the fact that atomic explosive material is produced as a consequence of production of atomic energy for peaceful purposes and are saying that there is no need for more control of this industry than of electricity. Furthermore, judging from conversations with certain industrialists here, believe there is some misunderstanding in industrial circles as to likelihood of early conclusion between FedRep Government and US Government of bilateral treaty for power reactors along the lines of Belgian treaty. If in fact this prospect is as distant as I assume it would be helpful to the case for a European approach if this misunderstanding could be eliminated when I see Erhard. I am not referring to standard bilateral for experimental reactor which I assume can go forward without trouble.<sup>7</sup>

Conant

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<sup>7</sup>In telegram 1332 to Bonn, November 9, the Department supported the general line which Ambassador Conant took with the Germans as summarized in telegram 1468 and offered the Embassy some guidance on how long it might take to negotiate a power bilateral with the Federal Republic of Germany. (Department of State, Central Files, 840.1901/11-755)

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**128. Memorandum From the Director of the Office of Political Affairs, United States Mission to the North Atlantic Treaty Organization and European Regional Organizations (Martin) to the Director of the Office of European Regional Affairs (Timmons)<sup>1</sup>**

*Paris, November 10, 1955.*

**SUBJECT**

U.S. Policy on European Integration

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<sup>1</sup>Source: Department of State, RA Files: Lot 58 D 374, General—Economic Integration. Confidential.

I was glad to get your memorandum of October 27<sup>2</sup> with its re-examination of the policy contained in the Rome message of May 30.<sup>3</sup>

I think I fully understood the distinction to which you draw attention between cooperation and integration, well made in this message, though I do not understand its application in this connection. The message does not refer to choice by Europeans in pursuing "integration" or "cooperation" but "of institutional means" which I would assume includes freedom to choose whether to do any particular thing by integrated or cooperative arrangements. I am glad this still is the policy line though it leaves us still at a loss to understand policy behind our strong objections to Spaak desire have observer from OEEC Secretariat at Brussels Steering Group meeting.

To come back to the distinction which of course has political importance to us as far as our preferences are concerned, though we would not, I gather, intervene. I have the feeling that as things are now developing, it may be difficult, so far as Brussels is concerned, to make this distinction in a way which will be clear to everyone concerned. In fact, discussing this question Friday night with Ambassador Dillon, he expressed very strongly the view that what will come out of the Brussels meetings would be considered integration by some and cooperation by others and it would probably be impossible to be sure which it really was most. I think this is probably right unless there is a major shift in direction there.

In this connection you may be interested in comments made by Ambassador Bruce, who dropped in for a very pleasant visit last week. He had spent the weekend at a wine tasting festival with Spaak, and while in Paris had seen quite a lot of Monnet, of course. He asked both of them whether the present US policy of lying low on European integration and saying and doing nothing except as asked was sound, or whether we should become more active. He reported that the reaction of both of them was most emphatic that we should continue to stay entirely in the background.

He also reported that Monnet hoped to have a meeting of his committee before the end of this month. His present plan was to attempt to get them to endorse a piece of legislation providing for a really supranational nuclear authority which they would then take back and have passed in substantially identical form in their various parliaments. In particular, he anticipated this would solve the German problem as there could be no opposition in the Bundestag to the proposal, for Adenauer is already for it and Ollenhauer<sup>4</sup> is a

<sup>2</sup>Document 125.

<sup>3</sup>Reference is to Document 95.

<sup>4</sup>Erich Ollenhauer, Chairman of the Social Democratic Party (SPD) in the Federal Republic of Germany.

member of his committee. I think we both felt that this was a rather typical example of Monnet's remoteness to the world of practical politics. Tuthill,<sup>5</sup> with whom I discussed this when he was here Friday, agreed fully that it was no such simple problem.

I might add that Tuthill indicated that the principal problem in Germany seemed to be lack of knowledge of what was involved in the use of nuclear energy for peaceful purposes, particularly in terms of its military consequences. Until Conant has had a chance to spend several long sessions educating people like Erhard, and they in turn have had a chance to talk to others both in and out of the government, he does not foresee any reasonable German position emerging.

Dillon, by the way (we had quite a discussion of atomic matters as the only other guest was Stassen and he seems almost as much interested in peaceful uses of atomic energy as disarmament), said that his informants, including Monnet, had indicated a principal cause of the German reluctance to proceed at Brussels was assurances given by U.S. industrial firms to German industry about their ability to provide the Germans with what was necessary to get ahead with peaceful exploitation. Frank Nash and Frank Pace, of General Dynamics, had been particularly active. Thus it is not a matter of just the AEC line of the past summer. Tuthill also confirmed this.

**Edwin M. Martin**

*Deputy Chief of Mission*

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<sup>5</sup> John W. Tuthill, Economic Counselor of the Embassy in Germany.

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## 129. Editorial Note

At the 267th meeting of the National Security Council, held at Camp David, Maryland, on November 21, Secretary Dulles gave a lengthy report to the Council on his recent activities at the Geneva Foreign Ministers Conference. During Dulles' report, President Eisenhower made the following remarks regarding Western European integration:

"After a brief pause, the President said that he had a few remarks to make on the subject of Western Europe. Smilingly he said that all the members of the Council realized that this area was one of his pets. Moreover, nearly all those present around this table had been engaged in work with large human organizations. Accordingly all knew the great value to be attached to the morale factor in large organizations. It was by working with the group that the individual achieved his greatest satisfaction and success. Secretary Dulles had



just touched on NATO as an organization which U.S. policy should support harder than ever in view of the fact Germany was not likely to be united for some time to come. Actually, said the President, the Secretary of State really underestimated the case he had made. The unity of Western Europe today, continued the President, would solve the peace of the world. A solid power mass in Western Europe would ultimately attract to it all the Soviet satellites, and the threat to peace would disappear.

"Continuing in this vein, the President said that there was one thing that all of those present could do as individuals to forward the objective he had just mentioned. Whenever occasion arose for any member of the National Security Council to talk in public about foreign policy, that talk should stress the great advantages of a more nearly united Europe—cultural, economic, moral, and otherwise. The President referred to his own speech, made on July 3, 1951, at the English Speaking Union in London, on the general subject of a United States of Europe. After that speech, the President said, he had gotten the warmest compliments of no less a person than Winston Churchill, who said that the speech, from the point of view of logic, was the best speech which had been delivered in this generation.

"At this point, with even greater emphasis the President repeated his view on the desirability of developing in Western Europe a third great power bloc, after which development the United States would be permitted to sit back and relax somewhat. To help to produce such a development it must be demonstrated to all the countries of Western Europe individually that each and every one would profit by the union of them all and that none would lose. The President cited the development of the American historical pattern as an illustration of the point he was making." (Memorandum of discussion by Gleason, November 22; Eisenhower Library, Whitman File, NSC Records)

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### 130. Memorandum From the Secretary of State to the Under Secretary of State (Hoover)<sup>1</sup>

*Washington, November 22, 1955.*

You will recall that at the NSC meeting yesterday and as set out in the "Record of Actions", the President spoke of strengthening and expanding into other areas the concepts of NATO, the Brussels Pact and the Coal and Steel Community.<sup>2</sup>

At the present time, as I understand it, a considerable controversy is developing over the future of atomic energy for peaceful uses in Europe. There is one school of thought which wants to develop this

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<sup>1</sup>Source: Department of State, Atomic Energy Files: Lot 57 D 688, Regional Program. Top Secret.

<sup>2</sup>See the editorial note, *supra*.

through a European institution comparable to the Coal and Steel Community. There are others who want to deal with it on a national governmental basis, and some who want to deal with it on a private basis.

I have the impression that there exists no clear top policy guidance for those who are working on this matter, both in the Department and in the AEC.

I think we should reach a decision on which the President should be consulted and then that we should be sure that that is carried out.

I wonder whether you can bring the threads together so that we know where we are. I believe that the U.S.-Belgian agreement is rather far advanced, but also I think the Belgian Government, or at least Spaak, would like to merge that into a European project.<sup>3</sup>

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<sup>3</sup>At the Secretary of State's Staff Meeting of November 23, Dulles stated that he believed there was a need for clear policy guidance on the peaceful development of atomic energy, particularly with regard to promoting European integration. He mentioned his memorandum of November 22 to Hoover, and, in the subsequent discussion, Hoover requested that Merchant take the lead in looking into this problem and making recommendations if necessary. (Notes of Secretary's Staff Meeting; Department of State, Secretary's Staff Meetings: Lot 63 D 75) Robert G. Barnes, Director of the Executive Secretariat (S/S), informed Merchant of this discussion in a memorandum of November 23, and attached a copy of Dulles' memorandum to Hoover. (*Ibid.*, Atomic Energy Files: Lot 57 D 588, NATO)

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**131. Memorandum of a Conversation, Department of State, Washington, November 22, 1955<sup>1</sup>**

**SUBJECT**

European Integration; Common Market and EURATOM

**PARTICIPANTS**

Sir Roger Makins, Ambassador, British Embassy  
J.E. Coulson, Minister, British Embassy  
Livingston T. Merchant, Assistant Secretary  
Outerbridge Horsey, Director, BNA

The Ambassador said that he had been asked to discuss these questions informally with us.<sup>2</sup> The British Government felt that it

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<sup>1</sup>Source: Department of State, Central Files, 840.00/11-2255. Confidential. Drafted by Horsey.

<sup>2</sup>On November 17, John E. Coulson presented Philip Farley and Gerard Smith with an aide-mémoire from the United Kingdom, which set forth British objections to

would conflict with the interests of the Commonwealth association and with their policy on freeing trade and payments for them to be associated with the common market of the six Messina countries. The Government had, therefore, made the decision not to join. They would communicate this decision to the Messina governments in due course at a time chosen by the British Government. Meanwhile, we were asked to hold this information to ourselves. The subject was, however, also being discussed with the Bonn Government.

The enterprise seemed, he said, to have an air of unreality since the real French position seemed very questionable. There was no question of the convictions of people like Spaak and Mayer, but the Ambassador doubted very much whether, when the chips were down, the French would be prepared to make the internal adjustments which would be necessary for progress toward a common market.

More importantly, the British were concerned with the protectionist and exclusive consequences of the six countries trying to move toward a common market. The British recognized the political advantages of integration but the inevitable economic effects would seem to them to go contrary to our broader trade objectives as embodied, for example in GATT. They wondered if we had thought through this aspect of the question.

Mr. Merchant said we felt very strongly that progress toward further integration was more important now than ever and that we hoped the Messina group would form a basis for such progress. We also thought that the peaceful uses of atomic energy might be the most practical immediate means of moving along this line. We would discuss the question further with interested officers in the Department, particularly in the economic area. The Ambassador asked if he could talk to Mr. Merchant again when this had been done.

On EURATOM, again, the British wondered whether the Messina group or OEEC was the preferable channel through which to develop the idea. The Ambassador referred to Coulson's talk with Gerard Smith on November 17 and said it was important for the British and ourselves to keep in step, particularly as to what would be our response if, as seemed likely, a group of continental countries asked for assistance in the construction of a diffusion plant.

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the European plans for atomic energy integration. (Memorandum of conversation by Farley; *ibid.*, RA Files: Lot 58 D 546, Euratom 1956)

**132. Memorandum From the Special Assistant to the President (Randall) to the Chairman of the Council on Foreign Economic Policy (Dodge)<sup>1</sup>**

*Washington, November 22, 1955.*

I have had an opportunity today to study the memorandum to the Council on Foreign Economic Policy, dated November 15,<sup>2</sup> which deals with United States policy toward the European Coal and Steel Community, and hope it will not be inappropriate for me to make some comments.

From the very inception of the Schuman Plan, the questions covered by this memorandum have been of absorbing interest to me, and I have tried to follow them closely.

I see them from two points of view: first, in terms of my Government responsibility, and secondly, as a member of the American steel industry.

Actually, the American industry as such is singularly ignorant of this subject matter and displays little interest in it. Except for myself, I know of no one who follows these problems continuously, although there are signs that this may change.

And because of the personal relationships which I have both in Government and in industry in all of the countries that are involved, I receive from time to time many sidelights on the problems.

May I say, first of all, that the memorandum is admirable, in my opinion. It was prepared thoughtfully, and with meticulous care. Factually, I am sure it is correct as seen by our Government staff. But genuine competition is such a fragile plant that its growth cannot be judged merely by laboratory examination of the soil.

Actually, the men who are responsible for the administration of the steel companies in these six countries still have a low order of enthusiasm for competition, and are privately doing what they can to maintain cartel practices.

In the export field, they are quite brazen about it. It is their position that the treaty did not cover exports, and control of export prices and markets is still exercised out of Brussels in a way that is in conflict with the spirit of the Community and that of our American laws. Export control, thus operated, necessarily establishes a high degree of control over domestic prices, without there being any overt acts of agreement.

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<sup>1</sup>Source: Department of State, Central Files, 850.33/11-2255. Secret. Copies were sent to Gabriel Hauge, Special Assistant to the President, and Thorsten V. Kalijarvi, Deputy Assistant Secretary of State for Economic Affairs.

<sup>2</sup>Reference is to Document 126.

And let no one think that the cartel principle has been eliminated from the purchase of scrap. Actually, recent pressures from the American steel industry for export controls on scrap leaving this country were brought to pass in large measure by the operation of the Community's intensive and centrally operated scrap-buying program. The man who controls all of the scrap buying in this country for the Community is Tony Rollman of Luxembourg, formerly of ARBED, and formerly of ECE in Geneva. The agency in this country is Luria.

And at the very time when through these agencies the Community was expressing dismay at the prospect of export controls from this country, they were themselves strictly limiting the export of scrap from the Community. It has for some time, for example, been impossible for any scrap dealer in the Community to sell to other than member countries scrap resulting from the breaking up of ships, which is a very desirable commodity. How this was done, I do not know, but the result has been obvious.

Contemporaneously, the imposition of price controls on scrap either by direct action of the Community or with its acquiescence, inhibited the collection of scrap, because the incentive was withdrawn. In this country we regard it as essential that prices on scrap rise with an increase in demand, for that brings self-interest to bear upon increasing the supply.

The ambiguous relationship of Britain with the Community has only one purpose, namely to be "constructive" with regard to markets. This will, of course, not be found in the documents, nor will it be developed by any legalistic approach to the subject. The British steel industry fears the Community, and this relationship is an effort to achieve the impossible, the preservation of freedom of action for Britain, while at the same time tempering the force of competition.

I am tremendously interested in the suggestion that a United States expert group be appointed to consult with the High Authority on the comparative organization and operation of steel markets in the United States and the Community. That group will have to be selected with great care. It must consist of those who understand steel merchandising, and yet must be made up of men who themselves believe firmly in the values of competition.

One difficulty with the problem is that the steel industry of the Community countries has never learned to sell as we do in the American industry. They do not have many specialists who study the needs of the consumer and secure business for the producer by outstripping competitors in service tailored to the special requirements of the consumer. They haven't had to sell, because by their control of markets through the central agencies the buyer had to take what he could get. It has been common, for example, for the buyer

not to be certain from what mill shipment would come until it reached his plant, thus restricting the close relationship of producer and consumer upon which our merchandising programs rest.

When such an expert group is set up, I should guess that the technical members could be secured by a request made by the State Department to the American Iron and Steel Institute. I am sure that such a request would receive friendly consideration by Mr. Fairless, who is now president of the Institute, and Mr. Max Howell, who is executive vice president. Both of these men now have an interest in foreign problems.

It is my understanding that in Europe the Community now falls within the area of responsibility of Mr. Butterworth.<sup>3</sup> Since I have known the Ambassador for some years, I took the liberty of writing him, expressing interest in his assignment and offering to be of any assistance that I could, but I have had no acknowledgment of my letter.<sup>4</sup>

Mr. Rene Mayer is coming to this country late in January or early February, and it has been intimated that he would appreciate it if I would give a dinner for him in New York through which he might meet representative members of the American steel industry. This I shall be happy to do.

*CBR*

**Clarence B. Randall**

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<sup>3</sup>W. Walton Butterworth had recently been named U.S. Representative to the ECSC, with the personal rank of Ambassador; he officially took up his duties on February 1, 1956.

<sup>4</sup>No record of this letter has been found in Department of State files.

133. Memorandum Prepared in the Office of European Regional Affairs<sup>1</sup>*Washington, December 6, 1955.*

## PEACEFUL USES OF ATOMIC ENERGY AND EUROPEAN INTEGRATION

This memorandum is prompted by the NSC action of November 21,<sup>2</sup> (Tab A) and the Secretary's memorandum to Mr. Hoover of November 22,<sup>3</sup> (Tab B). Its discussion and recommendation have been influenced by extensive RA conversations with officers in the AEC, S/AE, the EUR regional offices, OIR, ICA, and by the views expressed at our Paris meeting of September 22 by representatives from our European Missions, including USRO and CSC-Luxembourg. This memorandum has not been shown to anyone outside of RA.

The President has expressed the conviction that "European integration, with West Germany playing a part, would be a major contribution to world peace; that a unified Europe (achieved by strengthening and expanding into other areas the concepts of NATO, the Brussels Pact, and the Coal and Steel Community) would constitute a focus of power, in addition to the US and USSR, which would greatly advance the material and moral well-being of European peoples and the security interests of the United States." We would elaborate this thought by the observation that, despite present surface evidences of recovery, boom, prosperity and growth in Western Europe, the USSR will, by 1975, have overtaken Western Europe's aggregate GNP, unless political and economic decisions are made to increase its power and accelerate its growth. We would also add that unless the United States and Western Europe develop new resources, and im-

<sup>1</sup>Source: Department of State, Atomic Energy Files: Lot 57 D 688, Regional Program, Euratom—General. Top Secret. Drafted by Barnett and forwarded by Merchant to Gerard Smith on December 6 under cover of a memorandum which reads as follows:

"I would like to get together as early as convenient for you on our promised discussion of the peaceful uses of atomic energy in relation to European integration. I attach herewith a memorandum prepared in EUR on this subject with which I am in agreement. I thought it might be useful if you ran over it before we talked and that we might also ask Bob Bowie to join us when we get together."

In a postscript to his covering memorandum, Merchant stated that he really regarded this matter "as primarily your pigeon," but he believed that the draft memorandum would be useful. (*Ibid.*, NATO)

<sup>2</sup>Reference is to NSC Action No. 1480, which noted President Eisenhower's statement on European integration, made at the NSC meeting of November 21. See Document 129. The text of the NSC action, approved by Eisenhower on December 1, is in Department of State, S/S—NSC (Miscellaneous) Files: Lot 66 D 95, NSC Records of Action.

<sup>3</sup>Document 130.

plement a plan for making them available to underdeveloped parts of the world, these areas may well look upon the Communist Bloc rather than the West as example and prototype, and look to it for leadership and help, for the growth and development processes they believe they must set in motion. It is in the context of these potentialities and these dangers that the form and purpose of European integration should be considered.

Between defeat of the EDC by the French Assembly and the Meeting of the CSC Ministers at Messina in June, European leadership of the integration movement was quiescent. Very widely in France, but not only there, "supranationalism" became political anathema. Under Spaak's leadership in Brussels, representatives of the Community of Six governments are now studying possibilities for new initiatives in the field of European integration with its most significant work focusing on atomic energy. Apart from this, Monnet has organized a political action group dedicated to the support of the concept of a United Europe; it comprises, notably, the leadership of the socialist parties in all of the six countries, including leaders previously opposed to EDC. The OEEC is, meanwhile, exploring new fields of cooperative action, including the field of peaceful uses of atomic energy.

The European leaders of the integration movement are recovering their voices. On numerous occasions key leaders have advised us to give them our moral support, but to let them, without overt U.S. intervention, set their pace and work out their difficulties. That this has been their plea has been, in a sense, providential: had they asked otherwise we would not have known what to do. But for us to remain comfortably mute for much longer presents ominous possibilities. For Germany, at least, a failure of the present drive towards integration could remove all restraints upon those special interests capable even now of exploiting East-West tensions in a bold gamble to advance narrow German nationalist purposes. Rampant and successful German nationalism could hardly fail to breed predatory and competitive nationalism elsewhere in Western Europe, from which only the Soviet Bloc could benefit. To forestall such a disastrous, perhaps irreparable, setback to Free World strength and unity, the United States should be prepared to respond promptly, concretely, and favorably to an initiative coming out of Europe.

Discussion of European integration revolves around the concept of peaceful uses of atomic energy. It is a magic, and only partially understood, concept. But it is, we think, well understood that integration in this field could, and probably would, set in motion ancillary and concomitant developments which would lead, over time, towards a real United States of Europe. It is also understood, at least by the leading European participants in planning its use, that peace-



ful uses of atomic energy cannot, for technical reasons, be dissociated from potential possession of atomic power for military purposes. European countries acknowledge and respect generally the problem faced by the Atomic Energy Commission in working out arrangements with other nations for sharing atomic energy information and materials. They know that real and possibly catastrophic security risks are entailed in improper handling of atomic knowledge and materials. The German industrialists who, today, are pressing for the establishment of a bilateral arrangement between the United States and Germany must be doing so because they think that it would serve their self-interested nationalist aspirations, that such a bilateral could be concluded quickly, and that security difficulties could be easily overcome; this would be an understandable position for industrialists to take in every European country. It would become immediately untenable if it could be made known that the United States was ready to participate in arrangements involving the United States on one side and a group of integrated countries on the other and that this relationship would best serve the interests of all from every standpoint including security.

The very rapid advances in declassification of information on atomic energy which have taken place in particular since the August Conference in Geneva has come to mean that the United States no longer occupies the monopolistic position it once held. Of the various forms of cooperation available to the United States—educational exchanges, provisions of libraries, financing of research reactors, and even supply of know-how and materials needed for operation of power reactors—it is improbable that any except cooperation in the erection of isotopic separation facilities for uranium could, today, constitute a United States initiative which would fundamentally influence the form and purpose of European development in the atomic energy field. Europeans believe that there is the scientific knowledge and there are the resources in Europe for Europeans themselves to have reached within a few years, and unassisted, the stage in atomic energy development where the United States and the USSR now stand today. Advocates of European integration maintain that, if unified, Europe's rate of progress will be very rapid, but even if European nations make their advances separately and on a national basis, they will, in due course, possess all of the "secrets", military and peaceful, of atomic energy.<sup>4</sup>

The United States has failed for two reasons to exploit fully its potentialities for effective and constructive leadership in the field of atomic energy as related to our objectives in Europe. The Department

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<sup>4</sup>The first of several handwritten marginal notations on the source text, presumably written by Smith, reads as follows: "They are not engineers, scientists."

of State and the Atomic Energy Commission have not spoken with one voice. The Department has been quietly encouraging European leaders to press forward towards a supranational organization of atomic energy programs in Europe, but it has not said it would refuse to enter into negotiation of bilateral arrangements.<sup>5</sup> Simultaneously, representatives of the AEC have encouraged the Europeans to come forward for bilateral negotiations.<sup>6</sup> Not until late October were we even able to say, authoritatively and with support of the AEC, that we could treat a pool of European countries on roughly the same basis that we could treat a single country. Our second difficulty has been lack of precise agreement within the State Department, and among our representatives in Missions abroad, as to what could be conceived as the most promising and realistic form of integration we had in mind when talking about that word. Not until last May had we made it clear that by integration we meant supranational authority and responsibility, and that arrangements less binding were merely cooperative. Even after this distinction was drawn and accepted, however, there has been no agreement that in practical political terms there was sufficient promise in real accessions of authority and responsibility to the Coal and Steel Community of Six to justify according to this Community greater attention and support than to the geographically broader, functionally more diversified, but legally and politically looser association of countries in the OEEC. At our Paris meeting on September 22, vigorous differences of judgment on this question were expressed. The complexity of resolving these differences has not been eased by activity of the Working Committees of the Spaak Steering Committee in Brussels.<sup>7</sup> They have not yet come forth with clean cut recommendations of new supranational institutions. By and large they have handled their problems very much as would have been done in the OEEC.

The magnitude of the difficulties and the opportunities which confront us as we consider the possible role the United States might play in using its atomic energy resources to assist in European integration suggest several conclusions. We cannot, ourselves, materially contribute to objectives we desire by words alone. Perhaps no single factor so greatly contributed to acceptance of the Western European Union as the United Kingdom's troop commitment. This was an unprecedented and real change in the United Kingdom's relationship to Western Europe, conceptually and practically. This action—as no

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<sup>5</sup>A marginal notation on the source text reads as follows: "rather the Pres. hasn't spoken in the same vein as Barnett."

<sup>6</sup>A marginal notation on the source text reads as follows: "AEC has resisted it all along."

<sup>7</sup>A marginal notation on the source text reads as follows: "have we told Spaak about 'integration vs. cooperation'."

amount of moral encouragement or philosophical explanation could have done—made possible a change in Franco-German relations. A second conclusion is that it is almost inconceivable that the United States can contribute to a comparably revivifying action by Europeans without itself reaching comparably far reaching decisions. Our action must be one which would require overcoming the anxieties of the Congress and preconceptions, uncertainties, and irresolution within the Administrative Branch. If European integration is in the interest of Free World strength, unity and security, and if we want to influence its accomplishment, we must expect our leadership to be measured by the difficulties we face, and these must be seen to be as sensitive and as fundamental as those faced by European leaders urging their peoples to sacrifice national integrity and self-determination for a common goal and good. Our act of faith must match theirs.

*Recommendation:*

The Secretary should, against the background of the foregoing considerations, persuade the President to direct the Atomic Energy Commission, Mr. Stassen, and the Department of State to prepare, on a highly classified basis, for consultation with key members of the Congress, and subsequently with M. Spaak, the following program of United States action:

1. The United States Government will make available the know-how, the blue-prints and the technical assistance, and lend the financial resources, beyond capacity of the Europeans to provide, necessary for the establishment of facilities for the isotopic separation of uranium at an appropriate location in Europe<sup>8</sup> provided:

a. The Community of Six establishes by treaty an institution of sovereign authority and responsibility to administer this facility;

b. This authority would enter into treaty relations with the United States which would give both parties assurance, through development of an effective system of control and inspection, that the product of these facilities would be used for peaceful purposes only;<sup>9</sup>

c. This authority by bringing into association other qualifying states in a treaty relationship (perhaps, similar to the U.K. treaty of association with the CSC) and by its participation in cooperative association with European and world groupings of countries (e.g., the OEEC, the International Atomic Energy Agency, etc. . .),<sup>10</sup> would endeavor to broaden the benefits for world welfare and security of its activities in the field of peaceful uses of atomic energy;

<sup>8</sup>We believe that the location of these facilities in the Saar would have certain political advantages, but this possibility should be explored further both from the political point of view and technical feasibility. [Footnote in the source text.]

<sup>9</sup>A marginal notation on the source text reads as follows: "leaving them to use their P. weapons".

<sup>10</sup>Ellipsis in the source text.

d. This authority would, in amounts and at times specified by treaty, reimburse the United States for its initial financial contribution.

2. To avoid the risks of European criticism of U.S. intervention or excessive influence, the foregoing program when approved by the President should be conveyed to M. Spaak, and, if necessary key leaders in the Six countries, in such terms that the Community could formulate a concrete proposal to the United States Government to which this would, in effect be a response.

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**134. Memorandum From the Special Assistant to the Secretary of State for Atomic Energy Affairs (Smith) to the Assistant Secretary of State for European Affairs (Merchant)<sup>1</sup>**

*Washington, December 8, 1955.*

SUBJECT

EURATOM

1. The EUR paper attached to your memorandum of December 6 states very persuasively the need for concrete and dramatic action by the U.S. to give impetus to the idea of European atomic energy integration. The U.S. action must be technically and economically sound if we are to capitalize fully on the present opportunity. I suggest that we proceed immediately, with AEC technical advice, to determine just what action will be most effective. Here are a few preliminary considerations.

2. The suggested contribution of a uranium enrichment plant might well have the most political appeal of any offer we could make. At the same time, it is not entirely clear to me that it would be the most economic move for the Europeans, even assuming substantial U.S. financing. Enriched uranium from the very large U.S. plants whose costs are being amortized over the life of weapons programs should be much cheaper—unless the EUR proposal contemplates large U.S. subsidy of Europe's power bill. Enrichment plants are terrific *consumers* of electric power which is in short supply in Europe and the imminent shortage of which is the basic reason for European interest in atomic energy. Moreover, such a plant would take years to build—with some chance that at the end of that period, enriched uranium will be less essential than now appears likely.

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<sup>1</sup>Source: Department of State, Central Files, 840.1901/12-855. Confidential.

3. Such a proposal would probably be the most difficult to sell within the U.S. Government because of sensitivity of the technology, which is directly associated with weapons production know-how, and the specter of possible Communist take-over of the plant. We would be making the Europeans independent of us and giving up our monopoly on marketable enriched uranium.

4. Unless it is certain that the EUR proposal would be the only offer by the U.S. that would have the desired political effect, would it not be better to discuss with the CSC countries what the U.S. could best do for them as a group? Among other aid possibilities (not mutually exclusive) are:

(a) An offer by the U.S. and the U.K. to release any part of the Congo uranium which Euratom might need for power reactor fueling. Such an offer could be made even more attractive by offering to process such uranium in the U.S. to the degree of enrichment required by Euratom. I think this might be the most attractive offer to the Europeans. It would not require a large investment in an enrichment plant that would be dependent on imported ores.

(b) The U.S. might help in construction of *fuel fabrication or chemical separations plants*. If these became the sole European facilities of their kind, they would be very useful control mechanisms (against illegal weapons activities) and would make the individual nations dependent on group facilities, thus tying the Europeans together in a practical way.

(c) The U.S. might agree to U.K. construction of a uranium enrichment plant in Europe (U.K. has recently requested our views on this).

5. If an American offer is to be soundly based technically, we ought to get work started on a technical evaluation by AEC of the Brussels Committee report. We should also get AEC technical guidance on all kinds of atomic energy assistance useful to Euratom.

6. A complicating factor is that AEC, State, and DOD are in the middle of a policy review for the International Atomic Energy Agency negotiations. Any offer to Euratom should be consistent with ultimate U.S. policy on this Agency. Our present view is that Euratom could be a useful adjunct of the Agency and could carry out Agency control functions.

7. Whatever we are to do, a fundamental problem is raised—is the goal of a supranational European atomic energy organization sufficiently important for the U.S. to incur a large cost to see it established? It may be that before the AEC would give serious consideration to the far-reaching EUR proposal or any alternative involving a wrench to existing policy, a prior Presidential decision would have to be reached that the U.S. should be prepared to pay a price commensurate with the political and security advantages that EUR estimates

will flow from Euratom. The NSC Action (1480)<sup>2</sup> of November 21 seems too vague to be useful as leverage on AEC.

Gerard C. Smith

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<sup>2</sup>See footnote 2, *supra*.

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135. Letter From the Secretary of State to Foreign Secretary Macmillan<sup>1</sup>

*Washington, December 10, 1955.*

MY DEAR HAROLD: I appreciate your thoughtfulness in making available through your Ambassador your thinking on European collaboration in the field of nuclear energy.<sup>2</sup> This is a highly complicated subject with many technical aspects to which we, as well as you, are giving attention. I hope our two staffs keep in close touch on these aspects of the problem. I think it is important that you and I try to align the policies of our two Governments as closely as possible with respect to the broad frameworks within which current European initiatives in the atomic energy and other fields are developing. It is on this wider problem which I would like to tell you of our thinking.

In the light of the Geneva Conference, I am impressed with the necessity of strengthening in every way possible the unity and purpose of the West. I believe we can derive comfort from the fact that the Soviets seem unlikely to resort to general war to achieve their objectives in Europe. At the same time, we can expect no lessening of their political and subversive offensive against Western Europe, as well as other areas. Their tactics will inevitably be to try to divide us and, through so-called "peaceful competition," to step up the battle for men's minds. I am confident of our ability to compete on any basis with the Soviet system. Our ability to do so, however, will depend upon the degree to which we are successful in preserving our unity and strength.

There is also the related question of Germany. I have no doubt about the present devotion of the Adenauer Government to full cooperation with the West. There is, however, the danger that the appeal of reunification will, over a period of time, become so strong

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<sup>1</sup>Source: Department of State, Central Files, 840.1901/12-1055. Secret. Transmitted to the Embassy in London in telegram 3261 for delivery to Macmillan.

<sup>2</sup>See Document 131.

in Germany as to give rise to temptation to discard the associations with the West in an effort to advance reunification on terms which would at best result in a neutral Germany and at worst in an East-ern-oriented Germany. Our problem is to prevent this possibility arising. The best means of doing this, in my judgment, is to so tie Germany into the whole complex of Western institutions—military, political and economic—and to so command her loyalties that neutrality or orientation to the East will be commonly accepted as unthinkable. This is a large order, I know, but I see no other alternative.

The form that European unity takes is, of course, for the Europeans themselves to decide. We should not prescribe. Anything other than objective advice and cooperation could well be self-defeating. Europe can only unite effectively if it sees the advantages of uniting and wants to unite. Only in such a development can the required strength be built.

At present, there are two trends discernible in Europe, both directed toward goals of increased unity. One is the six-nation approach, which has had one signal success in the Coal and Steel Community and one signal defeat in the European Defense Community. This, as we know, is essentially a supranational approach. The other is the OEEC approach, a cooperative effort which has accomplished much in reconciling conflicting national interests. The United States Government has enthusiastically supported both of these concepts. In my opinion, they seek to accomplish different but not conflicting purposes. As we look toward the future it seems to me that the closer community of interests that Europe can build, the more hope Europe will have of realizing its potential for security, prosperity and influence in world affairs. To my mind, the six-nation grouping approach gives the greatest hope of achieving this end because of the closer unity which is inherent in that Community and because of the contribution which it will make to the strength and cohesion of the wider European grouping. It may well be that a six-nation community will evolve protectionist tendencies. It may be that it will show a trend toward greater independence. In the long-run, however, I cannot but feel that the resultant increased unity would bring in its wake greater responsibility and devotion to the common welfare of Western Europe.

It is for these reasons, and with the companion determination to continue to cooperate with the OEEC, that the President and I have been anxious to encourage in every appropriate way the current revival of initiative by the six nations in their search for new forms of integration in the fields of nuclear and conventional energy, a common market and transportation. We hope that progress will be swift, but we should be satisfied if there is sustained and real ad-

vance toward the practical ideal inherent in the supranational principle.

I hope that you will let me have your reaction to these views on this matter and that we can count upon your Government's support. I hope to discuss this matter with you at the NATO meeting in Paris.<sup>3</sup> Should it then appear desirable, perhaps we could arrange for further discussions between our two staffs with a view toward assuring that, despite any differences of emphasis between us, we do not give conflicting advice to the Continental Europeans with respect to the movement toward closer unity.<sup>4</sup>

Sincerely yours,

**Foster**

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<sup>3</sup>Dulles was scheduled to attend the annual Ministerial session of the North Atlantic Council, to be held in Paris, December 15-16.

<sup>4</sup>Dulles' letter to Macmillan was repeated in circular telegram 384 of December 13 to Paris, Brussels, The Hague, Bonn, Luxembourg, Rome, USRO, and the CSC Mission. The circular telegram indicated that the letter was for the information of the Chiefs of Mission only. (Department of State, Central Files, 840.00/12-1355)

On December 17, Acting Secretary Herbert Hoover, Jr., forwarded a copy of Dulles' letter to Lewis Strauss under cover of a letter which reads in part as follows:

"The attached letter to Foreign Minister Macmillan sets forth the Secretary's views more fully. They are intended to make clear the general perspectives within which we can be formulating particular policies, on such matters as the peaceful uses of atomic energy, over the coming weeks. If the British cannot associate themselves in our efforts, Secretary Dulles hopes that at least they can agree not to impede the efforts which we will be encouraging the Europeans to make towards achieving genuine federation." (*Ibid.*, 840.00/12-1755)

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### 136. Memorandum of a Conversation, Department of State, Washington, December 13, 1955<sup>1</sup>

#### SUBJECT

European Integration

#### PARTICIPANTS

Baron van Voorst, Minister, Netherlands Embassy

EUR—Mr. Merchant

RA—Mr. Barnett

WE—Mr. Dunham

Baron van Voorst, who called to discuss European integration problems, mentioned a story by Reston in the *New York Times* some

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<sup>1</sup>Source: Department of State, Central Files, 840.00/12-1355. Official Use Only. Drafted by Dunham.



days ago, and a subsequent story in today's *Times* by Schmidt, indicating that the Secretary plans to make a statement at the NATO meeting about European integration, particularly in the field of atomic energy.<sup>2</sup> He reported that Foreign Minister Beyen is somewhat concerned about the report in the Reston story. They feel that U.S. support through diplomatic channels is more than welcome and has been extremely effective, for example, with the Germans regarding atomic energy. However, they fear that public statements by the U.S. might be counterproductive.

Mr. Merchant assured the Minister that the Reston story was not inspired by the Department, that we continue to have an active interest in European integration, and that we fully realize that the initiative must lie in Western Europe. He said the Secretary does not plan to make a statement on this subject although he expects it to come up in his private conversations with the various Foreign Ministers in Paris.

Baron van Voorst then remarked that the British had discussed European integration problems with the Foreign Office in The Hague recently and the Dutch were surprised to find that the British are taking a more reserved line now. He remarked that it was probably too early to know, but it might be that our diplomatic support in London would be useful in this connection also. He asked whether it was expected that this subject would come up during Mr. Eden's visit here<sup>3</sup> or whether the discussions would be more general. Mr. Merchant said that no definite plans for the discussions with Mr. Eden have yet been made, but he assumed that, since his visit would be short, they would consist largely of a general tour d'horizon.

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<sup>2</sup>For the former story, see *New York Times*, December 6, 1955, p. 1; for the latter, see *ibid.*, December 13, 1955, p. 1.

<sup>3</sup>British Prime Minister Anthony Eden was scheduled to visit Washington for a 3-day official visit, January 30–February 1.

**137. Memorandum From the Deputy Under Secretary of State for Economic Affairs (Prochnow) to the Acting Secretary of State<sup>1</sup>**

*Washington, December 16, 1955.*

**SUBJECT**

Dodge Council Staff Study on European Coal and Steel Community

*Discussion:*

Based on submissions from State and other agencies, the Dodge Council on April 19 concluded that U.S. policy of support for the Coal and Steel Community (CSC) should remain unchanged but that internal CSC cartel problems warranted a continuing concern. It asked the Department to submit additional information on these problems and on U.S. actions to further the development of a competitive coal and steel market in the CSC. The requested report<sup>2</sup> (Tab C) was sent to the Council on October 28.

Mr. Clarence Randall commented on the Department's report in a memorandum to Mr. Dodge and transmitted a copy to Mr. Kalijarvi<sup>3</sup> (Tab B). Mr. Randall was especially interested in a project under study by the Department for a U.S. steel expert group to visit the CSC at the invitation of the High Authority to consult with that body on the comparative organization and operation of the steel market in the U.S. and the CSC. (The Department is currently preparing to discuss this matter with the High Authority.) In addition, he expressed an interest in two external problems of the CSC, the cartel which fixes prices for steel exports from the Community and the centralized purchasing of scrap imported into the Community.

On the basis of the Department's report of October 28, a CFEP Staff Study<sup>4</sup> (Tab A) was prepared and, at the request of the Secretary of the Council, concurred in by the Department. The recommendations of the CFEP Study are (1) the State Department's report be noted by the Council, (2) the Department welcomes suggestions from other agencies on the Council for approaches to the High Authority on cartel problems, and (3) State's present policy of consultation with and representations to the High Authority on cartel problems should be continued and intensified where opportune.

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<sup>1</sup>Source: Department of State, E-CFEP Files: Lot 61 D 282A, CFEP 520. Secret. Drafted by Winter; E, ITR, and RA concurred.

<sup>2</sup>Document 126.

<sup>3</sup>Document 132.

<sup>4</sup>This three-page study, CFEP 520/6, is not printed. (Department of State, E-CFEP Files: Lot 61 D 282A, CFEP 520)

*Recommendations:*

1. Approve the three recommendations in the CFEP Staff Study.
2. If the steel export cartel and the centralized purchasing of imported scrap are raised, the following points should be made:

a) In view of its limited power under the Treaty to deal with the export cartel, the High Authority is tactically in a poor position to do so until after it has taken action on the more central problem of cartels and competition in the domestic steel market. Therefore the Department would not consider it wise at present to press for High Authority action on the export cartel.

b) As a result of U.S. representations, purchase of U.S. scrap exclusively from one group of dealers in the U.S. has been terminated by the High Authority. Purchase of all imported scrap by one central agency in the CSC is being continued temporarily, but on the basis of competitive bidding under which any U.S. dealer may export to the CSC.

c) The Department continues to be concerned about both of these problems and is keeping them under review.<sup>5</sup>

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<sup>5</sup>Hoover initialed his approval of these recommendations on the source text.

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138. **Memorandum of a Conversation, Paris, December 17, 1955, 9:15-9:45 a.m.**<sup>1</sup>

## PARTICIPANTS

M. Monnet  
The Secretary  
Mr. Bowie

Monnet opened the conversation with a brief review of the status of his Committee for European Integration. He said that the Committee would meet the middle of January to consider a resolution on an Atomic Energy Commission similar to the Coal and Steel Community. With energetic effort, he thought it might be possible to have a treaty adopted during the next year.

Several serious obstacles would have to be overcome, however. The first was in Germany. There the Chancellor, the unions and the SPD all supported the idea, but the German industrialists are opposing it, preferring to go their own way. Brentano is fine on the issue

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<sup>1</sup>Source: Department of State, Secretary's Memoranda of Conversation: Lot 64 D 199. Secret. This conversation took place at the American Embassy residence. No drafting officer is indicated on the source text. Dulles was in Paris for the NAC Ministerial meeting.

and would like the U.S. to be more firm. The U.S. must indicate that it prefers to proceed on the basis of unity instead of bilaterally and could do more for Europe on that basis. The Chancellor needs some basis for overruling the objections of the German industrialists and would welcome such an attitude.

The second problem is the British. They are actively engaged in trying to discourage further progress toward integration. Their main target has been the common market. Those favoring integration recognize that this will take years, perhaps ten years, to achieve. The Monnet Committee seeks action now on the atomic matter in the belief that if added to the Coal and Steel Community that would revive the integration movement. Then progress could be made toward the common market. The aim is not to socialize atomic industry. Monnet hoped that the Secretary would be able to speak to the British about integration at the time of Eden's visit.

The Secretary said there were some questions under U.S. law about how far the U.S. could go in cooperating with a European agency. He said, however, that he would give a boost as best he could in his conversation with Brentano.<sup>2</sup> The British had not spoken to him about the atomic community but had done so about the common market on the ground that it might be a high tariff area. He also referred to the Lange statement in the NATO Meeting opposing the community of six.<sup>3</sup>

Monnet expressed the view that Europe was really at a more crucial crossroad than at any recent time. In the pending French elections, Mollet was largely responsible for staving off a Popular Front by refusing to join with the Communists for election purposes. This will not be possible in the future years if some progress is not made toward European integration. Unless this occurs, we can expect to see the gradual disintegration of Europe. The German labor unions now recognize this and have told Monnet they would fully support any resolution on the Atomic Energy Community. Ollenhauer is anxious to go along. German labor considers that European integration is the only way to keep their liberties for the future. The only German opposition comes from Erhardt and the industrialists.

As the conversation ended, the Secretary again said that he would do what he could with Germans and British and that the U.S. would cooperate in trying to assist in the creation of the European atomic agency.

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<sup>2</sup>Dulles met with von Brentano later that same day. See Document 141.

<sup>3</sup>Reference is to remarks made by Halvard M. Lange, the Norwegian Foreign Minister. For documentation on the NAC Ministerial meeting, see Documents 10 ff.

139. Message From the Secretary of State to the President<sup>1</sup>*Paris, December 17, 1955.*

DEAR MR. PRESIDENT: My talks here Saturday with von Brentano, Spaak and Monnet<sup>2</sup> all show that the British are working hard to block the development of the European idea in terms of atomic energy and a common market. This is somewhat in the same pattern as their early opposition to EDC. I feel that this is a matter which we will have to discuss seriously with Eden and Macmillan when they come to Washington.

Faithfully yours,

Foster

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<sup>1</sup>Source: Department of State, Central Files, 110.11-DU/12-1755. Secret. Transmitted in Dulte 5 from Paris, 5 p.m., and marked "eyes only Acting Secretary for President from Secretary."

<sup>2</sup>The conversations with von Brentano and Spaak are summarized in Secto 19, *infra*, and Secto 22, Document 141; a memorandum of the conversation with Monnet is printed *supra*.

140. Telegram From the Secretary of State to the Department of State<sup>1</sup>*Paris, December 17, 1955—6 p.m.*

Secto 19. At his request Foreign Minister Spaak called on Secretary this morning. Spaak accompanied by Rothschild and De Staercke.<sup>2</sup>

Spaak began by stressing his view that German question by no means ended at Geneva. He said he detected an attitude on part French to consider with some relief that since German reunification seems impossible in immediate future, matter is "finished." Secretary agreed that while French might prefer divided Germany, this attitude unrealistic. He handed Spaak copy his Chicago speech,<sup>3</sup> pointing out its restatement broad US policy in many respects, and calling particular attention to two points—need maintain pressure on subject German reunification and need for closer Western European unity.

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<sup>1</sup>Source: Department of State, Central Files, 840.00/12-1755. Secret; Limit Distribution. Repeated for information to Brussels.

<sup>2</sup>André Marie de Staercke, Belgian Permanent Representative to NATO.

<sup>3</sup>In this speech of December 7, the Secretary stated that the United States would support European integration; for text, see *New York Times*, December 8, 1955, p. 8.

Secretary said both fronts equally important and must not fail on either. Would be most dangerous if Germans had nothing to occupy their minds in the inevitable period of waiting that lies ahead on reunification question. They might then look to Soviets. Necessary inject creative element into situation. Further progress toward European unity can be this element. Spaak indicated he fully agreed this analysis. Said Adenauer will need all support possible.

Spaak then voiced serious concern over British attitude toward European integration. Said British have launched what can only be termed "strong offensive" against common market concept. Secretary said he had talked on subject to Macmillan.<sup>4</sup> British fear creation trading area surrounded by high tariff wall. Spaak said that while perhaps French wish this, other five countries clearly against such a development. Spaak stressed that there is as yet no agreement on formula and therefore no basis for British condemning idea in advance.

> Secretary spoke of deep sympathy and interest President Eisenhower and himself in movement for closer European integration, and referred to President's view that if Britain had given strong support to EDC at an earlier time, EDC would have been success. British support came to late. Indicated that integration question would undoubtedly be discussed with Eden during January visit. We don't want to see British mistake over EDC repeated.

Secretary assured Spaak he could count on President and himself to support and work hard in appropriate ways for European integra-

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<sup>4</sup>Dulles spoke with British Foreign Minister Harold Macmillan in Paris on December 15. The Secretary summarized the conversation in Secto 6, December 16. According to the telegram, that portion of the conversation pertaining to European integration went as follows:

"Macmillan said that various OEEC nations look with some alarm on proposal for 'tight' integration of Community of Six as implying high tariffs and other protective measures. He felt that creation of such Common Market community would create a source of division rather than of strength. UK Government desires freer movement of money and goods in Europe and felt that European integration scheme would produce the reverse. He said that UK will ask that question of relationship of Community to OEEC and its possible effects be discussed at next Ministerial meeting of OEEC.

"Secretary said US favors European unity not high tariffs. He said that it is important to do something to capture the imagination of the Germans and European integration offers a means to this end. In field of atomic energy it seems particularly important to create agency in Europe in which French and Germans have common interest. He did not believe Community and OEEC were mutually exclusive and felt there is adequate basis for both to develop. He said that President Eisenhower feels strongly on this subject and that Congress also favors community idea.

"Macmillan explained that it was not intention of UK to attack or undermine development of Community. He pointed out that in the past UK had possibly waited too long to make clear its attitude, as in the case of EDC. It now wishes to avoid any possible future opprobrium by announcing its intentions with respect to Common Market and Atomic Energy Agency now. He said UK would not be unsympathetic to Community if product of integration were low rather than high tariff wall." (Department of State, Central Files, 740.5/12-1655)

tion. Spaak deplored British lack foresight these matters. They are not thinking of what situation in Germany could be five years hence if present opportunities are missed.

Turning to specific question proposed nuclear energy pool, Spaak said German Delegation hesitant at Brussels discussions. Adenauer had assured Spaak during latter's visit to Bonn, that he would give strong instructions "along the right lines" to Strauss on this matter. Spaak emphasized great advantages multilateral approach to nuclear energy question over bilateral, and hoped that US would indicate to Germans that latter would get greater benefits on multilateral basis than on bilateral. Secretary said he was seeing von Brentano later in day and intended talk to him on this subject.

Spaak said Brussels work had made real progress. Hopes have his report prepared by end January. Foresees difficult negotiations then beginning. Spaak made point that British offensive has been launched precisely because they believe Brussels initiatives have real chance succeed. Spaak added that British have put common market question on OEEC agenda. It is too early for it to be usefully discussed. Later, Spaak said, he will be more than ready discuss effects of proposal with countries outside Brussels group.

Spaak spoke feelingly of overriding political importance tying Germany firmly into west. Reverted to failure Britain realize this. Greatly disturbed by fact that current "very strong" British opposition is first time they have so declared themselves. Secretary noted that British worried over their financial situation. Spaak commented that British position amounts to this—they say that common market discriminates against them but when asked to join in, British answer is no, pleading commonwealth ties and preference arrangements.

Spaak then summarized basic problem in terms very similar to Secretary's earlier analysis. He put particular emphasis that Germans must be given hope, otherwise will talk to Soviets. Indicated he feared that French, like British, are failing understand problem, although Pinay personally has been very sound. Secretary agreed, and added that cooperation among Western Ministers at Geneva Foreign Ministers meeting was best he had ever experienced.

Dulles

141. Telegram From the Secretary of State to the Department of State<sup>1</sup>*Paris, December 17, 1955—9 p.m.*

Secto 22. In discussion with Brentano Dec. 17, Secretary asked for Federal Government's views on atomic energy pool. He said he and President were hopeful that six-power project would be worked out. He said that degree of cooperation from US would be greater on basis of community approach than on basis of individual effort. Said he had made this point to Spaak earlier in day.<sup>2</sup> He pointed out strong US support for six-power community approach. He felt certain there would be disposition in both executive and legislative branches of US Government to be more favorable to six-power group than on bilateral basis. He also felt that community approach would help solve problem of controls of materials of weapon quality produced in process of producing energy. Expressed hope that Federal Government would move in this direction, noting that there is apparently some difference of opinion on this subject Germany and opposition in industrial circles.

Brentano said that Federal Government fully supported Messina program, particularly community approach to atomic energy. British opposition to community approach had created real difficulty in Germany, since it gave opponents additional arguments. He had spoken to Macmillan about this and said matter would be discussed in WEU. He was personally convinced that some institution, not necessarily supranational in character, was needed to deal with atomic energy problem and was convinced that OEEC could not provide necessary basis. He also said that he did not think OEEC could provide closer integration among six nations. He asked whether US could not indicate its support for six-nation approach and fact that it did not support other programs. Secretary said that he doubted whether US could go that far. While it could not exert pressure, it could use its influence. He informed Brentano of line he had taken in his press conference<sup>3</sup> and said matter would probably be discussed with Eden when he visited Washington since President very much interested. He had already discussed it with Macmillan.

**Dulles**

<sup>1</sup>Source: Department of State, Central Files, 840.1901/12–1755. Secret. Repeated for information to Bonn, London, Brussels, The Hague, Rome, and Luxembourg.

<sup>2</sup>See Secto 19, *supra*.

<sup>3</sup>A transcript of Dulles' press conference of December 17, marked "not for attribution," is in Department of State, RA Files: Lot 58 D 374, General—Economic Integration.



## 142. Minutes of the 34th Meeting of the Council on Foreign Economic Policy, Washington, December 20, 1955<sup>1</sup>

### ATTENDANCE

Messrs. Hoover, Prochnow, Dixon, Morse, Pendleton, Rockefeller, Rock, Thorp, Hauge, Burns, Mikesell, Anderson, Johnson, Brundage, Hutchinson, Hollister, Charrette, Humphrey, Burgess, Rose, Kendall, McCaskill, Hahman, McClellan, Dodge, Rand, Cullen

Draft Minutes of the 33rd Meeting, December 6, 1955 were approved.

### AGENDA SUBJECTS

CFEP 520—U.S. Policy Toward the European Coal and Steel Community.

1. The Chairman briefed the Council on the report prepared by the Department of State at the request of the Council concerning the activities of the European Coal Community in eliminating restrictive business practices, which was distributed as CFEP 520/5<sup>2</sup> on November 15, 1955. This report and a subsequent CFEP staff study, CFEP 520/6<sup>2</sup> distributed on December 13, 1955, concluded that the Coal and Steel Community is exercising the maximum influence practicable against restrictive practices in the light of the circumstances and the difficulties which confront it. The basis for this conclusion is:

a. The significant anti-cartel actions already taken.

b. The recently announced plan to break up into three independent sales organizations the "GEORG" coal cartel which controls the sale and allocation of all Ruhr coal.

c. The issuance by the Coal and Steel Community of a directive prohibiting the purchases of steel scrap in the United States through exclusive U.S. agents, thus opening the Community market to all interested U.S. scrap dealers.

d. The successful progressive elimination of other obstacles to trade within the common market; such as internal tariffs, quotas, and discriminatory freight rates.

e. The difficulties encountered in antitrust enforcement against a long tradition of restrictive practices in Europe and the resistance of labor which is fearful of the effect of anti-cartel action on employment.

2. The report states that the Coal and Steel Community did not consider it feasible to administer the U.S. loan of \$100 million as a means of eliminating restrictive practices. The loan was largely limited by its terms to coal companies which were engaged in practices

<sup>1</sup>Source: Eisenhower Library, CFEP Records. Confidential. Drafted by Cullen.

<sup>2</sup>Not printed. (Department of State, E-CFEP Files: Lot 61 D 282A, CFEP 520)

similar to the "GEORG" cartel. The Community decided that no action should be taken against these companies until a decision had been reached with respect to the dissolution of "GEORG". To have withheld loans from these companies would have eliminated the largest number of prospective borrowers and thereby frustrated the purpose of the loan.

3. The Council noted the report of the Department of State and agreed that:

a. The State Department's present policy of consultation with and representations to the High Authority with regard to elimination of restrictive practices should be continued and intensified where opportune.

b. Government agencies should be advised that the State Department welcomes suggestions for approaches to the High Authority which could result in more effective action against restrictive practices.

[Here follows discussion of matters unrelated to the ECSC.]

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**143. Memorandum of a Conversation, Department of State,  
Washington, December 21, 1955<sup>1</sup>**

SUBJECT

European Integration: The Common Market

PARTICIPANTS

ITR—Mr. Frank

RA—Mr. Barnett

BP—Mr. Winter

TAD—Mr. Weiss

TAD—Mr. Blake

Mr. Couillard, Counselor, Canadian Embassy

Mr. Couillard indicated that the purpose of his visit was to learn the United States views regarding the proposal of the six European countries for the establishment of a common market. He was not coming on instructions of his government, but he had seen reports in the press indicating U.S. "support" for European integration and he wondered what the extent of that "support" might be. Mr. Couillard went on to point out that the Canadian Government had not taken any formal position on the possible establishment of a common

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<sup>1</sup>Source: Department of State, Central Files, 840.00/12-2155. Confidential. Drafted on January 4, 1956, by James J. Blake of the Trade Agreements and Treaties Division, Office of International Trade and Resources.

market by France, the Federal Republic of Germany, Belgium, Luxembourg, and Italy. However, Mr. Pearson, Canadian Minister of External Affairs, had indicated last week at the NATO meeting Canadian sympathy with the objectives of the six continental governments insofar as they would contribute to European political stability. He had also expressed, however, the traditional Canadian doubts based on commercial and political considerations regarding the possibility of European integration actually taking place. Mr. Couillard recalled the Canadian misgivings regarding preferential trading arrangements and indicated that while Canada would welcome a rapprochement between France and Germany, its initial reaction to the suggestion for the establishment of a European common market was that the project could prove to be more of a divisive force in Europe rather than source of unity, particularly in NATO and the OEEC.

Mr. Frank asked why the Canadians thought this might be the case. Mr. Couillard replied that Canada would welcome European economic integration if it could be achieved overnight. However, the practical problems associated with achieving it and the long delay envisaged for their solution could only result in an increase in the frictions and difficulties between the six governments concerned, and between those six and the countries outside the integration movement.

Mr. Frank stated that the United States shared the concern of Canada regarding preferential arrangements in international trade, and the level of the common tariff of the six countries, of course, would be of very great interest to this government. The United States also shared the British interest in preserving and increasing the progress made by such institutions as the OEEC in the removal of quantitative restrictions on trade. Moreover, its general commercial policy continued to be based on a belief in the benefit of the multi-lateral as against the regional approach to international trade problems. On the other hand, he saw no reason at this time to be concerned over the common market tariff or arrangements by the six countries with respect to quantitative restrictions on trade. No concrete proposals had been formulated regarding either problem. Consequently, there was really no evidence as yet that the objectives of the six countries and those of the OEEC were fundamentally incompatible.

Mr. Barnett noted that European integration was an objective which the United States wished to support in view of the contribution it might make to a solution of the Franco-German political problem which had been aggravated by the outcome of the recent Geneva Conference. Furthermore, supranational institutions would be the surest way of associating Germany with Western Europe. In this U.S. approach other problems including the admittedly serious commercial

ones which might arise as a result of the development of the common market, were necessarily subordinate. Mr. Barnett went on to point out that the United States in favoring integration by the six countries was not at this stage making any judgment regarding the means that had been outlined, for example in the working group report on the common market, for its achievement. The six governments directly concerned had not yet developed concrete plans for the integration of their economies. Until they did the United States would maintain its support of European integration as a highly desirable objective while at the same time reserving its right to judge on their merits any specific means suggested for the attainment of that objective. In the consideration of any approaches that may eventually be formulated by the six governments, he felt sure the United States would view with very considerable concern the possible development of a protectionist bloc in Europe.

There was some discussion at this point in the light of the GATT experience of some possible safeguards against the development of excessive protectionism in regional groupings.

Mr. Couillard stated that one problem the Canadians had with the integration concept was the notion that it would "tie" Germany to the West. In the Canadian view, the effect of integration might well be to make Germany the dominant power in any group of countries forming a common market. He personally believed that concern on this point underlay the French reluctance to embark on European integration projects. In concluding, Mr. Couillard asked whether it would be correct to summarize the U.S. position on European integration as follows: (1) the United States generally supports a closer integration of Europe in view of the political advantages that might result therefrom; (2) the United States would look at any specific proposals for a common market in terms of the contribution which they would make to the achievement of European integration; and (3) in reaching a judgment on any such approach the United States would be influenced by the international economic obligations of the countries desiring to integrate their economies. Mr. Frank and Mr. Barnett agreed that this was a fair statement of the U.S. position on the matter at this time. Mr. Couillard thanked them for their assistance in making clear the United States thinking on the subject.

#### 144. Telegram From the Ambassador in the Netherlands (Matthews) to the Department of State<sup>1</sup>

*The Hague, December 21, 1955—7 p.m.*

915. With reference to my telegram 914, December 21,<sup>2</sup> I had lunch with another high Foreign Office official today. He also stressed Dutch pessimism over Paris WEU meeting<sup>3</sup> and future of European integration. (Though he was quite pleased with outcome of NATO meeting, especially agreement that standing group should furnish military priorities.) He said that in his personal view it had been tactical mistake for Beyen and Spaak to go after Macmillan so hard in public meeting with "four other Ministers and some 80 experts in room," especially since Dutch should have known they would get no public support from Germans, French or Italians. Only sensible tactics, he said, would have been strong private talks with Macmillan.

My informant is, however, as bitter as all other Dutch over "tragic blunder" of British and tactless form of their approach in opposing common market with implication that support of Brussels meant opposition to OEEC. Fact that British Ambassador here had merely sent his counselor to see lower official in Foreign Office as sort of routine approach on matter of secondary importance rather than talking to Beyen him, added fuel to flames of Dutch resentment. Latter was high since Beyen, following his hopeful assurances from Butler (my telegram 888 December 14<sup>4</sup>) had told Dutch Parliamentary skeptics they need have no fears of British coolness, only to return to Foreign Office to find British *démarche* had been made that very morning. Also he said Dutch feel strongly they have been

<sup>1</sup>Department of State, Central Files, 840.00/12-2155. Secret. Repeated for information to London, Paris, Bonn, and Brussels.

<sup>2</sup>In telegram 914, Ambassador H. Freeman Matthews reported on a conversation he had with Henri Fredrick Eschauzier, Director General for Political Affairs in the Dutch Foreign Office. Matthews noted that "Eschauzier showed himself skeptical of US willingness to give classified information to six-nation group including France to same degree as on bilateral basis. He also expressed hope US-Netherlands negotiations would not be given moratorium treatment because of EURATOM project. Eschauzier said that in his opinion public statements US support for European integration likely to do more harm than good particularly in France and that it would be preferable for US make its views known through diplomatic rather than public channels." (*Ibid.*)

<sup>3</sup>Reference is to a meeting of the Ministerial Council of the WEU, which opened on December 15.

<sup>4</sup>In telegram 888, Matthews reported that he gathered from conversations with high Dutch Foreign Office officials that there was "keen disappointment as well as surprise here over British attitude toward Euratom, Common Market and European integration in general." He noted that in a recent visit to the Netherlands, R.A. Butler, British Chancellor of the Exchequer, told the Dutch that the United Kingdom was studying the integration question with an open and sympathetic mind. (Department of State, Central Files, 840.00/12-1455)

among staunchest supporters of OEEC and multilateral approach and resent implication that their support of Brussels group and common market is attempt to undermine OEEC. Their greatest fear, however, is effect of British moves on Germany and France "which may well spell end of all hope of progress toward integration."

As to US attitude, he is well aware of our support, but as is Eschauzier (see last sentence my telegram 914, December 21<sup>5</sup>), he is worried lest public statements of support may mean we are departing from wise policy of past year of letting Europeans work out their own plans. If impression gets abroad that common market is something we are forcing down European throats, it will do more harm than good he said. He mentioned in this connection Secretary's talks with Jean Monnet.<sup>6</sup> He thoroughly approved of talk but thought publicity attending it was definitely harmful, especially as Monnet (whom he greatly admires), "is such a controversial figure both inside and outside of France."

Matthews

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<sup>5</sup>See the last sentence in footnote 2 above.

<sup>6</sup>See Document 138.

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145. Letter From the Special Assistant to the Ambassador in France (Robinson) to the Assistant Secretary of State for Policy Planning (Bowie)<sup>1</sup>

*Paris, 27 December 1955.*

DEAR MR. BOWIE: It seems that the march of events since the atomic meeting in Geneva is forcing the U.S. into making basic atomic policy decisions which may be drastically different from those under which we have hitherto been operating. At the time that Mr. Acheson was Secretary,<sup>2</sup> it was departmental working policy that atomic energy coin should only be paid out in cases of atomic energy benefit, the corollary being that the U.S. ought never to attempt to

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<sup>1</sup>Source: Department of State, Central Files, 840.1901/12-2755. Top Secret. In a letter of December 23 to Assistant Secretary Merchant, Theodore C. Achilles, Minister at the Embassy in Paris, indicated that he was in general agreement with the views presented in this letter. "I would hate to see us go up another EDC garden path. Merely doing so would be bad enough, but it would be far worse if it involved detriment to our basic interests in the atomic field. I do not know enough about the subject to know whether it would or not, but we should certainly take an awful close look." (*Ibid.*, 840.1901/12-2355)

<sup>2</sup>Dean Acheson was Secretary of State from 1949 to 1953.

use the atom in any way to foster or force non-atomic political results. I believe now that this policy should be seriously rescrutinized, for it is clear that the U.S. possesses at this moment a political weapon in atomic energy, the value of which is currently at its maximum. It is too soon to prophesy how quickly this coin will deteriorate in value, but it is quite certain that if it is to be used as a basis for solving certain problems immediately facing us, the basic decisions will surely have to be taken very quickly. It goes without saying that in seeking what might be called extra curricular political benefits by such means that we must be extremely careful to safeguard basic U.S. interests in the atomic field itself.

As I told you last Saturday, it seems clear that the present "atoms for peace" plan, great and helpful as it is, is not well designed to answer the atomic needs of Western Europe. Since I have been back from the U.S. for several months, I cannot hope to include in this letter suggestions on the problems now being raised which would in all cases be practical solutions to the internal problems which these same questions raise at home. It is necessary to content oneself then with presenting suggestions which could help to satisfy the purely European needs and leave to you the evaluation of such suggestions and the manner in which they must be handled with our colleagues in the Department and the Commission.

As a result of the President's Penn State speech, it is clear that the U.S. has promised atomic power aid to the world as a whole, in some undefined manner.<sup>3</sup> The question arises therefore as to what form this aid should take in Western Europe and whether or not this aid should be a mere donation or whether we should not in fact extract non-atomic political benefits to the U.S. as a price for its transfer. I am strongly of the opinion that aid in the power field should be transferred only at a price, and would now like to discuss the political problems and decisions which such a policy would entail.

The first point which emerges of course is the fact that whatever policy is chosen must of necessity solve the security problem raised by the production of plutonium or uranium 233 in foreign power reactors. We must be realistic about this point; it is clear that a fifth country, namely France, will be in possession of substantial plutonium stocks very shortly. In point of fact such stocks will begin to accrue to France in quantity sufficient for weapons manufacture during the year 1957; her first production reactor will go into operation *next week*. If we do not, in the immediate future, come to some understanding with France regarding the disposition of this plutoni-

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<sup>3</sup>For text of Eisenhower's commencement address at Pennsylvania State University, delivered on June 11, 1955, see *Public Papers of the Presidents of the United States: Dwight D. Eisenhower, 1955* (Washington, 1956).

um for peacetime uses, we may assuredly expect that the French military and rightist groups will demand access to at least part of these stocks for weapons use.

Furthermore, in spite of the WEU accords, the presence of atomic weapons in the hands of France is bound to raise problems vis-à-vis the Germans which would result in placing great if not fatal strains on the present tenuous relationship. We therefore came face to face immediately with the basic problem, that is the Franco-German relationship. But before discussing this point in further detail I should like to interrupt the train of thought in order to discuss a more general problem first.

As you know, in feeling around over the past six months to find a solution to some of these problems, the U.S. has embarked simultaneously on two parallel courses of action. It seems that the time has now come when we should examine these courses in order to fit them together as part of a whole, and in an effort to see what the U.S. itself can gain. These courses of action have been (a) attempts at forming an international atomic agency, (b) an interim solution aimed primarily at saving time, which has led us along the path of the various bilateral agreements. It would seem that the first of these had become so important a part of our policy that it could not be abandoned at this point. This is perhaps just as well, inasmuch as the Agency is worldwide in its action and thus will have reasons for its existence independent of any auxiliary action which we may think necessary in Europe or elsewhere. We must be continuously aware of the fact that differences in technical capabilities between countries and areas could well impose upon us the necessity of several types of atomic action, with such action probably varying from area to area. We cannot expect that a solution valid in Asia or even in South America will be valid in Europe. I believe that the Agency will be of most use to the underdeveloped countries of the world and should be so designed. This is of course equivalent to saying that the Agency cannot be expected to have access to classified material.

As I would see the Agency, it should be a place where the major powers can pool knowledge through the uses of libraries and training centers, pool a certain amount of fissionable material which would become available to anyone needing it, and above all provide a place of ownership or of redistribution for the plutonium or other fissionable materials produced in reactors coming under its jurisdiction. This will of course involve a decision on the part of the U.S. Government not to demand for itself plutonium produced from fertile materials furnished by American sources. In fact the international distribution of the plutonium burden, which in time is bound to become a world problem anyhow, is in itself sufficient reason for continuing with our present Agency plans.



Since any such agency which includes the Russians will undoubtedly be in for a good deal of rough sailing, it seems clear that we must have other strings to our bow; one way of accomplishing this is to maintain the right to enter into agreements with countries or groups of countries when it is to our advantage to do so and whatever the position of the Agency on the matter might be.

The problem in Europe is really not whether we should enter into multilateral agreements as such, but rather a question as to what sort of multilateral agreements will yield the greatest benefits to the United States. There are in existence three multinational groups which would be available for such political purposes. First, NATO itself; second a grouping under the OEEC and third, the approach through the Community of Six. I believe that whatever approach we use could and should be designed to tighten the already existing bonds between ourselves and the European area. It is for this reason that I have suggested in the first part of this letter that we embark on a policy of using the atom for political purposes.

It is clear from well understood lines of reasoning that a powerful pro-American European economic unit is very desirable from the American point of view; it seems equally clear as a result of the EDC failure that one must look to the United States to provide some additional bonding incentive which will insure the holding together of such a European unit. It appears that atomic energy might well be such an incentive, not so much because of the immediate economic benefits, which will start out by being small, but rather because the emotionalism surrounding atomic energy at the moment might serve as an answer to the negative emotionalism left as an aftermath of the EDC. On the other hand, while we would hope that Euratom would pass the a six-parliament test, we cannot ignore the danger that it might not. It does not seem possible that the U.S. would ever wish to provide an international agency consisting of 80 some odd nations, with classified information or with some of the other more attractive bits of atomic trading material such as substantial amounts of enriched material, but it does not seem entirely impossible that a basic decision could be made to provide such things to selected countries or to selected groups of countries.

I do not wish to appear to recommend at this time just how the particular group forming such a unit should be selected. It would seem desirable to build around the group of NATO powers as such as well as to help certain of the neutral countries such as Sweden, Switzerland and Austria. The extent to which Euratom will in fact have supranational powers is itself going to be extremely controversial and this point may be expected to raise opposition from certain groups.

Since the Coal and Steel Community has already given us the concept of the Community of Six, however, and since any effort to enlarge this grouping and still achieve supranationality would lead to enormous difficulties, I believe it worthwhile analyzing in some detail the practical problems which would face us and the benefits which would accrue to us if we were temporarily to consider some special action with regard to the Community countries by themselves. This is not really equivalent to abandoning the more desirable NATO grouping inasmuch as the Monnet resolution<sup>4</sup> makes provision for the adherence of additional members; furthermore, starting with the Community has the great advantage of encompassing the Franco-German problem from the beginning.

In other words, while I believe a larger grouping would be highly desirable, from a practical point of view if we only secure the continued adherence of Germany to the Western world, I believe we will have accomplished a very great deal indeed. I need only point out to you the enormous power left in the hands of the Soviets vis-à-vis Germany, first by the occupation of East Germany and second by Russian control over the Oder-Neisse line. The time is going to come when the United States and Europe combined are going to have to exercise the greatest possible attraction to enable the Germans to overcome Soviet blandishments stemming from these two Soviet trump cards.

As you know from your conversations with Monnet, he is currently planning a meeting of his International Committee for January 17 and 18, at which time he hopes to have the Committee accept the resolution which you have seen. The last paragraph of this resolution recommends to the parliaments of the six countries that a treaty embodying the point set forth in the resolution be submitted to the parliaments by April 30, 1956. Monnet seems very hopeful that the Committee will act to pass the resolution and that the resulting political effect in Europe will be very great. It seems highly unlikely that the April 30 deadline will be met, but in any event any part we play in this maneuver must be worked out and played in the time between the passing of the resolution and the subsequent parliamentary action.

I would like to draw your attention to the fact that the Monnet resolution goes far beyond the conclusions of the original Brussels report in at least three ways. First, the resolution clearly is designed to bind Euratom toward working in the field of peaceful atomic uses

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<sup>4</sup>Reference is to a resolution drafted by Monnet and intended for submission to the parliaments of the six ECSC countries for guiding action to the respective Foreign Ministers on the question of European atomic energy integration. The text of the Monnet resolution was transmitted to the Department in telegram 3225 from Paris, January 17. (Department of State, Central Files, 840.1901/1-1756)

only. This point, while inherent in the original Brussels report, is in no place so clearly spelled out. Second, the resolution definitely puts Euratom under the Coal and Steel Community Assembly and thus much more clearly emphasizes the supranational aspect of Euratom. Third, the resolution binds the committee to work definitely for a common European market, at least in the field of atomic energy. The original report, while recommending this same attack, seems not to be quite so forceful. Furthermore we must always keep in mind that the Brussels report only suggests that 15% of the various national atomic budgets be turned over to Euratom. It seems clear, therefore, that publication of the Monnet resolution will force into the open a good deal of opposition which may, at the moment, be in hiding. We are clearly going to be in a much better position to assess the practical possibilities of Euratom after the resolution has appeared.

Monnet has pressed me in the strongest possible terms to ask the Department not to conclude any further power reactor agreements during the coming spring months. He is particularly anxious that the U.S. not enter into an agreement with France at this point, nor with Germany. I have pointed out to him that the German Cabinet has decided in the last few weeks to approach the American Government for a bilateral agreement on research reactors and have told him two things. First, the U.S., because of the President's own statements, could not refuse a research bilateral to Germany at this time should the latter actually request it, and second, that I would be very much afraid of the effect on French public opinion if a research bilateral were signed in the near future with Germany and not with France. I have told him that the French Government has refused, as of this moment, to request from us a normal research bilateral, in spite of the fact that they could certainly use the material thus provided for a part of their contemplated program. Monnet sees the point of this and will discuss the problem with Armand within the next few days in order to see whether it would not be possible to get France also to apply for a research bilateral.

In the original draft of this letter I had suggested that the Department put off initiating a research bilateral with Germany until after January 17 because of the effect here in Paris and the possible effect on the French members of Monnet's Committee. Events have, however, moved too quickly and the press has already carried notices concerning the forthcoming U.S.-German negotiations. The crypto-Communists daily *Libération* on December 23 headlined its report "German-American Blackmail puts French Atomic Industry in Peril." The whole article will be found in Embassy Despatch 1236<sup>5</sup> for your further consideration.

<sup>5</sup>Dated December 27, not printed. (*Ibid.*, 641.62A97/12-2755)

Monnet is of course fully cognizant of the many difficulties ahead in his attempts to have Euratom formed. He analyzes the difficulties as first, those due to the German industrialists, of which we are all so very aware; second, those due to the "French technicians" including the military who desire to maintain uranium ore accruing to France from the metropolitan area or from the colonies, for a French weapons endeavor. (It is thus clear that there are powerful persons in France who will be opposed to the Euratom project and this is one indication as to who, in addition to the opponents of supranationality, will be in opposition and of the point around which they will be rallying.)

Monnet's third listed difficulty in the way of Euratom's formation is the American and British bilateral with Belgium, and this point is one on which we must reach a policy decision in the near future. Monnet believes it will be impossible to form a group in which one member of the Community will have access to information or material which other members of the Community do not possess. I believe that this is a valid point. According to Monnet, Spaak has promised him that Belgium will be willing to release this restricted information to Euratom if the latter be founded and if the U.S. will agree. If this should be true, (and I believe that the U.S. should check this point privately with Spaak) the first decision which we have to make is whether the U.S. is ready and able to extend a most favored national clause to the restricted atomic data in Belgium's possession, at least insofar as the other members of the Community are concerned. Our relations with Belgium in the field are of course fundamental.

I agree with Mr. Monnet in that I do not believe that Euratom can be founded unless we are in a position to answer this question substantially in the affirmative.

In my discussions with Monnet, I have pointed out that there seemed to me to be other difficulties which will have to be surmounted in the attempt to form Euratom. The first of these he also agrees will be a serious additional obstacle. This is the question which would arise if one of the other NATO powers, let us say Norway or Denmark, should ask to join Euratom subsequent to its formation. One of the main reasons, at least from the European viewpoint, for the formation of Euratom is that such action would set a European unit on the path toward becoming eventually independent of the U.S., at least so far as atomic power is concerned. One of the most jealously guarded prerogative of this independence would be the right to accept other free countries into Euratom without an American veto. We thus have the most favored nation dilemma again in a second and more difficult form. Would the U.S. agree to allow other countries in Western Europe to adhere to Euratom if

such new countries would agree to the necessary security provisions which would already have been set up and agreed to by us? To me this seem a much more difficult question to answer affirmatively than the first and I can only recommend that when the study is made of the first question, that some attempt also be made to find a satisfactory formula for the second. If we use the NATO formula in the sense that we would consent to the adherence of other nations of the NATO group without further question on our part, then we will still not have provided for the three neutrals, Sweden, Switzerland and Austria. It may well be that this is one of the prices of being neutral; at any rate I have not been able to think the problem through in any way as to yield a solution which would not at the same time raise most difficult problems requiring special Congressional action.

If the Monnet resolution is passed in its present form, and is eventually accepted by the several parliaments (and this is a very big if indeed), it would mean that the powers entering Euratom would have renounced, as a unit, the right to manufacture atomic weapons. It is Monnet's intention, although it is not spelled out in his resolution (and again many ifs are involved), the French plutonium would be part of the assets which France would bring to the new organization. The U.S. then would have transplanted to Euratom the problems inherent in French, or for that matter, European possession of weapons and the problem of the disposition of the plutonium or uranium 233 produced in the continental power program. Since this area will in time be undoubtedly the greatest source of such materials, effective control is essential. The extent to which Euratom would be in a position to exercise control remains to be seen, but it is hard to conceive of the U.S. being in a position to do so indefinitely by itself. The decision as to which type of control (U.S. or Euratom) should be tried is a basic one for the United States. While we will have to offer encouragement at all stages, we cannot very well take the decision until the Euratom treaty is finalized, and, remembering the fate of the EDC, it should certainly not take effect unless and until the Euratom treaty does.

I would like to add one further note at this point. The simplest solution for the U.S. in this dilemma, and one which I am sure will be discussed at home, is the possibility of declassifying reactor power data in order to get around the complications inherent in the transfer of such data to other countries. I cannot emphasize strongly enough that such action would appear to be a very grave mistake on our part. In the first place we are always going to be faced with a demand for something which is hidden behind our security screen or which the European countries suspect is hidden there. The problem therefore is one which will always be with us and one which it is far

better to face squarely from the very beginning. Furthermore, if we consent only to the transfer of nonclassified data, we have doomed Euratom to extinction before it starts, for the real binding power in the organization, at least in the beginning, is going to be the right to receive something which no other country or group of countries can get, that is, information which is classified. The act of declassifying, therefore, seems to me to destroy any hope of finding a strong enough cement with which to get the organization started.

A further matter which must be kept in mind is the problem which is now under consideration by the Commission as a result of a British *démarche* to Gerry Smith. What is the U.S. attitude toward the building of a U-235 enrichment plant in Europe? The French claim to have spent \$1,000,000 on research towards such a plant already. It has not been possible for us to check how far they might have succeeded but I am under the impression that progress has not been too satisfactory and the Brussels report intimates that design information for such a plant would be expected of us. Dr. Kenneth Davis, AEC Director of Reactor Development, appears to feel that such a path may well turn out to be uneconomical for the future. I believe that in return for assurances on our part of the availability of a satisfactory amount of enriched material over the next five year period the Europeans might be convinced that the construction of such a plant could be put off for that period, provided we promised to discuss the matter with them again before the end of the period. By some such maneuver we could hope to limit the transferal of restricted data to that involving reactor construction and could hope to get around the difficulty presented by restricted data in the gaseous diffusion field.

In conclusion then, what I am essentially proposing seems to be the following:

1. That the United States proceed with negotiations for an international atomic energy agency but at the same time keep a free hand so that we may use the atom as a political lever unhampered by Russian interference.

2. In return for an adequate control system to be established over fissionable material, the U.S. consider offering to a Western Europe grouping access to much of the same information which American industry already has access to. This is equivalent to saying that some restricted data in the confidential category be made available to certain multilateral groups. It is desirable in the case of Europe that this grouping contain as many countries as possible. The Community of Six grouping, however, offers certain possible advantages, such as a measure of supranationality. It would seem desirable therefore to start with this group and attempt to bring other nations into it.

3. We will also have to do what we can to moderate British opposition. Consideration might be given to offering similar information to other Commonwealth nations although I gather that their basic objection is to Euratom itself.

4. Immediately following the January 17 meeting of the Monnet Committee, announce a temporary moratorium on the further negotiation of bilateral power agreements and make clear why we are doing so. Refusal to conclude a bilateral agreement, research or otherwise, will inevitably have some adverse effect on Franco-American relations. I believe, however, that the whole problem should be considered in the broadest and deepest sense. Among the most difficult questions to be considered is whether U.S., Euratom or some other form of control will be most effective in Western Europe over the long term. This involves two factors which cannot yet be assessed with any degree of realism: (1) what power Euratom will finally have, and (2) what the chances are of its actually coming into being.

Sincerely yours,

Howard A. Robinson

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146. Memorandum of a Conversation, Washington, January 5, 1956<sup>1</sup>

SUBJECT

Euratom

During the course of a conversation with Hoover we discussed the prospect for Euratom. Mr. Hoover felt that some people were much too optimistic about the political aspects of some atomic energy joint operations. I told him that Lewis Strauss was concerned about the socialistic aspects of Euratom. Mr. Hoover said he was against centralized research and development. He referred to it as "ivory tower" work.

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<sup>1</sup>Source: Department of State, Atomic Energy Files: Lot 57 D 688, Euratom—Regional. Confidential. Drafted by Smith.

147. Memorandum From the Secretary of State to the President<sup>1</sup>

Washington, January 9, 1956.

SUBJECT

European Integration and Atomic Energy

At the NSC meeting on November 21, you spoke of the great importance that should be attached to European integration. I have been giving consideration to specific measures in our power which might encourage such European development.

I believe that only the Community of Six offers promise of opening the way to a genuine United States of Europe. There are various other institutions, different in their scope of activity, their aims, and the degree of our involvement, which contribute to European cooperation but not to supranationality. NATO and the OEEC are made up of members drawn from the entire Atlantic Community and their objective is closer cooperation. WEU provides a cooperative framework for constructive association of the United Kingdom with France, Germany, the Benelux, and Italy.

The Coal and Steel Community, however, is a proven and successful institution in European political and economic life. The six member governments are now recovering from the EDC setback and beginning, anew, to explore possibilities for expanding as a Community into new fields, with great promise that they will succeed in the field of peaceful uses of atomic energy. Even in this field, however, there is influential opposition and the Community's efforts may fail without concrete United States support.

If the six countries set up an integrated institution possessing effective central and inspection authority in the field of peaceful uses of atomic energy, control over military uses of atomic energy by these six countries would be simplified, and there would be set a precedent for similar regional arrangements elsewhere.

Success would bring the incalculable political and psychological advantage of tying Germany more firmly into a Western European community. It would confer upon the Community great technical and economic advantages.

Under these circumstances, I believe that we should prepare to take active measures to stimulate the six to come to a conclusion which offers real promise for consolidating and enlarging their integration. For us to seize this opportunity will require placing ourselves

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<sup>1</sup>Source: Department of State, Central Files, 840.1901/1-956. Secret. Drafted by Barnett and Smith; concurred in by Hoover and Merchant. On January 6, Dulles, Hoover, Merchant, and Smith met to discuss this proposed letter to the President. A memorandum of that conversation, drafted by Smith, is *ibid.*, 840.1901/1-656.



in a position to make a maximum contribution which may be required for creation of an integrated Community of Six program in the field of atomic energy. I believe we should act without delay to place ourselves in such position.

As you know, pursuant to NSC policy, we are now engaged in the early phases of bilateral negotiations with some of the six countries looking towards industrial nuclear power cooperation. Any resulting agreements should reflect in some way the possibility of U.S. approval of assignment of the bilateral agreements to the multilateral Community.

If you concur in the above conclusions, I suggest that you direct AEC and the Department of State to study on an urgent basis moves which the United States could make in the atomic energy field to encourage six-country integration, and in the meantime to take steps to assure that any bilateral negotiations with these six countries looking to cooperation in the nuclear power field will not take such form as to embarrass the larger objectives we have in mind.<sup>2</sup>

**John Foster Dulles**

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<sup>2</sup>In a memorandum to Dulles of January 11, Eisenhower replied as follows:

"I am very much in accord with your proposals on European integration and atomic energy outlined in your memorandum of January 9th, and approve the recommendations for joint action by the Atomic Energy Commission and the Department of State in the last paragraph of the memorandum." (*Ibid.*, 840.1901/1-1156)

On January 12, Eisenhower sent a nearly identical memorandum to Strauss, and also enclosed for his information a copy of Dulles' memorandum. (Eisenhower Library, Staff Secretary Records)

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**148. Memorandum From the Director of the International Cooperation Administration (Hollister) to the Secretary of State<sup>1</sup>**

*Washington, January 13, 1956.*

**SUBJECT**

Misunderstandings Concerning U.S. Assistance in Peaceful Uses of Atomic Energy

Recent dispatches from our Missions in Europe, certain reports in American papers as well as oral inquiries and representations from members of European missions in Washington indicate that your position on U.S. aid to EURATOM is not fully understood. The *Journal*

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<sup>1</sup>Source: Department of State, Central Files, 840.1901/1-1355.

of *Commerce* of December 28, page 7A for instance carries the following paragraph:

"Secretary of State Dulles told European ministers here this month the United States favors the supranational approach and is ready to help it with raw materials and technical skills. He said the United States would not extend such aid to individual governments or to an institution lacking supranational powers."

The Chief of the OEEC Washington office queried us on this with some concern. Similar questions were raised with us and with USRO by Swiss representatives.

You probably feel as I do that a delicate balancing will be needed in order to prevent the EURATOM approach and the efforts made by OEEC in the nuclear energy field from degenerating into harmful rivalries. In view of the fact that things are moving towards decisions in Paris as well as in Brussels, I feel that an opportune public statement by you would be a great help. The main point to stress, in my view, would be the fact that the U.S. atomic aid effort is equally intended for all our friends and that differences in form and scope are primarily due to the inevitable differences in the ability of aid receiving countries or organizations of countries to make effective economic use of such aid and to guard it against undesired military use.

**John B. Hollister**

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**149. Memorandum of a Conversation, Washington, January 25, 1956<sup>1</sup>**

**SUBJECT**

Atomic Energy and European Integration

**PARTICIPANTS**

The Secretary of State  
Admiral Lewis L. Strauss, Chairman Atomic Energy Commission  
Mr. Thomas Murray, Commissioner, Atomic Energy Commission  
Mr. Willard F. Libby, Commissioner, Atomic Energy Commission  
Mr. John Hall, Director, Office of International Affairs, Atomic Energy Commission  
Mr. Gerard Smith, Special Assistant for Atomic Energy Matters  
Mr. Robert Bowie, Director, Policy Planning Staff  
Mr. Livingston Merchant, Assistant Secretary

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<sup>1</sup>Source: Department of State, Central Files, 840.1901/1-2556. Confidential. Drafted by Barnett.

Mr. Joseph Palmer 2nd, EUR/PA  
Mr. Robert Barnett, EUR/RA

The Secretary thanked Admiral Strauss for coming to a meeting where the Secretary intended to review the political factors underlying the President's desire, and his own, to encourage European integration in the field of peaceful uses of atomic energy.<sup>2</sup> The Secretary said that the President firmly believed that a great contribution to world peace could be made through unification on the Continent of Europe. There was in Western Europe the potentiality for integration of skills, resources and purposes. For this integration to take place, the participation of the United Kingdom was not essential. Were Western European integration to take place, this could remove the burden of Europe from the back of the United States, draw France and Germany together, and constitute a unified pool of power to balance the USSR. The general concept was given eloquent expression by the President in the speech he made in 1951 before the English Speaking Union in London.<sup>3</sup>

The forces in Europe which support this concept created the Schuman Plan where six countries were brought together in a supranational relationship for control of coal and steel. These six countries considered the establishment of a European Defense Community, but this effort failed in September 1954. The six countries, together with the United Kingdom, created in consequence a Western European Union whose ties together are looser but whose commitments to each other involve a U.K. contribution to the defense of Western Europe. The movement towards integration is now being revived under the leadership of M. Monnet and M. Spaak. Adenauer is devoted to the principles they attempt to advance but is not deeply involved at the working level. The Italians are also interested in the movement towards integration. France has been the laggard in this general movement.

After his resignation from the position of President of the High Authority of the Coal and Steel Community, M. Monnet began to

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<sup>2</sup>In a memorandum of January 19, Merchant and Smith suggested that Dulles meet with Strauss and the other AEC commissioners to discuss U.S. policy toward European atomic energy integration. The memorandum reads in part as follows:

"We have in mind that at such a meeting, you, perhaps supported by Mr. Merchant and Mr. Bowie, would state the reasons, in broad terms, why the President and you attach importance to European integration. We would suggest that you then ask the Commission to submit by February 1 a comprehensive statement covering those actions which the U.S. could offer to the Community of Six to catalyze development of effective supranational integration in the atomic energy field. This would be a request for authoritative technical advice as to what the U.S. *could* do, without regard in the first instance to legal, economic, or other considerations." (*Ibid.*, 840.1901/1-2056)

<sup>3</sup>Reference is to a speech made by General Eisenhower, then Supreme Allied Commander in Europe, before the English-Speaking Union in London on July 3, 1951. For text of the speech, see Department of State *Bulletin*, July 30, 1951, pp. 163-165.

organize a backlog of political support for a renewal of momentum towards integration. He has obtained the support of labor and other significant segments of political influence in the six countries. He has made notable progress by gaining the support of the Socialists in Germany. In France, labor and the Socialist Party—under the leadership of M. Mollet who is apt to be the next Prime Minister—have aligned themselves with Monnet's plans. There now appears to be a real chance of getting the European integration movement off the ground.

The AEC bears responsibility for study and judgment on technical aspects of the potentialities in the field of atomic energy. Both the President and the Department of State, however, wish to give strong support to this most hopeful manifestation of interest by forces in Europe which have the capability of bringing Germany and France together, of becoming strong enough to withstand Soviet action, and engaging in programs which can catch the imagination of the West Germans and forestall a dangerous possibility of a German movement towards reunification in opposition to what might be the broad interests of the West. It is within this broad perspective that we wish to do something for European unification and encourage those forces now concerned with common development of atomic energy. If this succeeds, the community can then proceed into other fields of activity. If they fail, the integration movement is apt to fall apart with little hope that it can be reconstituted, thus presenting a very bleak outlook for the future.

The Secretary stated that he hoped that the Atomic Energy Commission could study this problem in a broad perspective and find ways to help the movement. He hoped that the commission would not think in terms of existing laws, regulations and inhibitions, but rather define in maximum terms what lay within the realm of possibility. If we chose as a Government to take certain actions which required amendment of laws, the Secretary said these laws could be amended. He believed that the Congress supported European integration perhaps more vigorously than the Executive Branch itself. This was evident in Congressional discussion of the Marshall Plan and in Congressional adoption of the Richards Amendment<sup>4</sup> which related to the European Defense Community. Thus, if a Government program could be shown to be prudent and sound and would contribute to the national interest, the Congress would doubtless amend existing legislation to make that program possible.

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<sup>4</sup>This amendment to the Mutual Security Act of 1953, introduced by Representative James P. Richards (D.-S.C.), stipulated that half of the funds provided for European military aid could be made available only to the European Defense Community or to its member countries. For text of this law, enacted on July 16, 1953, see 67 Stat. 152.

The Secretary stated the belief that the possibilities for effective control of atomic energy programs might well be greater were these programs subjected to one authority than would be the case if they were administered by separate national authorities. Integration of control would reduce the dangers of a virulent rivalry between France and Germany in connection with production and use of weapons grade nuclear materials. There would be other advantages for a group approach and our study might well show that we could give more help to a community than to countries individually.

Mr. Merchant said that it was our view that the Europeans were determined to achieve atomic energy independence with or without the help of the United States. He stated the belief that what we can offer to the Europeans is a wasting asset. He stressed the urgency of a study clarifying the potentialities. On the basis of a determination of possibilities for U.S. action, we could then decide what to do.

Admiral Strauss expressed his gratitude for having heard directly from the Secretary an expression of views on this subject. He said that the Commissioners prized this experience, and that the Secretary's observations would be of great assistance to the Atomic Energy Commission as it proceeded with its work. He said that the President's directive was under study. He reported that M. Monnet had met him in Geneva during August and had advanced views regarding European integration and atomic energy. Admiral Strauss had been quite guarded in his reactions, believing himself without authority to evaluate M. Monnet's viewpoint, and not knowing whether M. Monnet's activities reflected a desire to repair his personal fortunes or something more. Admiral Strauss said that in the course of time the Commission would have worked up a report containing its views. As looked upon by the Commission, the problem at hand would not only involve a question of diversion of material but also a safeguarding of classified information. This problem had presented itself in connection with the French proposals for a bilateral. The Commission assumed that involved in the project were as many doubtful characters from the security standpoint proportionately as were to be found in France generally. The Commission has not concluded a bilateral with the French and could not, under existing laws and practices, execute a power bilateral involving classified material because it could not certify that the French security procedures were as reliable as our own. Admiral Strauss said that the French problem in a sense defined the general problem of security presented by dealing with a group of countries since the lowest common denominator of the group might well be controlling.

Mr. Murray asked whether the views expressed by the Secretary indicated a preference for European integration in the atomic field over continued support of the International Atomic Energy Agency.

He also asked whether our purposes required holding back on atomic energy power bilaterals. The Secretary responded by distinguishing three general approaches to advancing United States' interests in this field. One was the IAEA. He believed that this Agency would come into being very slowly. The second was the bilateral approach and he assumed that these could go forward. In fact, he had specifically opposed a suggestion that bilateral negotiations be suspended. The third was U.S. support, if possible, of efforts to create an integrated European institution in the atomic energy field. The Secretary did not believe that these three approaches were mutually in conflict and should go forward simultaneously.

Admiral Strauss said that the Commission objected to any foot-dragging in the handling of bilateral negotiations.

In further elaboration of his view, the Secretary stated that if an integrated European community is to be created, the initiative must come from the Europeans themselves, and that the United States should avoid actions of coercive character. He elaborated also upon the complications surrounding the successful completion of work leading towards an International Atomic Energy Agency.

Mr. Murray stressed the problem of secrecy in this field but said that if the Government should decide to go ahead with support of a Community of Six, we could give them a great deal of support and assistance. Mr. Libby observed that the French appeared to want to produce atomic weapons. Mr. Murray said that he believed that weapons manufacturing capacity would be developing in a number of countries. To forestall this would require keeping the French out of the gaseous diffusion process. Mr. Hall observed, however, that if the purpose of European integration is to achieve atomic independence, they should have a gaseous diffusion plant but perhaps such a development was precisely what was clearly contrary to United States interests. Mr. Libby added that the Europeans could well do this without our help, but that it would be extremely expensive and, in any case, we could not help them with it on account of inhibitions of United States law. Mr. Murray said that as a practical matter we could, if policy justified it, go as far as we wanted to go in helping the Europeans expand and accelerate their programs. He expressed the personal opinion, moreover, that we should get on with power reactor construction abroad.

At this point in the discussion, the Secretary expressed his regret that he was obliged to keep an appointment with the Ambassador of

Israel<sup>5</sup> and thereafter to proceed to the White House to receive the communication from the Soviet Ambassador.<sup>6</sup>

Admiral Strauss said that he wanted to cooperate with the Department to the hilt—up to the legal limit. The Secretary said that he hoped that the Commission might exceed those limits and consider all possibilities, leaving for subsequent AEC and State determination any decision as to which of the possibilities should be selected as safe, prudent and wise for the United States. Admiral Strauss stressed the urgency of the study since there are about sixty to ninety days within which amendments to current legislation might be prepared for submission to the Congress. As he departed, the Secretary mentioned the fact that he expected to discuss atomic energy matters with Prime Minister Eden at the end of the month. He anticipated a negative attitude by the United Kingdom to developments towards integration in Europe. The British tradition, almost instinctive, is to favor European divisions rather than emergence on the Continent of greater unity and strength.

After the departure of the Secretary, Mr. Merchant offered a few additional comments. He said that we should not lose sight of the fact that the United Kingdom is for the Europeans an alternative source of material and assistance. From the United Kingdom standpoint, competitive national developments in the atomic energy field might well yield considerable commercial advantage. He also said that he was concerned over conclusion of a bilateral with Germany in advance of conclusion of a bilateral with France since this would almost inescapably generate French suspicions and undesirable tensions on the Continent. He felt that the main point of our joint study of this problem was to look for the maximum potentialities of United States assistance and cooperation without regard to legal, economic or any other limitations which might now inhibit our planning. As this was done, we could then proceed to a second stage of determining what was prudent and safe in the way of a new relationship between the United States and Europe. The third stage would require formulation and presentation of legislation, as needed, to the Congress.

Admiral Strauss expressed his view that it was desirable to go ahead with a French bilateral and reported on the fact that the French had been deeply aggrieved thus far in their failure to obtain one.

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<sup>5</sup>Abba Eban.

<sup>6</sup>Reference is to a letter from Soviet Premier Bulganin to President Eisenhower, proposing a 20-year treaty of friendship between the United States and the Soviet Union. For text, see Department of State *Bulletin*, February 6, 1956, pp. 193-195.

Mr. Bowie offered the view that a joint agency might well help us substantially in solving the kind of security problem presented by the French. A new agency starting afresh in this field could choose new staff and institute new procedures in conformity with security standards and procedures acceptable from our standpoint. This could help us in meeting our problems.

Admiral Strauss replied that this presented the fundamental problems of sovereignty, to which Mr. Merchant and Mr. Bowie replied that the Coal and Steel Community already constituted an institution in which the six countries had waived sovereignty in favor of a common authority. Mr. Merchant also went on to say that the control over personnel, inspection, materials of a common authority would make possible on a collective basis what might not be possible for individual states to do.

Mr. Libby expressed an intense interest in the supra-nationality of the Coal and Steel Community and requested further information on this subject.

Admiral Strauss said that he was surprised to learn about the supra-national character of the Coal and Steel Community, and would like to know more about it.

Mr. Murray expressed the view that the AEC was not the place where a decision should be made on the desirability of changes in the law, but would have to be governed by a Government decision made by the Department of Defense, the State Department, etc.

Mr. Smith took this occasion to elucidate the role which we hope could be performed by the Commission. He stated that the Department needed a great deal of help from the Commission on all technical aspects of process for production and utilization of atomic energy.

Mr. Libby stated flatly that the United States could not tell the Europeans how to make a gaseous diffusion plant. Mr. Merchant wondered if this might not be a premature judgment at this stage. Mr. Libby quickly replied that the British gaseous diffusion plant does not work, that he doubted the efficiency of the Russian process, and that we do effectively possess a monopoly in this sector of the whole field.

Admiral Strauss added that a gaseous diffusion plant to be efficient would produce quantities of material far beyond the foreseeable power requirements of Europe. Further, for it to be operated, it would consume enormous quantities of power. We may, however, be in a position to supply the Europeans with materials which, from a price standpoint, would be advantageous for them to obtain from us rather than to produce themselves.



Mr. Bowie reported on a conversation he had had with M. Monnet<sup>7</sup> where he argued that from an economic standpoint European erection of gaseous diffusion facilities made little sense. Notwithstanding this argumentation, M. Monnet reiterated the very strong sense of compulsion on the part of the Europeans to achieve atomic independence. Mr. Bowie expressed the belief that if European erection of gaseous diffusion facilities was undesirable, we should be prepared to meet the Europeans on better ground and the purpose of our joint study should be to define what this might be. Admiral Strauss said that the Commission was now working on this problem. Mr. Smith said that he hoped that the findings of the Commission might be coordinated with the Department prior to submission to the White House. Admiral Strauss explained that the White House directive had been acknowledged only and that future communication to the White House would be discussed with the State Department in advance.

Admiral Strauss summarized his understanding of the essence of the discussion by saying that he believed we were in agreement that the United States should help other countries develop peaceful uses of atomic energy, and that we should back developments leading to integration in Europe. He wondered, however, whether our policy with respect to atomic weapons was so clearly defined. He felt that it was important for us to spell out precisely what this attitude was or should be.

Mr. Bowie said that he felt certain that the Secretary's view was that we should discourage production in Europe of atomic weapons.

Mr. Barnett said that members of the Commission might be interested in three distinguishable trends of thought and discussion in Europe on the subject of atomic energy. Atomic energy generally had caught the imagination of Europeans. In the OEEC—an Atlantic community-wide organization mainly concerned with economic cooperation—there had been active interest in cooperative arrangements designed to accelerate the economic use of atomic energy. At Brussels, under the leadership of M. Spaak, another study was going forward where the potentialities of atomic energy for contributing to integration among the Community of Six were being examined. Both of these groups had remained silent on the question of national atomic energy programs for weapons production. The third group, headed by M. Monnet and called the Political Action Committee for European Integration, had agreed unanimously to adopt a resolution which addresses itself specifically to the weapons problem. Important political representatives from the six countries are agreed that their community should collectively deny themselves atomic weapons pro-

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<sup>7</sup>No record of this conversation has been found in Department of State files.

duction. They were also agreed as to the imperative necessity of supra-national responsibility for the administration of effective control and inspection authority. Mr. Barnett dwelled upon the procedure whereby the Coal and Steel Community's supra-national authority was created, observing that after Governments had agreed to a constitution, it was submitted for ratification to Parliaments which thus made the constitution a genuine supra-national entity. The Monnet resolution, therefore, offers prospect that in the atomic energy field an integrated authority would exist comparable to the authority of a single state in the control, financial, security and other fields.

Mr. Merchant said that from our understanding of the European situation we are led to believe that, regardless of the success of the movement towards integration, we can anticipate continuing momentum towards increasingly active and successful programs in the field of atomic energy. These were likely to go ahead regardless of what the United States chose to do.

Admiral Strauss said that so far as weapons production abroad was concerned he believed that in essence our role in this situation was to buy time within which we could determine what was in the best interests of the United States and the West, or perhaps there could be some resolution of the US-USSR deadlock.

Mr. Hall asked what the Department's thinking was on timing of the study. Mr. Merchant said that he hoped that the AEC could complete its work within about two weeks. We considered ourselves to be under some pressure since the Europeans will be asking for our views, perhaps at a time over which we could exercise no control.

Mr. Bowie said that from the standpoint of the Department the impact of our findings might be greatest if we could be in a position to volunteer them prior to an initiative on the part of the Europeans themselves. If we must rule out the possibility of assisting in the creation of a gaseous diffusion plant, we should at least have in mind the range of things that it is possible for us to do.

Admiral Strauss said once again that the Commission was currently studying the problem and would, as soon as practical, let us know what its conclusions were. He believed that two weeks was too short a time since the Commission is imminently obliged to make appearances before the Joint Committee. This was certain to be a grueling period and, though the substance of the Commission's work might be of a mere ephemeral importance than the question we have before us, he would prefer to deal with the European problem with greater concentration than would be possible now. Therefore, he suggested that we envisage completion of the AEC study sometime during February. He repeated once more the necessity of clarifying our views on the problem as quickly as possible since any changes in

the law should be submitted to the Congress well before its adjournment, which can be anticipated in advance of the summer conventions.<sup>8</sup>

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<sup>8</sup>In a letter to President Eisenhower of January 25, Strauss referred to the President's memorandum to him of January 12. "The Atomic Energy Commission has followed recent integration developments in Western Europe with great interest," he wrote, "and has today discussed with Secretary Dulles and members of his staff certain preliminary steps in order to begin work on his recommendations necessary to achieve the objectives outlined by the Secretary of State in his memorandum to you of January 9, 1956." (Eisenhower Library, Staff Secretary Records)

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## 150. Telegram From the Secretary of State to the Embassy in Belgium<sup>1</sup>

*Washington, January 26, 1956—5:36 p.m.*

854. Re Brussels 655.<sup>2</sup> For your information and guidance following represents position U.S. will take on European Integration, EURATOM and common market in forthcoming talks with Prime Minister Eden:

1. We welcome strong support UK has been giving to closer international cooperation among countries of Europe and Atlantic Community in NATO and OEEC framework. We do same.

2. But merely cooperative arrangements are not enough to meet three most serious problems in Europe:

a. Problem of tying Germany organically into Western Community so as to diminish danger that over time a resurgent German nationalism might trade neutrality for reunification with view seizing controlling position between East and West.

b. The weakness of France and need to provide positive alternative to neutralism and "defeatism" in that country.

c. The solidifying of new relationship between France and Germany which has been developing since 1950 through integration movement.

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<sup>1</sup>Source: Department of State, Central Files, 840.1901/1-2456. Secret. Drafted by Stanley M. Cleveland of RA and Barnett; approved by Barnett. Also sent to London, Paris, Bonn, The Hague, Luxembourg, and Rome; passed to USRO and the CSC Mission.

<sup>2</sup>In telegram 655, January 24, the Embassy reported that a high-ranking Belgian official working on the integration problem recently revealed that he had mixed feelings regarding Monnet's action committee. He suggested that a situation might arise in which the French might say that no parliamentary majority existed for the Common Market, only for EURATOM. (*Ibid.*)

3. Therefore we are concerned about British coolness to six-country integration. We believe this movement is important because it is best hope for solving three foregoing problems. Its success would justify some sacrifice of traditional U.S. and U.K. interests to achieve it.

4. Six-country supranational EURATOM would be a powerful means of binding Germany to West and may be most feasible means for achieving effective control over weapons-quality material. If genuinely supranational, EURATOM program would be compatible with national cooperation in OEEC.

5. United States does not attach to common market proposals same immediate security and political significance as we do to EURATOM. However we believe that a common market which results in a general reduction of international trade barriers could contribute constructively to European integration. We therefore look forward with interest to concrete six-country proposals and would welcome staff talks this subject.

Dulles

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#### 151. Editorial Note

British Prime Minister Eden arrived in the United States on January 30 for a series of meetings with United States officials over a 3-day period. During the afternoon session on January 30, Eden and Dulles spoke about European integration, with the Prime Minister expressing the view that his country was "hostile" to the Common Market and opposed to British entry into EURATOM. A memorandum of that conversation, as well as extensive documentation on the Eden visit, is scheduled for publication in a forthcoming *Foreign Relations* volume.

**152. Telegram From the Ambassador in France (Dillon) to the Department of State<sup>1</sup>**

*Paris, February 3, 1956—2 p.m.*

3467. After spending week back in Paris I feel I should raise serious warning flag over one important aspect of present EURATOM proposal. Sometime during course of past two months Monnet added new thought to original EURATOM idea, namely that no country taking part in EURATOM should have right to make atomic weapons (while this conception of Monnet's has apparently been wholeheartedly adopted by Guy Mollet, I feel that its retention in EURATOM project would create great difficulties for final ratification here in France). French already have, or are about to have, capability for manufacturing nuclear weapons and this is only respect in which their position is presently more favorable than German position.

I am convinced that French will not voluntarily renounce this right without extremely bitter Parliamentary battle in which, at this stage, proponents of maintenance of French right to manufacture nuclear weapons would seem to have advantage. Any such political fight would be bound to arouse the same type of ultra-nationalistic feeling that was successfully aroused against the EDC. Beginning of such a campaign can already be seen in public opposition of Debre and Weygand<sup>2</sup> to this aspect of Monnet proposal. I am also informed that Juin<sup>3</sup> is opposed to any such concession by France. This does not mean that there is a strong movement in France for immediate manufacture of nuclear weapons, but only that permanent renunciation of this right will arouse the bitterest of opposition.

Communists will probably, as they have already indicated, maintain their opposition to EURATOM on other grounds, i.e., opposition to all European unity schemes. Poujadists and Gaullists will undoubtedly oppose giving up the right to manufacture as being a derogation of national sovereignty. This in itself makes total of over 225 votes against such a project and I am convinced the chances are almost zero of obtaining required 300 favorable votes out of the remaining 375 members of the Assembly.

Therefore, I fear that insistence on renunciation of right to manufacture nuclear weapons may well mean the end of EURATOM as far as France is concerned.

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<sup>1</sup>Source: Department of State, Central Files, 840.1901/2-356. Secret. Repeated for information to Bonn, Rome, London, Brussels, The Hague, and Luxembourg.

<sup>2</sup>Michel Debré and Jacques Weygand were French Senators.

<sup>3</sup>Marshal Alphonse P. Juin, Commander-in-Chief of Allied Land Forces in Central Europe.

I am also convinced that French will make no definite commitment toward common market although they may well pass some sort of lip serving resolution in favor of progress toward such a goal. Therefore, chances of EURATOM are not good if Belgians and Germans intend to insist on any very definite progress toward common market as price of their support for EURATOM.

I would like to underline one specific danger for US in connection with France. It would be most serious if French should come to believe that US favored their renouncing right to manufacture atomic weapons. Such a feeling would arouse storm of anti-American protest and would ensure the defeat of any such project. If there is any chance of France permanently renouncing right to make nuclear weapons, which I believe is only extremely slight, it would certainly be ruined if it could be labelled as an American project to deprive France of military power that could otherwise be hers.

Finally I would like to warn against dangers of confusion in thinking by US public, Congress or Government between Monnet resolution and actual treaty creating EURATOM. Prospects for early French approval of former currently appear good. This would naturally be major helpful development but would not of itself necessarily mean more than did French Assembly's approval of resolution favoring EDC early in 1952. It would not mean that major difficulties may not arise in actual treaty negotiations or Parliamentary ratification processes. What situation will then be naturally cannot now be foretold but premature optimism based on approval of Monnet resolution by French and other Parliaments might well produce dangerous let down later.<sup>4</sup>

**Dillon**

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<sup>4</sup>In a letter to Secretary Dulles, also of February 3, Ambassador Dillon briefly repeated the views expressed in telegram 3467 and recommended that the Secretary find the time to read that telegram in full. (Department of State, Central Files, 840.1901/2-356)

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**153. Telegram From the Ambassador in Italy (Luce) to the Department of State<sup>1</sup>**

*Rome, February 4, 1956—6 p.m.*

2626. In a conversation with Monnet at Ambassador Dillon's last night he spoke at great length of the problems facing the creation of

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<sup>1</sup>Source: Department of State, Central Files, 840.1901/2-456. Confidential.

EURATOM. He said that the USA, while it should use no pressure on Europeans as EURATOM must come about as the result of their own efforts and desires, could do two things to help, first and most urgent use every possible argument to persuade the British to cease obstructing EURATOM's efforts. The British still feared a united productive Europe and therefore were backing the OEEC atomic concepts which was basically contrary to EURATOM's effort to integrate Europe and bring about the Common Market. He believed that French political elements would not in the end reject the plan as they had EDC. Second, the USA could release immediately nuclear material to EURATOM when it had jelled.

Speaking of the Italian delegation at the European action committee he said Malagodi<sup>2</sup> had been most argumentative and obstructionist making unnecessarily difficult objections in behalf of Italian private enterprise. He said in his view EURATOM was the "last chance" of laying the foundation for an integrated European Community.<sup>3</sup>

Luce

<sup>2</sup>Giovanni Malagodi, a member of the European Action Committee.

<sup>3</sup>In telegram 3498 from Paris, February 6, Ambassador Dillon also reported on this talk with Monnet. His telegram reads in part as follows:

"He [Monnet] said it was most important that US tread very warily in this field. Overt support by US for EURATOM or US pressure for its adoption in any country would be felt be counter-productive. EURATOM was a purely European concept and must remain so. He particularly emphasized importance of US staying clear of argument which was bound to arise in France regarding renunciation of right to manufacture nuclear weapons. Any idea that US favored such a renunciation by France would in Monnet's view cause fatal damage to EURATOM in France. Monnet's views in this regard closely parallel my opinion expressed in Embtel 3467, except that Monnet is more optimistic than I am regarding chances of renunciation being accepted by France provided US keeps out of fight." (Department of State, Central Files, 840.1910/2-656)

#### 154. Memorandum of a Conversation, Department of State, Washington, February 10, 1956, 4 p.m.<sup>1</sup>

##### PARTICIPANTS

US  
The Secretary

CSC  
M. Mayer

<sup>1</sup>Source: Department of State, RA Files: Lot 58 D 455, Dictate. Confidential. Drafted by Sherwood. This conversation took place in Dulles' office. An unidentified person made certain minor changes in Sherwood's draft on the source text. René Mayer was in the United States for a 4-day official visit, February 6-10. Briefing papers for the Mayer visit are *ibid.*, Conference Files: Lot 62 D 181, CF 653A.

Mr. Murphy  
Mr. Merchant  
Mr. Prochnow  
Mr. Bowie  
Amb. Butterworth  
Mr. Sherwood

M. Uri  
M. Spaak

SUBJECT

Call by M. Rene Mayer, President of the High Authority of the Coal Steel Community

M. Mayer opened the conversation by expressing his thanks to the Secretary for the opportunity to visit in this country and to convey his opinions on the operations of the CSC. In particular he expressed his thanks for our efforts to avoid any prohibition of the export of scrap because otherwise the High Authority would have been forced in the past year to declare a state of scarcity in the CSC which would have ended the common market for steel. M. Mayer expressed the hope that State, Commerce, and the Steel Industry could work out an arrangement for the future which would assure the supplying of scrap to the CSC.

M. Mayer mentioned his recent conversation with M. Pineau whom he hoped to see again after the meeting of the Foreign Ministers in Brussels.<sup>2</sup> Referring to the need for progress in the creation of a common market and EURATOM, M. Mayer commented "the technical market is always possible if the political will is in favor". He noted that the Community at one time was a vision but is now behaving as an effective living being, in commerce, tariffs and coal and steel. He said that Great Britain isn't very anxious to see progress but that the High Authority does not think Europe can wait and that the standard of living needs to be raised by the operation of a common market. What is needed in Europe, M. Mayer continued, is a common policy for energy, particularly because the steel industry in Western Europe is expanding ahead of coal production. The relation of power sources including atomic power must be decided by the Governments of Europe working in common.

The Secretary said he was pleased to receive M. Mayer and said that he and the President are strong supporters of the idea of European unity as symbolized by the High Authority which M. Mayer represents. The Secretary noted that it is hard to pursue great conceptions such as the CSC in a working organization, and we are grateful that this conception is working well under the leadership of M. Monnet and M. Mayer. He said that we were happy to have

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<sup>2</sup>The Foreign Ministers of the six ECSC countries were scheduled to meet in Brussels, February 11-12, to consider an interim report by the intergovernmental committee.



helped in obtaining an EXIM bank loan for the CSC although it was true we have business interests in the United States who dislike to see us loaning at a low interest rate to competitors abroad. But this is a tribute, the Secretary continued, to the intelligent idealism of the United States. The Secretary noted that the appointment of Amb. Butterworth as our representative to the High Authority indicates the importance which we attach to the organization.

Turning to what he termed "practical matters", the Secretary took up the question of steel scrap. He said the State Department felt that a limitation on the export of scrap was not justified. He pointed out that there had not been any question of prohibition of export but that a limitation on the export of scrap had been asked for by certain interests in this country. The Secretary pointed up his interest in this question by mentioning his personal participation last year in a meeting in the Department of Commerce when it was decided to postpone restrictive action. He said that Mr. Prochnow was dealing with this problem and that more detailed discussions would take place in the next few days.

Turning to another practical matter, the Secretary commented on the British attitude toward the common market. He said it was correct to say the British are not full of enthusiasm for either EURATOM or the common market, but that probably their enthusiasm was less for the common market than for EURATOM. Concerning the common market the principal fear of the British is that the French would accept it only with high tariffs, and the British fear the same lack of result as happened with the EDC. The Secretary said that he and the President during the recent Eden visit had talked as persuasively as they could and made the British realize the vigor of our attitude on these matters. The Secretary commented that we were instructing our Embassies in CSC member countries that the Eden visit communiqué<sup>3</sup> should not be interpreted as a U.S. recession from our position on these matters.

The Secretary continued noting that we favor progress for political as well as economic reasons. There is a need to continue to find ways to draw France and Germany together in common institutions. Germany has the choice of looking east to the USSR as well as to the west. In this conflict we must be the magnet of attraction.

The Secretary asked M. Mayer if he envisaged an enlargement of the functions of the CSC—energy, for example. In any move of this sort the impetus must come from Europe but the movement will have the sympathy and support of the U.S.

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<sup>3</sup>The text of this communiqué, issued on February 1, is printed in Department of State *Bulletin*, February 13, 1956, pp. 232-234.

M. Mayer commented briefly on the achievements of the OEEC and the EPU but added the question of integration is much larger than can be encompassed in these organizations. The real debate is not between the forms of the OEEC and CSC but rather whether to integrate or not. M. Mayer added that the UK need not fear the French position concerning high tariffs because The Netherlands, Belgium and Germany would never accept it. M. Mayer said that whereas the OEEC has opened the way we now need a means of continuing in the same direction without turning back and that each step must be a real and irrevocable one.

The Secretary asked if M. Mayer thought that energy development might take place within the context of the present organization (of the CSC). M. Mayer replied that there could not be two authorities without mutual consultation and that interpenetration would be necessary.

M. Mayer said that as far as a general policy concerning energy development is concerned, he thought it would be necessary for such development to have a common over-all policy. He pointed out that as things now stand coal and oil have different policies in the CSC.

The meeting then concluded at 5:00 p.m.

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**155. Memorandum of a Conversation, Washington, February 6, 1956<sup>1</sup>**

**PARTICIPANTS**

M. Mayer  
Amb. de Murville  
Admiral Strauss  
Secretary Dulles

At dinner I sat between Mayer and the French Ambassador. There was a little desultory conversation about atomic weapons in the course of which Mayer said that he did not believe that France would ever give up for all time the right to have atomic weapons if others had them. The French Ambassador said he was fully in accord with this view.

The topic was resumed after dinner between Mayer, Admiral Strauss and myself. At that time Mayer made clear his strong belief that France would never give up atomic weapons and that if EURATOM had this as a condition, it would never be accepted by the

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<sup>1</sup>Source: Department of State, Conference Files: Lot 62 D 181, CF 653A. Secret. Drafted by Dulles. This conversation took place at the Anderson House.

French Parliament. I suggested that in connection with the UN Atomic Energy Agency there might be an agreement that "fourth countries" would not make atomic weapons for a period of time—say five years—during which an effort would be made to eliminate these weapons by agreement between the United States, the Soviet Union and the United Kingdom. I thought that France and others might well be willing during this period not to complicate the situation by introducing a new element. Mayer seemed to think that this would be acceptable.

John Foster Dulles

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156. Telegram From the Ambassador in France (Dillon) to the Department of State<sup>1</sup>

*Paris, February 7, 1956—8 p.m.*

3535. Re Deptel 2829.<sup>2</sup> When I finished briefing Pineau<sup>3</sup> on Eden-Eisenhower meeting according circular Deptel 518<sup>4</sup> I asked him whether he had any questions and he replied that he was not fully clear on US attitude toward EURATOM. I informed him of US thinking as outlined in reference telegram. Pineau said that this information on US position would be helpful to him at Brussels meeting. I told him that we were conveying this same information to all Foreign Ministers of six countries.

Pineau said he was afraid Brussels meeting would be difficult because of problems posed by the common market. He said there was no possibility that French assembly would accept at this time a treaty on common market and therefore if progress was to be made toward European integration decision would have to be made to go ahead with EURATOM alone as first step. He said that he personally was strongly in favor of European integration and of common market but that it was also necessary to take into account what was possible,

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<sup>1</sup>Source: Department of State, Central Files, 840.1901/2-756. Confidential. Repeated for information to Bonn, London, Rome, The Hague, Brussels, and Luxembourg.

<sup>2</sup>Telegram 2829, February 4, also sent to the Embassies in the other five ECSC countries, requested each Embassy to seek a convenient opportunity to inform the Foreign Minister and other senior officials of the facts underlying the U.S.-British communiqué dealing with European integration. (*Ibid.*, 840.1901/2-456) For text of the communiqué, issued at the conclusion of the Eden talks, see Department of State *Bulletin*, February 13, 1956, pp. 232-234.

<sup>3</sup>French Foreign Minister Christian Pineau.

<sup>4</sup>This circular telegram of February 4, summarized the discussions held during Eden's visit. (Department of State, Central Files, 611.41/2-456)

and common market would not be possible for France without great deal of prior negotiations, and also great deal of education in France. Pineau expressed the fear that some of those in other countries who really were not keen about EURATOM might attempt to use the common market as a method of killing EURATOM. He asked me what the US attitude was on tying EURATOM to the common market. I replied that I had received no precise instructions on this point but from what I knew of US policy I thought I could tell him that, while we strongly favored the common market as a big step toward European integration, we would much prefer the smaller step involved in the adoption of EURATOM alone to no advance at all in this field. Pineau said he considered this a realistic viewpoint and hoped it would prevail with other five countries.

Dillon

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157. **Memorandum of a Conversation, The White House, Washington, February 8, 1956, 11 a.m.**<sup>1</sup>

SUBJECT

Coal and Steel Community

PARTICIPANTS

The President

M. René Mayer, President of the High Authority for the European Coal and Steel Community

Mr. Livingston Merchant, Assistant Secretary of State for European Affairs

Ambassador W. Walton Butterworth, U.S. Representative to the European Coal and Steel Community

Dr. Gabriel Hauge, Administrative Assistant to the President

The President received M. Mayer at 11:00 today at the White House. After the usual cordial exchange of greetings M. Mayer gave a favorable and optimistic account of the functioning of the European Coal and Steel Community, emphasizing that it had increasingly the support not only of parliamentarians but of labor. Labor appeared to count on the CSC to improve the standard of living more rapidly than in fact it would be able to. M. Mayer also touched on EURATOM, explained the present status of negotiations, and expressed the hope that these negotiations would come to fruition and thus permit the six participating countries to increase their energy re-

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<sup>1</sup>Source: Department of State, Conference Files: Lot 62 D 181, CF 653A. Confidential. Drafted by Butterworth. A draft version of this memorandum is *ibid.*, Central Files, 850.33/2-1656.

sources which were needed now and would be needed even more in the future. He emphasized that the experience of the Coal and Steel Community proved that if the Europeans had the political will to unite, the way could be found to solve the related problems.

In touching on the political importance of the Community, M. Mayer pointed out that the reason these six countries could work unitedly was because the economies and the standard of living of all six countries, with the exception of southern Italy, were in about the same stage of development. However, southern Italy, which was in reality an underdeveloped area, did offer an opportunity to the industries of the Community in developing it and thus bringing into being a good new market.

The President reaffirmed his conviction as to the importance of a united Europe, indicating his belief that it would be the salvation both for Europe and the Western world. He emphasized that a united Europe consisting of 250 million-odd people, of whom at least 23 million were skilled workers, would create an industrial complex comparable to the United States, having, in fact, more skilled laborers than the U.S. He expressed his belief that such a "third force" working with the rest of the free world would change the whole complexion of present circumstances and insure peace.

In thanking M. Mayer for the friendly greetings which he had conveyed from his colleagues in the Community and from the Prime Minister and Foreign Minister of France, whom M. Mayer had indicated were committed to working for the integration of Europe, the President asked him to convey to them his friendly greetings, to reiterate his profound convictions about the importance of the unification of Europe, and to tell them that we would do whatever we could to help. He added that of course the initiative must remain with the Europeans themselves.

(M. Mayer was obviously very pleased with his reception by the President, including the fact that the President posed for photographs with him at the end of his interview.)

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**158. Memorandum of a Conversation, Department of  
Commerce, Washington, February 9, 1976, 11 a.m.<sup>1</sup>**

**SUBJECT**

U.S. Ferrous Scrap Exports to the CSC

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<sup>1</sup>Source: Department of State, RA Files: Lot 58 D 455, Dictate. Official Use Only. No drafting officer was indicated on the source text.

PARTICIPANTS

M. René Mayer, President, High Authority, CSC  
M. Pierre Uri, Director of the Economic Divn., High Authority, CSC  
M. Anthony Rollman, Director, Marketing Divn., High Authority, CSC  
M. Fernand Spaak, Special Assistant to M. Mayer  
Mr. Weeks, Secretary, U.S. Dept. of Commerce  
Mr. Frederick H. Mueller, Asst. Secty. U.S. Dept. of Commerce  
Mr. Marshall Smith, Dep. Asst. for International Affairs, U.S. Dept. of Commerce  
Mr. Horace McCoy, Deputy Administrator, BDSA  
Mr. T.V. Kalijarvi, Dep. Asst. Secty. U.S. Dept. of State  
Ambassador W. Walton Butterworth, U.S. Representative to the CSC  
Mr. G.M. Pollard, IRD, Dept. of State

M. Mayer reviewed the increase in the rate of steel production in the CSC which occurred in 1954 and throughout 1955 and the continued high production which has now reached a rate of over 55,000,000 metric tons per annum. M. Mayer observed that no abatement in the demand for steel was in sight. He observed that the high rates of production in the CSC during the last half of 1954, during 1955, and in 1956 required extensive imports of ferrous scrap, including large tonnages from the United States. M. Mayer and M. Rollman mentioned that the CSC potential demand for ferrous scrap from the U.S. had been in currently in excess of the working limitation of an average of 150,000 metric tons per month which had been established for the last half of 1955 and is in effect for the entirety of 1956. In response to an inquiry, M. Mayer and M. Rollman gave emphatic assurances that the High Authority was capable of restraining purchases of U.S. scrap for importation into the CSC so that the average of 150,000 m.t. per month would not be exceeded and that the High Authority intended to keep imports within this limitation. This limitation below demand is to be maintained because of strong demand in the U.S. and related pressures for U.S. Government action to limit exports and also as an added incentive to CSC to consumers to find substitutes for imports of scrap from the U.S.

M. Mayer twice emphasized that if imports of U.S. ferrous scrap were severely restricted, the High Authority probably would have to yield to pressure from scrap consumers and declare the existence of a scarcity of scrap. A concomitant action would be for the High Authority to place the distribution of scrap under allocation which would be administered by the governments of the member states on a national basis. Hence, a common market in scrap could not be maintained. Also, a probable result would be lessened capability to resist pressures for declaring scarcities of coal, coke and steel with consequent endangering of the effectiveness and substantive existence of the European Coal and Steel Community.

M. Mayer and M. Rollman reviewed the reasons for establishing the perequation or equalization payments to CSC consumers of imported scrap and the operation of the payment system. The levy per ton on all scrap consumed in the CSC regardless of source which provides funds for equalization payments has risen from an initial fee of approximately \$1 to around \$9 currently and is expected to go higher. Basic prices paid, plus the levy, bring the CSC consumer's current cost of U.S. scrap delivered to his plant to approximately the same as that paid by a U.S. consumer at the latter's plant, according to M. Rollman. He said scrap imported from the U.S. currently had a delivered cost (buying price in the U.S. plus transportation costs) of about \$75 per ton. This compares with about \$60 per ton for imports into the CSC from sources other than the U.S. Delivered prices for domestically collected scrap in Germany and France currently are around \$40 to \$42 per ton. (It was observed that domestic scrap brought around \$22 per ton in the United Kingdom where the price was fixed under government control.)

Secretary Weeks asked for an explanation as to the reason for No. 1 heavy melting scrap being a much larger proportion of total CSC imports of U.S. ferrous scrap than this grade of scrap represents in total scrap consumption by the U.S. steel industry. Secretary Weeks observed that it would be very helpful for the CSC to make every effort to develop sources of scrap supplies outside the U.S. and to reduce the proportion of heavy melting scrap in the total CSC scrap imports from the U.S. M. Rollman stated that a reduction in the portion of scrap imports from the U.S. taken in the form of heavy melting scrap would definitely reduce the rate of CSC steel production. When pressed for further details as to why CSC steel makers could not use a greater proportion of No. 2 bundle scrap, M. Rollman said he was not enough of a specialist in the matter to give the specific difficulties which prevented a greater use of bundles.

M. Mayer and M. Rollman referred to the CSC subsidy established in 1955 on enlarged use of pig iron in lieu of scrap in steel making. They commented also on the expansion and improvement of facilities for making pig iron, including new blast furnaces, improved performance of existing blast furnaces, improved iron ore preparation, etc.

Secretary Weeks told M. Mayer of the U.S. interest in the success of the CSC operation and in being as helpful as possible. Mr. Weeks reviewed some of the serious problems the U.S. must consider relative to the rate of consumption and export of ferrous scrap. He mentioned his responsibility for administration of the Export Control Act<sup>2</sup> and the necessity for consultations with the several government

<sup>2</sup>This law was enacted on February 26, 1949. (63 Stat. 7)

agencies and numerous interests concerned with this field. Mr. Weeks pointed out to M. Mayer that because of the complexities of the scrap problems and unpredictability of related developments, he was unable to assure that the export of any given quantity of ferrous scrap would be permitted in 1956 in total, to the CSC or to any other destination. In so far as he was able to make a considered guess, however, he said he thought it unlikely that the U.S. Government would find it necessary to take any action which would prevent the CSC from obtaining the contemplated amount of ferrous scrap from the U.S. in 1956, an average of 150,000 metric tons per month or nearly two million short tons for the year. He mentioned that his concern about scrap exports pertained less to the immediate future than to U.S. capabilities of maintaining full capacity steel production some two, three, five or more years hence if domestic consumption and exports of collected or obsolescent scrap continued at the 1955 rate or higher. It was observed that much of the new capacity to make steel in the U.S. which has been added in recent months and which is being planned for the next few years is designed to consume relatively large quantities of scrap. Electric furnaces make up much of this new U.S. capacity.

Secretary Weeks also told M. Mayer that it would not be practical to give any advance notice of a limitation on scrap exports if the U.S. Government should find it necessary to impose such restrictions.

There was general agreement that it would be advantageous to continue to develop the full exchange of information on long-range prospects for steel production and on prospective scrap requirements and availability.

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**159. Memorandum of a Conversation Between the Secretary of State and Foreign Minister Mayer, Washington, February 9, 1956, 4 p.m.<sup>1</sup>**

Mayer expressed his great appreciation of the courtesies shown him. He spoke of the Saar and of the mistakes which, in his opinion, had been made by Pinay in dealing with that situation. He felt that the result, while bad, was not fatal to German-French relations. He then spoke of the Roeschling Works and the importance of a solution there. He said that certain American investment bankers were thinking of trying to buy an interest which would be the balance of

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<sup>1</sup>Source: Department of State, Conference Files: Lot 62 D 181, CF 653A. Confidential. Drafted by Dulles on February 10.



power between the French and the Germans. He said he might be seeing them in New York and wondered if I had any views on the matter.

I said that this was a matter for "private enterprise" and that I could not see any particular reason why the United States Government should officially either persuade or dissuade the bankers from action in this matter, although we would naturally take a benevolent view toward anything which in fact helped to solve French-German differences.

Mayer then spoke of the vital importance for Franco-German relations of creating EURATOM. He said if this failed and the United States made a bilateral arrangement with the Germans, this would begin to create suspicion which would grow and would have a very disruptive force. The key to EURATOM was the unwillingness of the United States to make a bilateral with the Germans. He thought that if the Germans thought they could get a bilateral, they would prefer it to an integrated approach.

I said the United States would like to have the six-power approach, but that we could not be coercive. I said, however, that if it were apparent that the other five European countries were all ready to proceed on this basis and the only obstacle was a reluctance on the part of the German industrialists, then we might perhaps find a way to be helpful. However, until France, Italy and the Benelux countries made their own positions clear, we could not very well tell the Germans that only by going in could we deal with them. Mayer said he understood this position.

We then went over the Communiqué and made a slight revision in the sentence dealing with scrap. It was then agreed to be issued.<sup>2</sup>

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<sup>2</sup>This communiqué, issued on February 9, is printed in Department of State *Bulletin*, February 20, 1956, p. 289.

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## 160. Telegram From the Ambassador in Germany (Conant) to the Department of State<sup>1</sup>

*Bonn, February 9, 1956—8 p.m.*

2715. To Merchant from Conant. On my return have explored German reaction EURATOM and find mixed views with FonOff much more for supranational agency with real authority than other

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<sup>1</sup>Source: Department of State, Central Files, 840.1901/2-956. Confidential.

groups. Min Strauss and others very suspicious of Monnet proposal as method of controlling German atomic development. I am being erroneously quoted by some industrialists as having taken stand with German Government that no reactor should be built in Fed Rep but only in nearby states. Germans very sensitive on issue of possible discriminatory treatment as compared to other European nations and talk of control of their atomic development. On the other hand a few leading bankers and second man of Econ Ministry with whom I raised the issue of the dangers involved in producing of plutonium by national governments were quick to see political dangers and seemed sympathetic to a supranational processing plant.

If there is any consideration in Washington of a power bilateral with the French or other European nations (except Belgium with whom bilateral already completed) such negotiations would constitute a very serious hazard to good German-American relations unless parallel negotiations with FedRep were in progress even if only offer of small amount of enriched fuel material were involved. FonOff undoubtedly still hoping United States will make some very generous offer of enriched material and technical knowledge to six-nation supranational agency. But if this not likely to eventuate in near future and if power bilaterals should be in process of negotiation with other European nations feel it essential that German-US negotiations on same basis be initiated. Very important that nothing be done which would look to the Germans as if we are party to discrimination against them on atomic development even though they would admit French were further advanced technically than they were.

Would like to emphasize again concern I expressed to Secretary, Under Secretary and the President<sup>2</sup> that Germans will develop on a nationalistic basis their own atomic development in competition with the French unless some degree of European cooperation in this field is achieved. To my mind that greatest source of anxiety is that each nation will erect chemical plants for reprocessing fuel elements thereby putting production of plutonium on a national basis. Such production of plutonium would not in itself constitute manufacture of atomic weapons but would be a long and dangerous step in this direction. Therefore as a minimum of control of all six European nations a supranationally controlled chemical reprocessing plant would seem to be required. Also similar supranationally controlled enriching plant if enrichment were to proceed to a point where U-235 was produced which could be used in a weapon.

The Germans have not yet put forward a draft of their own atomic legislation and there is some danger that they may leave re-

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<sup>2</sup>Conant met with Eisenhower on January 19; a record of their conversation is in Eisenhower Library, DDE Diaries.

processing and direct production of plutonium to private plants which would result in highly dangerous situation.

In presenting above considerations would like to emphasize I am as worried about possible production plutonium in France or Belgium as about its production in Germany. What is more worrisome is the suspicion which can easily be generated in a few years that plutonium in different European nations will be produced on sufficient scale to produce a few bombs which could be used clandestinely not by European nations but by other countries in such highly explosive areas as Africa or the Middle East.<sup>3</sup>

Conant

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<sup>3</sup>In a letter to Merchant of February 10, Conant commented further about the prospects for German participation in EURATOM. His letter concluded in part that "if Germany is to support a real supranational European authority, a very large carrot in the form of what United States is offering would have to be put in front of the mouths of six donkeys. As I told you in Washington it seems to me such an offer would be thoroughly worthwhile from the point of view, (a) steps toward European integration; (b) elimination of rivalry between France and Germany in this field; (c) from the point of view of preventing *any* European nation from producing clandestinely material for atomic weapons." (Department of State, Atomic Energy Files: Lot 57 D 688, Euratom—Regional)

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161. **Memorandum From the Deputy Under Secretary of State (Murphy) to the Director of the International Cooperation Administration (Hollister)**<sup>1</sup>

*Washington, February 16, 1956.*

SUBJECT

OEEC Ministerial Meeting February 28–29

The Department welcomes the opportunity to provide you with its views on the two questions raised in your memorandum of January 31, to the Secretary.<sup>2</sup>

1. There should not necessarily be conflict between the activities of the OEEC and those of a genuinely supranational "EURATOM".

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<sup>1</sup>Source: Department of State, Central Files, 840.00/1–3156. Confidential. Drafted by Barnett; cleared with Herbert V. Prochnow, Deputy Under Secretary of State for Economic Affairs, Corbett, Merchant, Timmons, Smith, Murphy, and Robert Hill, Special Assistant to the Under Secretary of State for Mutual Security Affairs.

<sup>2</sup>In this memorandum, John B. Hollister requested guidance on two matters in connection with the upcoming Ministerial meeting of the Organization for European Economic Cooperation (OEEC): atomic energy and economic aid to undeveloped countries. (*Ibid.*)

We are not now able to judge whether France, Germany, Italy and the Benelux countries are prepared to create institutions in the field of atomic energy whose authority and responsibility would be as reliable as that of a single state. If they do, the Department of State and the Atomic Energy Commission would be prepared to go to the Congress to ask for enabling legislation which would permit treating EURATOM as well or better than we would treat individual countries.

The OEEC is a highly successful and productive agency for international economic cooperation among European countries, with the United States and Canada active associates. (In the OEEC a supranational EURATOM could participate as one unit on atomic energy matters.) Under present statute, (without an additional treaty) it is not possible for the United States to enter into bilateral atomic energy arrangements involving classified information with groupings of countries. The OEEC is a grouping of countries which by its nature would not have the capability of acting as a single state. Hence, we should plan to cooperate with it actively, but only in the unclassified field of atomic energy knowledge and activity. This is a very large field. The Department believes that in it the United States should make as large and as valuable a contribution as it can to the cooperative processes and programs of OEEC countries. The United States Government will be entering into bilateral arrangements, of various sorts, with many individual European countries, and the Department believes that a supranational EURATOM acting as one unit in OEEC work would increase, rather than diminish the fruitful exchanges on atomic energy matters between all cooperating OEEC participants.

The Department would not adopt the same attitude towards a EURATOM which merely called for the kind of cooperative relationships now existing among OEEC countries.

2. We should not stand in the way of consideration by European countries of the question of how they can play an active role in contributing to economic growth in the under-developed areas of the world. However, taking into account our previous consultations with the United Kingdom on this subject, our observation of Asian sentiment as revealed in the Simla meeting of the Colombo Plan countries, our doubts as to the propriety of a regional organization in one area discussing problems of another area not there represented, and the fact that we are not full members in the OEEC and that some influential European countries may well make points which we would otherwise wish to advance, we believe that on the subject of an OEEC role in a development program for the under-developed parts of the world we should maintain a position of reserve.

We do not see great promise for fruitful consideration of economic matters within the North Atlantic Treaty Organization as such. We regard the economic cooperation now being pursued among Atlantic Community countries, in the OEEC and elsewhere, as carrying out the intent of Article II and as enhancing effective accomplishment of the objectives of the North Atlantic Treaty Organization. In this way we can build up the non-military aspects of NATO without detracting from its military importance.

I am attaching for your information a memorandum of conversation between the Secretary and the Atomic Energy Commission dealing with the problem of atomic energy and European integration.<sup>3</sup>

Robert Murphy

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<sup>3</sup>Document 149.

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162. Memorandum of a Conversation, Department of State,  
Washington, March 1, 1956, 4:15 p.m.<sup>1</sup>

PARTICIPANTS

The Secretary  
Minister Martino  
Ambassador Brosio  
C. Burke Elbrick

Minister Martino said he did not want to take much of the Secretary's time but that there were a few matters he felt he should take up while in Washington. He handed the Secretary a memorandum expressing the Italian Government's interest in the industrial use of nuclear energy and in the establishment of a power reactor.<sup>2</sup> Martino said that President Gronchi had talked to Admiral Strauss about this during his visit and the latter had said he would make appropriate recommendations. The Italian Government had now decided it would like to commence negotiation regarding establishment of a power reactor. The Secretary said he was sure we were disposed to enter into such negotiations. He said it was our desire, in making bilateral ar-

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<sup>1</sup>Source: Department of State, Central Files, 840.1901/3-156. Confidential. Drafted by Elbrick. Foreign Minister Martino was accompanying Italian President Giovanni Gronchi, who arrived in the United States on February 27 for an official 17-day visit. On February 29, Gronchi spoke with Secretary of State Dulles and expressed the view that U.S. support was crucial for the movement toward European integration. A memorandum of that conversation, along with extensive documentation on the Gronchi visit, is scheduled for publication in a forthcoming *Foreign Relations* volume.

<sup>2</sup>Not found in Department of State files.

rangements, not to interfere in any way with the creation of EURATOM and he was glad to note that the Italian memorandum took this into account.

Martino said that Italy considers EURATOM to be an extremely important development towards which the Italian Government will continue to work, and he repeated what President Gronchi had already said in his conversations in Washington to the effect that EURATOM can only be established with the support of the United States Government. The Secretary said he was sure that EURATOM could count on help from more than one country. He pointed out that the operation of power reactors requires careful supervision and he felt that EURATOM would provide a more effective control than could be expected from individual countries. He believed that on a power basis the cost of the establishment and operation of a power reactor would be very high and that it would be better for the European countries to pursue this development collectively, rather than individually.

Martino said that when Prime Minister Eden was in Washington he understood that he and President Eisenhower had discussed European integration. He was aware that the United Kingdom opposed the common market, a matter which had just been discussed at the OEEC Ministerial meeting in Paris. He said that the Messina recommendations had a political as well as an economic goal and that the Italian Government was more interested in seeing a political unity brought about in Europe. He asked whether the Secretary could tell him what had transpired during the Eden-Eisenhower discussions. The Secretary said that the two had reached no agreement. The United States favors the establishment of a common market and the United Kingdom does not, basing its reasoning on the alleged fact that the French would insist on high tariff walls and would not participate in a common market under any other conditions. We in the United States do not expect that the common market would result in such a high tariff policy and we feel it would eventually lead to political integration. The Eden-Eisenhower conversation cannot be said to have resulted in a change of position on either side. It is difficult to estimate just how far the United Kingdom was prepared to go, but it is our definite impression that while it had adopted a neutral attitude toward EURATOM, it will continue to oppose the establishment of a common market. Martino asked whether, in the event the common market is established in the face of British opposition, the British would retire from the Western European Union. The Secretary said that he could not answer the question but he felt the British would not take any such action. In any event, he hoped the European nations involved would go forward with their plans. President Gronchi had mentioned several times his interest in moving for-

ward in this field and doing something dynamic which would stimulate the interest of the peoples of the Western countries. The best way to accomplish this, in the Secretary's opinion, was through European integration. Such a development would create a great center of political and economic power which would stir the imagination of all peoples and create a great new force in the world. A real supranational authority can accomplish great things.

Martino said that the great difficulty in bringing about this development lay in the political situation in France. Pineau had said that the French would not wish to push the idea of a common market until after EURATOM were established, since he felt it would be easier to obtain parliamentary approval of the latter. Italy, on the other hand, wants the two to go ahead in parallel, always with political integration as the ultimate goal. Recently Prime Minister Segni and Martino had talked to Adenauer on this subject and the latter had been very firm in his support, even to the point of suggesting that the five nations "go it alone" without France if necessary. While the five countries are fully determined to maintain the momentum thus far achieved, Martino felt that it would be extremely difficult to omit France from any planning for European integration. The Secretary said that if the French were convinced that the five countries might proceed without France, it might well influence them to go along.

[Here follows discussion of matters unrelated to European integration.]

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### 163. Editorial Note

In a letter to C. Dillon Glendinning, Secretary of the National Advisory Council on International Monetary and Financial Problems (NAC), dated March 19, Sidney Sherwood, Secretary of the Export-Import Bank, noted that the Bank was considering an application of August Thyssen-Huette, A.G., of Duisburg-Hamborn, Germany, for a credit of \$10 million to finance the purchase in the United States of a steel mill and electrical equipment. "The Bank," he wrote, "would appreciate being advised by the National Advisory Council as to whether it perceives any objection to consideration of this proposed credit by the Bank." (NAC Document No. 1917; Department of State, NAC Files: Lot 60 D 137, Documents)

A draft memorandum from Corbett to Prochnow of April 13, cleared with ITR, GER, and RA, offered the following recommendation:

"The Department should state the position that because of the problems raised by Thyssen's participation in the steel export cartel the granting of the loan would be contrary to general U.S. policy and that there appear to be no overriding considerations requiring that the loan be made. Attention might be called to the Dodge Council interest in and concern about the CSC steel export cartel. Further, the granting of the loan would embarrass and prejudice further approaches by the U.S. to the High Authority with respect to the steel export cartel. Finally, this loan cannot be considered in isolation for there may be requests for loans from other CSC steel producers, all of whom are participating in the steel export cartel.

"The Department would be prepared to reconsider the loan if Thyssen withdraws from the steel export cartel." (*Ibid.*, Central Files, 850.33/4-1356)

Corbett did not forward this memorandum to Prochnow, however; instead he forwarded a brief memorandum on April 19 which summarized the case for and against a loan to August Thyssen-Huette. The memorandum recommended as follows: "OFD believes all facts concerning cartel aspects should be laid on table at NAC and decision reached after hearing full discussion. It may also be desirable to consider referring to Dodge Council if strong sentiment develops favoring loan." (*Ibid.*, 850.33/4-1956)

The NAC considered the loan request at a meeting of April 20; the minutes of the meeting are printed as Document 167.

#### 164. Telegram From the Secretary of State to the Embassy in the Federal Republic of Germany<sup>1</sup>

*Washington, March 30, 1956—7:49 p.m.*

2797. Action Chiefs of Mission.

Part I.

FYI. 1. Department concerned movement for supranational atomic Community has appeared lose some steam in recent weeks, for variety of reasons, including delay completion of Spaak report

<sup>1</sup>Source: Department of State, Central Files, 840.1901/3-3056. Confidential; Limit Distribution. Drafted by Barnett; cleared with Smith, Merchant, and Strauss; approved by Dulles. Also sent to Brussels, The Hague, Paris, Luxembourg, and Rome, and repeated for information to London; passed to USRO and the CSC Mission. The position outlined in this telegram was recommended to Dulles in a memorandum of March 29 from Merchant and Smith. (*Ibid.*, 840.1901/3-2956)



and recognition of reality basic problems such as weapons production and ownership or lease as an element in effective and acceptable control program. Moreover publicity given to announcement of President's allocation of U-235,<sup>2</sup> growing European anxiety over possible implications of US bilateral program, discussion of atomic energy cooperation at OEEC Ministerial Meeting in February and negotiations for creation of International Agency have been interpreted or used in some quarters in Europe as indicating shift of focus in European atomic field away from Six-country supranational framework.

2. You are authorized approach Foreign Ministers to clarify in confidence US purposes in interim bilateral program. Extent of present negotiations outlined in Part II this telegram.<sup>3</sup> You are also authorized give assurances continued deep US interest in efforts Messina group to achieve integrated atomic community. Approach should be in following terms: End FYI.

3. Present bilateral negotiations, initiative for which coming from Europeans, are designed only to meet immediate requirements on case by case country basis and are limited to existing capabilities of individual countries.

4. It is Department-AEC view that US Government could make available substantially greater resources and adopt attitude of substantially greater liberality towards real integrated community possessing effective common responsibility and authority than would be possible for countries separately.

5. Meanwhile US hopes bilateral program will contribute European technological developments in field peaceful uses of atomic energy which would advance and not impede integrated arrangements among countries which together can achieve maximum progress and security in this field. Our hopes this regard reflected in proposed language for French bilateral (to be included any other bilaterals with the Six) which specifically envisages Atomic Energy Community as inheriting advantages and obligations of agreement with French.<sup>4</sup>

Dulles

<sup>2</sup>On February 22 President Eisenhower announced that the United States would make substantial quantities of uranium 235 available for either sale or lease under conditions prescribed by the U.S. Government. For text of the President's statement, see Department of State *Bulletin*, March 19, 1956, pp. 269-270.

<sup>3</sup>Part II of this telegram, not printed, summarizes the status of the various bilateral negotiations with the European countries concerning atomic energy agreements other than those of the standard research reactor.

<sup>4</sup>In telegram 1000 from Brussels, April 25, Ambassador Butterworth reported that in a conversation with Spaak that day the Belgian Foreign Minister was insistent that the most important contribution which the United States could make "was to convince Messina Governments, particularly Germans, they stood to gain more from multilateral community efforts than by bilateral arrangements with the United States. For this

165. Memorandum of a Conversation, Department of State,  
Washington, April 2, 1956<sup>1</sup>

PARTICIPANTS

Secretary Dulles  
Belgian Ambassador  
Mr. Carlier, Counselor of Embassy, Belgian Embassy  
Mr. Smith, S/AE

The Belgian Ambassador indicated that he had come in on instructions from Mr. Spaak to express Spaak's concern about the prejudicial impact of prospective United States bilaterals in West Europe.<sup>2</sup> He also pointed out Mr. Spaak's concern that U.S. bilaterals with other countries would shortly remove the advantageous position which Belgium now occupies by virtue of its supplies of uranium to the U.S. and the U.K. since 1944.

The Secretary pointed out that the U.S. would do anything within reason to indicate its support for an integrated European atomic energy effort. However, the U.S. was limited by the absence of any firm Euratom proposal. The Belgian Ambassador expressed the "preoccupation" which Mr. Spaak had over the prospect of a U.S.-German bilateral. The Secretary pointed out that negotiations had not yet started with the Germans for nuclear power reactor information or material and he expressed doubts that any such negotiation would be speeded up before the 6 nations had a good chance to come up with a firm joint proposal. He also pointed out that Chancellor Adenauer and Foreign Minister von Brentano were strong advocates of a community approach to atomic energy development in Europe.

The Secretary said that the U.S. already had a bilateral arrangement with Belgium and had been negotiating a long time with France for an Agreement for Cooperation. He pointed out that it would not be possible for the United States to suspend its present bilateral negotiations and he stressed the importance of speeding up the Euratom planning process. The Secretary assured Silvercruys that the U.S.

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reason he was particularly grateful for US Government message (Deptel 1133) recently conveyed him and other Messina Foreign Ministers in this regard." (Department of State, Central Files, 840.00/4-2556) The various Embassy responses to telegram 2797 to Bonn (sent to Brussels as telegram 1133) are *ibid.*, 840.00 and 840.1901.

<sup>1</sup>Source: Department of State, Secretary's Memoranda of Conversation: Lot 64 D 199. Confidential. Drafted by Smith.

<sup>2</sup>In a memorandum of March 30, Merchant informed Dulles that Baron Silvercruys, the Belgian Ambassador, had requested an interview with the Secretary as soon as possible to discuss certain aspects of EURATOM. (*Ibid.*, Central Files, 840.1901/3-3056)

would be able to cooperate more extensively and under less restrictive conditions with a 6-nation community than with any individual member of the group.

Baron Silvercruys thanked the Secretary very much for these assurances and indicated that they would go far to meet Mr. Spaak's anxiety.

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**166. Letter From the Chairman of the Atomic Energy Commission (Strauss) to the Secretary of State<sup>1</sup>**

*Washington, April 13, 1956.*

DEAR MR. SECRETARY: As recommended in your letter [memorandum] of January 9, 1956 to the President,<sup>2</sup> which was approved by him on January 12, the Atomic Energy Commission has undertaken a study of the action which the United States could take in the field of atomic energy to encourage integration of the European Community of Six.

In considering this report, the Department of State will realize that the Commission is not in a position to determine the maximum technical contribution which might ultimately be required to effectuate the creation of the Community. However, the Commission feels that the plan of assistance outlined in the attached study will offer considerable encouragement to the creation of the Community and, concerning our present limitations in plant capacity and availability of U-235 for power and research reactor programs, may be considered the maximum feasible at this time. Relative to the availability of U-235, it should be noted that the recent allocation of 20,000 kg. of U-235 for foreign use, as well as the Commission's present planning for further foreign allocations, is based on optimistic estimates of foreign power growth and requirements.

As was indicated in the Commission's conversation with you on January 25, 1956, the attached plan is forwarded as a basis for further AEC-Department of State study and discussion. It should not be construed as committing the AEC to undertake, prior to further discussions, the possible measures of assistance outlined.

The attached plan of assistance does not take into account the possible need for additional legal authority which might be required to implement the plan. In addition, any assistance offered in this

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<sup>1</sup>Source: Department of State, Central Files, 840.00/4-1356. Secret.

<sup>2</sup>Document 147.

connection would necessarily be in conformance with NSC and other applicable government policy, (e.g. NSC 5507/2.<sup>3</sup>).

Sincerely yours,

Lewis Strauss

[Attachment]

ACTION IN THE FIELD OF ATOMIC ENERGY TO ENCOURAGE  
INTEGRATION OF THE COMMUNITY OF SIX

1. By memorandum of January 12, 1956 the President directed the Atomic Energy Commission and the Department of State to study on an urgent basis moves which the United States could make in the atomic energy field to encourage the integration of the Community of Six. The Community of Six, hereinafter referred to as the "Community", would include membership of Belgium, Netherlands, Luxembourg, Italy, France, and West Germany in an integrated European Atomic Energy organization, with supranational control over the development of atomic energy in the six countries.

2. The Secretary of State has asked the AEC to consider the maximum contribution which the U.S. could make to encourage the creation of an integrated atomic energy community. Mr. Dulles has also expressed the hope that the Commission consider *all* possibilities, leaving for subsequent AEC-State Department determination any decision as to which of the possibilities should be selected as safe, prudent and wise for the United States. In accordance with the terms of reference, the plan of assistance presented here was drawn up without regard to limits set by currently applicable laws or policies.

3. It is felt that the AEC has no method of determining what contribution may ultimately be required to effectuate creation of the Community, inasmuch as the exact details of the Community's atomic energy project have not yet been finalized. The AEC, therefore, can only provide the Department of State with a broad plan of assistance for the Community, which it believes would be an incentive in the creation of an integrated European atomic energy industry. Such a plan would then be used as background for consideration by the Department of State in any negotiations with the Community.

4. It is assumed that if it is to encourage integration, the United States must be prepared to show that no individual nation could

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<sup>3</sup>NSC 5507/2, "Peaceful Uses of Atomic Energy," was approved by the President on March 12; it is scheduled for publication in a forthcoming *Foreign Relations* volume.

obtain more assistance from the United States as an individual than as a member of the Community. The United States must be prepared to extend assistance and privileges to the Community equal to or greater than that now, or in the future, to be extended to any one member of the Community under a bilateral arrangement, with the possible exception of Belgium, which has a special relation to the U.S.

5. The possible assistance that the United States Government, through the AEC, can render to encourage European integration is considered primarily within the framework of materials, information, services, and special privileges. The conclusions reached as to assistance which might be provided are predicated on possibilities within the limitations of present plant capacity and the present projections as to quantities of U-235 (see Table I below<sup>4</sup>), which may be made available for power and research reactor programs.

6. In developing the possible methods of assistance the staff has assumed that this assistance will be tendered under an appropriate agreement whereby the United States would have access to all information and data developed by the Community, the consequence of U.S. assistance rendered. The appropriate standing provisions of existing bilateral arrangements, as well as the policy of the National Security Council, will be incorporated in the proposed agreement as will such other provisions deemed necessary to protect the interests of the United States with respect to patents, security inspections, etc.

### *Materials*

7. Under the policy announced by the President on February 22, 1956, 20,000 kg. of U-235 were allocated for foreign power and research reactor programs. It was recognized that the initial allocation of material is insufficient to maintain a large-scale power production program for a long time, but is sufficient to permit the start of such a program. The Commission recognized that under optimistic conditions the total amount of allocated material would be in use by 1962 and additional amounts would have to be allocated periodically thereafter. The predicted range of yearly allocations or requirements for the free world, as estimated by the Commission, is listed in Table I, below. As the Community of Six has presently about half of the installed electrical capacity of the free world (outside the U.K., and the U.S.), it is the belief of the AEC staff that the member countries of the Community will construct well over half of the nuclear generating capacity installed (outside the U.K., and U.S.) during the next ten years. As a consequence, the U.S. could agree to allocate to the Community an initial quantity of at least 5000 kg., but not more

<sup>4</sup>Not printed.

than half of the amount presently allocated for foreign distribution. (Of course, the amounts allocated to member countries under bilateral agreements must come from the initial allocation that might otherwise be made available for the Community.) Further, we can guarantee for an agreed period, after the initial allocation has been delivered, additional quantities for yearly delivery sufficient to sustain the installed capacity resulting from the initial allocation. (This goes one step beyond the Commission's action on the 20,000 kg. and would require a new Presidential allocation.) While we cannot now specify the exact amount we are confident that these yearly quantities will be substantial. (The staff estimates that a quantity on the order of 1000-2000 kg. per year would be sufficient to maintain the nuclear generating capacity installed as a consequence of the initial allocation, and may also permit the installation of a small additional capacity.)

8. Although U-235 is the material believed to be of greatest interest to the Community of Six, heavy water may also prove useful. The United States is in a position to meet any reasonable requirements the Community might have for heavy water and could offer to supply this material. The estimated requirements of the Community would have to be determined by subsequent U.S. discussions with the Community.

9. Depleted uranium would be useful to the Community as a shielding material or as fertile material for use in breeder reactors. The U.S. has available substantial quantities of such material. Reasonable quantities could therefore be made available to the Community. The only limitation to such action is the present classification problem. This matter is presently under study by the AEC staff and recommendation for action will be made to the Commission.

10. Quantities of highly enriched U-235, plutonium, and U-233 would be extremely useful to the Community in many research and development programs. Agreed quantities of such materials should be transferred to the Community under appropriate arrangements.

11. It is not expected that the Community will be short of natural uranium. Both Belgium and metropolitan France have a source of natural uranium. In view of these sources, and in view of the rather substantial quantities of U-235 which could be allocated to the Community, there would not appear to be any great need for an outside source of natural uranium. The Community could be informed that if such a need develops the U.S. would consider supplying the needs to the extent it can. It is, therefore, not believed desirable to make an offer of any specific quantity of natural uranium at this time, as such offer might prejudice our relationship with Belgium and France in the procurement of source materials.

12. It is not considered worthwhile to offer to the Community other reactor materials, since such materials for a nuclear industry can easily be produced in the cooperating countries in accordance with any goal established for nuclear power capacity. It might be worthwhile to indicate that, depending upon commercial availability, other materials can be procured in the U.S. as needed.

#### *Information*

13. The following discussion with respect to the information to be transmitted to the Community is without regard to security implications. It is doubtful if a satisfactory security system could be developed to provide assurance that classified information transmitted to the Community would not be compromised.

14. It is believed that with the guarantees proposed concerning the availability of enriched uranium, the technical need for early construction of a gaseous diffusion plant may be deferred. It is not proposed, therefore, to make any diffusion plant technology available, since existing legislation does not permit the release of classified gaseous diffusion technology and the extent of unclassified information in this field would be of inconsequential value to the EURATOM Group. Political considerations may outweigh technical considerations and the Community may still propose to construct a gaseous diffusion plant. It may be that the opportunity to be a part owner in a gaseous diffusion plant will be a greater incentive to the integration of the atomic energy effort than any other single factor. It is, therefore, proposed that the U.S. do nothing which will prevent the Community from constructing a gaseous diffusion plant if desired.

15. In a power reactor complex, feed materials production centers, fuel fabrication plants, and chemical recovery and separation plants would be necessary. The United States could agree to exchange all technology, presently classified "confidential", as well as unclassified information, covering the design, construction and operation of such plants except that no data revealing special nuclear material production rates in the United States would be exchanged. The U.S. could also permit the Community to reprocess fuel made available to the Community under a bilateral agreement. It is felt that the importance of providing chemical separation technology, as well as permitting the Community to reprocess fuel elements provided by the U.S. to it and to other European countries cannot be over-emphasized. This comprises a major part of any nuclear power complex and would be one of the most important contributions the U.S. could make to encourage integration of the Community.

16. The Community proposes the establishment of a common laboratory and center for basic research, and reactor development. As an incentive to the establishment of the Community, we could agree

to permit cooperation and the exchange of all power reactor technology (classified "confidential" or less) on all power reactor concepts restricting however any exchange on military reactor systems.

17. The United States could propose to effectuate this exchange of information and give assistance in the following manner:

a. Exchange of all reports (classified "confidential" and unclassified) falling within the area of cooperation.

b. Permit scientists and technicians of the Community to visit or work at designated AEC or contractor operated facilities.

c. Expand training programs in the U.S. for foreign nationals and make available to Community representatives a substantial portion of the accommodations. (Any significant expansion of the present program will require additional funds.)

d. Supply an agreed limited number of technical and administrative people as consultants to the Community.

e. Permit U.S. industry to assist in the program by performing such contractual services or supplying under suitable contractual arrangements, within appropriate security limitations, such scientific and technical equipment as may be requested by the Community.

f. Undertake cooperative, joint development programs as mutually agreed.

#### *Financial Assistance*

18. With regard to financial assistance, it is understood that the member countries of the Community of Six have a sufficient amount of funds available to initiate the Community program. Further, the Export-Import Bank, the International Bank for Reconstruction and Development and private lending institutions would be in a position to provide financial assistance to the Community. It is felt that an offer of financial assistance is outside the purview of the AEC but should be taken into consideration by the State Department. If the proposed Community development program is of a quality of sufficient interest to the United States, this country could agree to contract for the performance of specific sub-programs or services on our behalf by the Community.

#### *Special Concessions*

19. The policy approved in connection with the allocation of 20,000 kg. of U-235 for foreign distribution makes the following reservations with respect to the material allocated:

a. Enriched material will not be made available over 20% U-235 enrichment unless specifically authorized by AEC.

b. No transfers of allocated material will be made to any country other than recipient.

c. U.S. access to the country is granted for the purpose of observing compliance with the assurances of no diversion for military purposes.



d. Irradiated fuel from material furnished by AEC will be reprocessed in AEC facilities or facilities designated by AEC.

20. For the purpose of promoting the establishment of the community, some of the basic conditions indicated above could perhaps be modified, including making available uranium of a greater enrichment in the isotope U-235, in accordance with established NSC policy, and perhaps designating the reprocessing facility to be constructed by the Community as an approved facility for reprocessing materials supplied by the United States.

*Services*

21. A number of services can be offered by the U.S. to the Community. Among them the following would be perhaps of greatest interest to the Community:

a. Agree to enrich uranium supplied by the Community. The amount of ore supply and the amount of product and tails delivered could be in accordance with an appropriate formula.

b. Agree to performing for the Community such research and development work in AEC facilities as can be mutually agreed.

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**167. Minutes of the 244th Meeting of the National Advisory Council on International Monetary and Financial Problems, Washington, April 20, 1956<sup>1</sup>**

Mr. W. Randolph Burgess (Acting Chairman), Treasury Department

Mr. Andrew N. Overby

Mr. Elting Arnold

Mr. Henry J. Bittermann

Mr. Herbert V. Prochnow, State Department

Mr. Jack C. Corbett

Mr. Roger Dixon

Mr. Marshall M. Smith, Commerce Department

Mr. George Wythe

Mr. Arthur W. Marget, Board of Governors, Federal Reserve System

Mr. Frank M. Tamagna

Mr. Samuel C. Waugh, Export-Import Bank

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<sup>1</sup>Source: Department of State, NAC Files: Lot 60 D 137, Minutes. For National Advisory Council Use Only.

Mr. Lynn U. Stambaugh  
Mr. Carl Cass  
Mr. Glenn McLaughlin

Mr. Walter Schaefer, International Cooperation Administration

Mr. Halte T. Shenefield

Mr. Frank A. Southard, Jr., International Monetary Fund  
Mr. John S. Hooker, International Bank  
Mr. Edmond C. Hutchinson, Bureau of the Budget, Visitor  
Mr. George H. Willis, Acting Secretary

Mr. C.L. Callander, NAC Secretariat

*1. Proposed Export-Import Bank Credit of \$10 Million in Germany*

The Council considered a proposed Eximbank credit of \$10 million to the German steel firm of Thyssen-Huette (NAC Document No. 1917<sup>2</sup>). The Chairman asked Mr. Waugh for comments on the proposal. Mr. Waugh referred to the objections which had been raised by State Department representatives in the Staff Committee on the cartel aspects of the proposed credit (see Staff Committee Minutes No. 482<sup>3</sup> and NAC Document No. 1927<sup>4</sup>). He commented that the proposed loan had been discussed with the Department of State during the summer of 1955, and that no objection had been raised at that time. Meanwhile negotiations with the Thyssen Company had proceeded actively. Mr. Waugh noted that the Eximbank had been attempting for some time to enter the German market. He felt that in the context of the European steel industry the proposed loan was too small to offer an effective means of raising objections to the European steel export cartel.

Mr. Prochnow stated that the Department of State had no objection to the credit itself, but wished to bring the cartel question to the attention of the Council. State understood that the German Government was attempting to take action against the cartel, and would not be likely to object to denial of this loan. He commented that national cartels are illegal under the Coal and Steel Community treaty, and that while the High Authority of the CSC had indicated its disapproval of the export cartel, it had only limited authority to act against this sort of arrangement.

The Council discussed the proposed credit and the questions raised with respect to the cartel aspects. It was pointed out that the

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<sup>2</sup>See Document 163.

<sup>3</sup>Not printed. (Department of State, NAC Files: Lot 60 D 137, Staff Minutes)

<sup>4</sup>Reference is to a Department of State memorandum entitled, "CSC Steel Export Cartel and Its Relation to Proposed Eximbank Loan to August Thyssen-Huette Steel Plant," forwarded to the NAC on April 19 under cover of a letter from Corbett to Glendinning. (*Ibid.*, Documents)

Thyssen firm was exporting very little steel and that the credit would assist in the expansion of the production of types of steel for which there was great demand within Germany rather than for export. For this reason and because of the small amount of the credit in relation to the magnitude of the European steel industry, the possible cartel implications of the credit had not appeared significant to the Eximbank.

The negotiations with the prospective borrower were described in considerable detail. The Council agreed that while it would have been desirable for the cartel question to have been considered early in the negotiations, under the existing circumstances no objection should be raised to the credit.

It was also agreed that the Bank should inform the Thyssen firm that the cartel aspects of the credit had created considerable difficulties within the U.S. Government, and that it would be appropriate for the U.S. Embassy in Germany to make it clear to the German Government that the United States hoped that the German Government's anti-cartel efforts would be successful and that the credit was granted solely to promote the modernization of German steel producing facilities.

The following action was taken (NAC Action No. 875):

"The National Advisory Council advises the Export-Import Bank that it offers no objection to consideration by the Bank of a proposed credit of \$10 million to August Thyssen-Huette, A.G., of Duisburg-Hamborn, Germany, to finance the purchase in the United States of steel mill and electrical equipment required in the restoration of its Rhine steel plant. It is understood that the credit would bear interest at 5 percent per annum and would be repayable over a period of approximately 15 years, including a grace period of approximately 4 years."<sup>5</sup>

[Here follows discussion of a proposed Export-Import Bank loan to Mexico.]

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<sup>5</sup>In a memorandum of April 20 to Hoover, Prochnow summarized the decision on the loan as follows:

"After we heard the whole story on the proposed loan to the August Thyssen-Huette Steel Plant I came to the conclusion that a moral commitment on this credit had been made and Randy Burgess agreed. Consequently we felt the credit had to be made despite the objection on the cartel situation. However, the Eximbank will explain to the borrower the difficulty we had in extending this credit because of the possible cartel implications." (*Ibid.*, Central Files, 103.XMB/4-2056)

On June 28, the Export-Import Bank approved the loan of \$10 million to August Thyssen-Huette; a public announcement was issued on July 17. Luxco A-1, July 24, explained the loan decision of the Bank, as well as the Department of State's position, to the CSC Mission. (*Ibid.*, 850.33/7-2456)

168. Memorandum of a Conversation, Paris, April 28, 1956<sup>1</sup>

PRESENT

Mr. Jean Monnet

Lewis L. Strauss, Chairman, U.S. Atomic Energy Commission

Howard A. Robinson

During a previous conversation, at the residence, between M. Maurice Faure and Admiral Strauss, at which M. Monnet was present, the Chairman had indicated, in reply to a direct question by M. Faure, that the U.S. would probably make more atomic materials and information available to European nations through Euratom than it would, in the near future, make available bilaterally.<sup>2</sup> Subsequent to this conversation, Admiral Strauss indicated informally to M. Monnet that the AEC would shortly be in a position to announce further details concerning conditions and regulations under which the U.S. Government could undertake the release of the 20,000 kg. of enriched uranium recently announced by President Eisenhower. The Chairman added that it was his usual practice to make such announcements while Congress was in session in order that the Congress might be properly informed beforehand. He intended to follow this practice again in the announcement under consideration. This meant that the statement would probably have to be made before the middle of June inasmuch as Congress would probably adjourn early, due to the forthcoming election.

In this same connection Admiral Strauss indicated to M. Monnet privately that in case Euratom was actually formed it was the United States' intention to allocate certain amounts of material to it. Admiral Strauss wondered whether such an announcement concerning Euratom should not be made as part of his statement on U-235 release, and asked for M. Monnet's private opinion on the matter. M. Monnet asked for time to consider the matter and a meeting was arranged for April 28.

1. The question was reopened at the beginning of the April 28th meeting. In replying M. Monnet stated that in his personal opinion it would be difficult for public opinion at this time to understand why the U.S. would allocate materials to Euratom before the latter had been formed. He was afraid that the public might conclude that pressure was being brought to bear on Europe by the United States in order to cause Euratom's coming into being. Since Euratom's formation was primarily a matter for Europeans to decide by themselves, M. Monnet advised the Chairman to await a later date before

<sup>1</sup>Source: Department of State, Atomic Energy Files: Lot 57 D 688, Euratom—Regional. Secret. Presumably drafted by Robinson.

<sup>2</sup>No record of this conversation has been found in Department of State files.

making the announcement. M. Monnet was fully cognizant of the desirability of informing the Congress, but he felt that any announcement should follow the raising of the question by the Euratom powers rather than precede it. It was possible that Euratom could raise such questions after the May 29th Ministerial meeting but one really should wait for the outcome of that meeting before reaching a conclusion.

2. M. Monnet discussed briefly the difficulties inherent for Euratom in the weapons problem. The Chairman agreed that any decision on weapons necessarily raises difficult problems for every country.

3. M. Monnet raised the question of ownership versus leasing of fissionable materials and the bearing which this had on the current Euratom negotiations. He expressed the view that material should be sold to Euratom by the United States for subsequent leasing to the various users. He also remarked that it was very important that inspection and control requirements, which would undoubtedly be required by U.S. law, should be exercised by Euratom itself. M. Monnet went on to explain that allotment of material by Euratom itself would be made not to countries but to individual public and private users. In case of infringement or diversion by any such groups, recourse would be had to the international court set up as part of the Euratom organizational framework. Decisions of this court were obligatory on national courts.

With regard to the problem of ownership, the Chairman remarked that the matter would have to be considered in the light of U.S. policy toward U.S. industry. It would, of course, be impossible to consider putting European industry in any preferred position over U.S. industry. With regard to the court handling of infringements or diversions, the court set up would seem like a satisfactory solution.

4. In closing, the Chairman raised the question as to whether the formation of Euratom might not in fact mean the socialization of the atomic industry in Europe. M. Monnet replied that such would not be the case. Euratom cannot in any sense affect either the property rights or laws existing in several countries, nor can it influence the relation between public and private enterprises in the States. Euratom had in fact two purposes which were far removed from ideas of socialization; Euratom's primary objectives were (1) to stimulate and ensure European atomic development on a sufficiently broad base to allow furnishing such needs of the area as could not be done nationally and, (2) to furnish a satisfactory mechanism whereby fissionable material would be subjected to the necessary security controls.

169. Telegram From the Secretary of State to the Department of State<sup>1</sup>

*Paris, May 5, 1956—1 p.m.*

Dulte 9. After Quai d'Orsay dinner May 4 for Foreign Ministers Secretary had talk with Mollet. Mollet dwelt on his strong and continuing interest in European unification. Secretary told him that US and the President personally continued to be convinced of the necessity of progress along these lines. Secretary told Mollet that he had had conversation on the matter just the other day with President, who had said that his view on European unification had not changed since his London speech in June 1951.<sup>2</sup> Mollet expressed interest in seeing copy of speech, which Secretary is sending him today.

Secretary told Mollet that if at any time Mollet felt that a statement by him or the President might be helpful in advancing the cause of European unity, we would be glad if he would let us know and could be confident that we would be sympathetically disposed. Mollet showed real interest and inquired how he should approach Secretary if he desired such a statement. Secretary replied that the natural approach would be through Dillon at the Paris Embassy.

Conversation closed with Mollet saying that President's continued interest in this matter was a great encouragement to him and would strengthen him in his fight for progress toward European unity.

Dulles

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<sup>1</sup>Source: Department of State, Central Files, 740.00/5-556. Confidential. Dulles was in Paris for the Ministerial meeting of the North Atlantic Council, May 4-5.

<sup>2</sup>Reference is to the speech made by General Eisenhower, then Supreme Allied Commander in Europe, before the English Speaking Union in London on July 3, 1951. For text of the speech, see Department of State *Bulletin*, July 30, 1951, pp. 163-165.

170. Memorandum of a Conversation, Department of State,  
Washington, May 14, 1956<sup>1</sup>

SUBJECT

Meeting with Franz Josef Strauss, German Minister for Atomic Affairs<sup>2</sup>

PARTICIPANTS

*German Federal Republic*  
Minister Strauss  
Ambassador Krekeler  
Professor Haxel  
Mr. Geyer  
Mr. Ernecke  
Mr. Hess

*United States*  
Mr Elbrick, EUR  
Mr. Holt, GER  
Mr. Margolies, GER  
Mrs. Dulles, GER  
Mr. Creel, GPA  
Mr. Miller, GEA  
Mr. Timmons, RA  
Mr. Cleveland, RA  
Mr. Schaetzel, S/AE  
Mr. Goldenberg, AmEmbassy, Bonn

[Here follows discussion of German reunification, defense matters, and the German political situation. This portion of the memorandum of conversation is scheduled for publication in a forthcoming *Foreign Relations* volume.]

EURATOM

Mr. Elbrick said that the United States Government is fully prepared to offer its support to a EURATOM project with common responsibility and authority, which could make a real contribution in the political and economic sense. Mr. Elbrick said the Department was glad the German Government and the Chancellor are supporting EURATOM.

Mr. Strauss indicated that he had heard two apparently conflicting American views, favoring EURATOM and the OEEC project. At the OEEC Conference, he had clear statements in favor of OEEC.

The German Government would like to combine the two approaches, i.e., have EURATOM as part of the OEEC approach. They would not like to have the British left out. Without them EURATOM would consist of five blinds and one half-blind (which he identified as France).

Mr. Strauss expressed the fear that socialism would arise out of EURATOM. What Jean Monnet proposed (agency possession and

<sup>1</sup>Source: Department of State, Central Files, 033.62A11/5-1456. Limited Official Use. Drafted by William K. Miller and Robert C. Creel, Officer in Charge of German Political Affairs.

<sup>2</sup>Strauss was in Washington for a series of conversations with U.S. officials on matters of mutual concern, May 14-17. A memorandum of May 11 from John B. Holt, Deputy Director of the Office of German Affairs, to C. Burke Elbrick enclosed extensive briefing material on the Strauss visit. (*Ibid.*, 033.62A11/5-1156)

monopoly of the purchase of nuclear fuel, agency power to permit or veto plant designs, and the elimination of bilateral treaties between individual member states and non-members) was absolutely unacceptable to the German Cabinet and parliament, and this extreme should not be pressed. The April report had been more moderate. Brentano had been authorized to open negotiations on the basis of this report. This did not mean the German Cabinet approves all aspects of the report, however. It is a basis of negotiation. Mr. Strauss mentioned the following difficulties:

(1) Military Use: He would not wish to see all Europe abandon military use. This has nothing to do with Germany. In any case, weapons should not be produced by one Western European nation alone. However, it would encourage Moscow and might eventually become a means for neutralization. Mr. Strauss said he did not want raw material divided into civilian and military use and did not want research and technical secrets treated differently, e.g. withheld from the partners in EURATOM on the grounds of military use.

(2) Link to the Common Market: Mr. Strauss said he did not want partial integration; he wanted a link to the next stage of a general common market. He realized the common market could not be fully achieved at once. To insist on realization of the common market now as a condition for EURATOM would be to sabotage EURATOM. However, he did believe there should be some sort of real step toward a common market. If there were no such step in connection with EURATOM, the common market would never be accomplished.

(3) Powers of Authority: Mr. Strauss said he would like to have a European purchasing company and central registration of nuclear fuel purchasing, but not forbid bilateral purchases.

Ambassador Krekeler said that EURATOM should have an attitude toward private enterprise not less favorable than that of the United States, giving as much freedom to private enterprise as is consistent with security.

Mr. Elbrick said that we did not see why EURATOM should have socialistic results. The United States has a strong Commission with strong controls, and it is developing a private program.

Mr. Strauss said that AEC is part of the United States Government. He would favor a strong EURATOM without objections if it were a part of the government of a United States of Europe. Otherwise, he thought it necessary to maintain freedom for enterprise. He was willing to agree to any controls necessary to safety, but not to control of the building of plants. He indicated a fear that the result would be undue control of Germany in the interest of one or more of her partners.

Mr. Elbrick stressed the need of adequate authority to maintain security controls. He said that the United States could cooperate more closely with a EURATOM with adequate authority than with the member countries bilaterally. In response to Mr. Strauss' question



as to whether bilateral relations would be excluded, he said that we believe United States cooperation with such an authority could far exceed that which could be given individually.

Ambassador Krekeler reviewed the German attitude toward EURATOM, which he described as not reluctance to move toward integration, but wishing to do it the right way.<sup>3</sup>

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<sup>3</sup>Shortly after the conclusion of this conversation, Strauss and his party met with Gerard Smith, J. Robert Schaetzel, and other Department representatives. A memorandum of this conversation, which largely dealt with technical atomic energy matters, is *ibid.*, 033.62A11/5-1456.

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**171. Memorandum of a Conversation Between the Director of the Office of European Regional Affairs (Timmons) and the German Minister for Atomic Energy Affairs (Strauss), Washington, May 14, 1956<sup>1</sup>**

**SUBJECT**

Conversation with Herr Franz Josef Strauss on European Integration

At Mr. Elbrick's lunch at Blair House today for Herr Franz Josef Strauss, German Minister for Atomic Energy Affairs, I sat beside Herr Strauss and part of our conversation was devoted to European integration in the field of atomic energy. Herr Strauss at first merely reiterated many of the same points regarding EURATOM that he had already made at the 10 o'clock meeting with Mr. Elbrick and others (this meeting being reported separately by GER).<sup>2</sup> As the conversation progressed, however, he began to talk more freely (although he was careful to stipulate several times during the conversation that he was speaking personally). The following paragraphs summarize the substance of his comments:

. . . . .

2. Strauss said that in speaking of a "link" between the common market and EURATOM, he was not thinking of a mere undertaking in principle on the part of the Messina countries to proceed with a common market, but rather that the Treaty establishing EURATOM and the Treaty providing for the first step toward a common market

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<sup>1</sup>Source: Department of State, Central Files, 840.1901/5-1456. Secret. Drafted by Timmons.

<sup>2</sup>See the memorandum of conversation, *supra*.

(as well as committing the countries concerned to the eventual establishment of a full common market) be ratified together. He went on to say that if any attempt were made in Germany to proceed with EURATOM separately from the common market, he would immediately leave the Cabinet. He also said that the majority of Adenauer's Ministers would follow suit, and that this would bring about the collapse of the present Government.

. . . . .

4. He reiterated that he has no clear view of U.S. policy with respect to European atomic integration. He referred again to the OEEC Ministerial Meeting at the end of February, saying that the U.S. had made it clear on that occasion that it would support whatever solution the Europeans came up with. He also denied that EURATOM would of itself make any contribution to European unity or integration.

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**172. Memorandum of a Conversation, Department of State, Washington, May 14, 1956<sup>1</sup>**

**PARTICIPANTS**

The Secretary of State  
 Mr. Strauss, Minister for Atomic Affairs, Federal Republic of Germany.  
 Dr. Heinz L. Krekeler, German Ambassador.  
 Mr. Smith—S/AE  
 Mr. Timmons—EUR/RA  
 Mr. Holt—EUR/GER

Minister Strauss stated that the German Government now has its atomic program laid out. Plans for atomic research and research reactors are now underway. Germany must regain the lost ten to fifteen years and hopes within six or seven years to be able to compete with Great Britain and France in the peaceful use of atomic energy. Ambassador Krekeler added that Minister Strauss has come with a desire to place three orders with American firms for research reactors, has brought a German draft law on atomic energy, and hopes to arrange for training German technicians in the U.S.

The Secretary commented that it might be some years before the use of atomic energy became commercially profitable. Some people

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<sup>1</sup>Source: Department of State, Secretary's Memoranda of Conversation: Lot 64 D 199. Confidential. Drafted by Holt.

are over-optimistic in this respect. Of course, atomic energy for power has been proved to be technically feasible, but refinements are necessary before general commercial use will be profitable. One cannot operate on a profitable basis now except in a few spots in the world where production costs of other sources of energy are relatively high. Mr. Smith added that it was anticipated that within fifteen years Western Europe could produce atomic energy on a commercial basis whereas in some areas of very high cost power production of atomic energy might already be commercial today.

Minister Strauss estimated future German atomic energy requirements as follows: As of 1954, German electrical energy use was 70 billion kilowatt hours. By 1970 Germany would use 170 billion kilowatt hours. The estimate is based upon an assumption of 5% expansion in the economy annually. 145 billion kilowatt hours of the requirements of 1970 could be met by usual sources of power but the additional 25 billion kilowatt hours must presumably come from atomic power. 1970 is only fourteen years away. Minister Strauss expressed interest in the 20,000 kilogram program of the President. The Secretary stated that the quantity for countries might vary but the conditions would be the same for all. Detailed procedures were being worked out.

Minister Strauss mentioned that the German Government had already the draft of the EURATOM Treaty to be presented at the meeting of the Six Foreign Ministers on May 29 in Venice. At the meeting Germany would prefer not to face the alternative of only an OEEC or a EURATOM organization. Mr. Strauss recalled the statements by Mr. Murphy and Mr. Hollister at the OEEC Ministerial meeting in Paris in February 1956 favoring both the OEEC and EURATOM, indicating that they could be combined and that a political solution would be necessary. Germany certainly does not want to leave Britain outside. It would be good to have Britain associated with EURATOM as a "broker".

The Secretary stated that the US looks with favor on whatever projects tend most effectively toward a unified Europe. If one were to ask why, he would point out that the President had tried to give the answer by saying that the divisions within Western Europe have brought Western society close to the point of extinction. Recurrent wars have killed off some of the finest men, brought the economy to frequent ruin and torn down Europe's moral stature. The greatest task confronting post-war statesmen is to reconstruct Europe on a more permanent basis. There is no other way which will leave anything left at all in Europe.

Formerly the US was not concerned but we are now involved. Two world wars have cost us something and we are entitled to have some interest in the matter. The Secretary stated that the US under-

stands that dictation to European countries would be counter-productive but as members of the Western Community, we are entitled to have some views. We had lost hundreds of thousands of men and hundreds of billions of dollars as a result of wars starting in Europe. We cannot sit aside and say nothing while the structure which has been the world's greatest war hazard is being rebuilt. Dictation is bad but an attitude of indifference would also be a false approach. The sympathy and support of the US will go to that program best calculated to draw together the Western European countries. It doesn't matter whether the plan is political, economic, or of other form. One will recall that the recent Council of Ministers of NATO at Paris agreed that ways should be explored to draw European nations more closely together. Whatever can be done within NATO is fine, but sometimes smaller groups are useful to accomplish particular purposes. The President's speech in London in 1951 on European reunification indicates the conclusions Mr. Eisenhower had drawn before he became President.

The Secretary said that the more European nations try to work together, the more we can help them.

Minister Strauss said that he knew the Secretary's position on assistance to an integrated community of countries, that Ambassador Conant had presented to the German Government an Aide-Mémoire on the subject.<sup>2</sup> In proceeding toward European unity certain achievements could already be listed, such as the Coal and Steel Community. Germany would like now to combine the two next steps, EURATOM and the common market. Of course, the German Government realizes that whoever demands the common market immediately as a condition for EURATOM would sabotage EURATOM because it would not be acceptable but real integration necessitates economic integration, and it must be followed by military and political integration. The German Cabinet decided to say yes at Venice for EURATOM but also to require that the countries represented take the first step toward a common market. Whoever wants EURATOM must be ready to begin to create a common market. The German Government expects that it will take twelve to fifteen years to achieve a common market, nevertheless a first step must be made and carried out simultaneously with EURATOM. There would be many difficulties in the German Cabinet and in the German Parliament in approving EURATOM if there is no link with the common market.

The Secretary commented that the US is all in favor of the common market idea. The Preamble of the Marshall Plan spoke of a

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<sup>2</sup>Apparent reference to the aide-mémoire presented by Conant upon the instructions of the Department; see Document 164.

common market in Europe. With the common market Europe would be a third world force along with the US and the Soviet Union. If Europe does not have a common market, it will remain weak. It maintains itself at present by a cartel system with artificial markets and high costs. On the other hand, if a common market is made an absolute condition for unity in atomic power development, Europe may end up with nothing.

The Secretary said that Minister Strauss might think that controls required in EURATOM would destroy free enterprise, but we do not think so. There is no reason why EURATOM should be socialistic. The problem is how to have controls to insure that atomic energy is being used for peaceful purposes. Because of the by-product of plutonium, the efficacy of controls will be most important. It is our thought that the larger and more responsible the safeguard organization the more control will be facilitated. This would be better than multiple controls of many individual countries involving complicated policing. It is appalling to contemplate a multiplicity of uncontrolled national atomic developments leading to multiplying atomic weapons programs. If you set up a pattern allowing the thing to spread on national lines there will be the danger of irresponsible action. While certain nations are capable of the responsibility there are other places in the world without the necessary sense.

Minister Strauss commented that he agreed with the Secretary that there should be a common market, an exchange of information on atomic developments, joint research programs, standardization and all kinds of control through registration, but that the German Government does not want to see EURATOM own fissionable materials, have a purchase monopoly, nor does it want to compel exchange of patent information. The German Government would feel differently about EURATOM if the European counterpart of the Atomic Energy Commission were an instrument of a European Government. However, without a European Government a European Atomic Commission like that of the US would be bad. The Secretary commented that EURATOM would constitute such a European control.<sup>3</sup>

<sup>3</sup>Telegram 3400 to Bonn, May 28, summarized the major points covered in the various conversations between Strauss and Department representatives regarding the German atomic energy program. (Department of State, Central Files, 033.62A11/5-2856)

In telegram 4333 from Bonn, May 23, the Embassy evaluated the Strauss visit in part as follows:

"It appears to us that Strauss wished to take advantage his trip to Washington to find out for himself to what extent US might lend material atomic assistance to Germany on bilateral basis and how strongly US Government actually feels about giving preference to EURATOM over bilateral arrangements. His request for bilateral deal primarily followed example other CSC countries and does not necessarily denote bad faith on his part since from his point view he had everything to gain if US accepted even part his proposals and nothing to lose." (*Ibid.*, 840.1901/5-2356)

**173. Telegram From the Secretary of State to the Embassy in Belgium<sup>1</sup>**

*Washington, May 24, 1956—1:51 p.m.*

1390. Dept is concerned by indications some Europeans do not have clear picture US attitude and policy Euratom. While Dept's basic stance remains that US should stay in background, addressee Missions should at their discretion seek appropriate occasion prior Venice meeting<sup>2</sup> to clear up any such misunderstanding in minds FonMins and other prospective Venice participants, drawing upon following reaffirmation US policy:

1. US supports European effort create integrated nuclear community because of:

a. Possible decisive contribution revival general integration movement, thereby helping tie Germany organically to the West, and hence major step toward increased strength and unity Atlantic Community.

b. Submergence Franco-German rivalry through creation of intimate common interest in field nuclear development; FYI this of particular importance in relation possible moratorium on military uses. End FYI.

c. Integrated organization with necessary control powers would provide best opportunity system of safeguards against diversion in one major area of world where nuclear development likely in near future.

d. Common program merging scientific and industrial potential of Six appears offer best chance rapid development nuclear industry in Continental Western Europe.

2. Totality of these objectives can be adequately met only through exercise by common Six-country organization of governmental powers in nuclear energy field. Furthermore, US could enter into direct relations with a multi-national organization of this sort only if organization has effective common authority and responsibility and is thus able to undertake commitments like those now undertaken by national governments, in particular as concerns safeguards.

3. US recognizes that a major objective of Six nations is to achieve position of competence in nuclear field in which they can compete with US and UK on basis equality and in which their common program would not be vulnerable to action from outside.

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<sup>1</sup>Source: Department of State, Central Files, 840.1901/5-2456. Confidential; Priority. Drafted by Cleveland and Schaetzel and approved by Murphy. Also sent priority to Paris, Bonn, Rome, Luxembourg (for the Embassy and the CSC Mission), and The Hague and repeated for information to London; Paris was requested to inform USRO for information.

<sup>2</sup>The Foreign Ministers of the six ECSC countries were scheduled to meet at Venice, May 29-30. See Document 175.

US regards pursuit of this objective, within framework of safeguards provided by institutions with common authority and responsibility, as constructive contribution to collective strength of increasingly self-reliant partners in Atlantic Community.

4. As already made clear to Europeans pursuant Deptel 2797 to Bonn March 30<sup>3</sup> (also sent other action posts), US could make available substantially greater resources and adopt attitude of substantially greater liberality towards real integrated community possessing effective common responsibility and authority than would be possible for countries separately. If Six Ministers at Venice take decision to proceed with creation such as Euratom, we would be prepared in response European initiative to begin concrete discussions at early date with representatives of the Six-country group re nature and substance future US relationship with integrated Community.

5. While recognize that Venice meeting probably will not deal with important substantive questions (a) ownership of fuel and (b) possibility member states going outside Euratom to obtain nuclear materials, Dept greatly concerned implications compromise on these points. If Euratom is to meet test of common authority and responsibility and not amount to mere coordinating mechanism with certain control responsibilities, our view is that it must have authority over fuel which if not ownership, is as complete as if Euratom owned fuel. Compromise in Euratom draft which would permit under certain circumstances member states make separate arrangements to procure material outside Euratom channels seems to strike at heart of Euratom concept which is six-nation atomic community. Six nations should be informed now as they approach task of drafting implementing treaty that failure to meet foregoing points in a fashion consistent with basic philosophy Euratom may in light para 2 above, raise problems with respect future ability US to cooperate substantially with Euratom.

6. We understand two major issues in relation Euratom likely arise at Venice concern military uses therein and link to Common Market:

a. Military Uses. FYI. We consider desirable discourage atomic weapons production in countries not now producers. Atomic weapons moratorium would also postpone day when Germans raise discrimination issue and seek end WEU ban on production in Germany of nuclear weapons. Therefore US views favorably moratorium proposed Spaak letter (Luxembourg's Colux D-48<sup>4</sup>). However, in view

<sup>3</sup>Document 164.

<sup>4</sup>This despatch of May 8 transmitted the text of a letter dated April 26 from Spaak to the Foreign Ministers of the other five ECSC countries, offering a proposal for dealing with the problem of the military uses of atomic energy. (Department of State, Central Files, 840.1901/5-856)

delicacy French internal problem this subject, with Cabinet split and Pineau consequently likely to go to Venice uninstructed, we are concerned that expression at this time of US view would do more harm than good. End FYI. Therefore, official posture US officials at this time should be to leave this matter for Europeans themselves to decide.

b. Common Market Tie. Germans, in particular, and Dutch and Belgians to lesser degree, assert Euratom by itself is insufficient step toward integration. Strauss, German Minister for Atomic Energy Matters, would even condition German ratification of Euratom on simultaneous ratification of the Common Market by Germany's partners. US sympathetic desire Six countries establish Common Market though we have not completed study Common Market report. However, we would certainly hope that approval of Treaty for Euratom, which of such immediate importance, would not be held up until complex and doubtless lengthy Common Market negotiations concluded. FYI. Additional reason for US opposition to link is indication that chances for French ratification of Common Market are presently far more uncertain than for ratification of Euratom. End FYI.

7. There are some indications that British, who favor OEEC approach, and some Germans and other Europeans as well, may endeavor to use OEEC work to undermine Euratom effort. Such British suggestions as OEEC chemical separation plant tend to reduce apparent technical advantages of Six-power approach and can be used by opponents of European integration to argue Euratom not urgent. Also understand that full US cooperation OEEC work has been misinterpreted as indicating US "preference" OEEC over Euratom. Such inference incorrect. US has cooperated OEEC work in capacity as Associate Member OEEC and because we believe OEEC has role to play as framework for broad cooperation in nuclear field among Atlantic nations. US of course does not participate Euratom discussions and does not wish diminish European leadership this field; however, movement for effective Euratom has full US support for vital political and security considerations mentioned para 1. above.<sup>5</sup>

Dulles

<sup>5</sup>The various Embassy responses to this telegram, which reported generally favorable reactions on the part of European leaders to the U.S. position, are *ibid.*, 840.1901.



174. Letter From the Secretary of State to Foreign Minister Spaak<sup>1</sup>

*Washington, May 24, 1956.*

DEAR MR. MINISTER: I write with reference to your letter, which I received in Paris on May 5, regarding a possible modification of the United States-Belgian Atomic Energy Agreement of 1955, and to my acknowledgment of May 6, 1956.<sup>2</sup>

I fully appreciate the considerations you outlined regarding the relation between possible amendment of the bilateral agreement on the one hand and the multilateral negotiation on EURATOM on the other. You will recall that in discussing this general problem with you, Ambassador Alger made clear our view that the United States Government could make available substantially greater resources and adopt an attitude of substantially greater liberality towards a real integrated community possessing effective common responsibility and authority than would be possible for countries separately.

The Department of State and the Atomic Energy Commission have now reviewed the situation in the light of the considerations outlined in your letter. We would agree, as proposed in your final paragraph, that United States experts should pursue the study of the suggestions advanced by Mr. Ryckmans,<sup>3</sup> leaving for determination by you the question of whether such studies and possibly further technical discussion should be developed into negotiations for the amendment and clarification of the existing U.S.-Belgian agreement. In this bilateral framework we believe particular attention should be paid at this time to the problems raised by your numbered points 1. and 2., and to ways of clarifying certain clauses of the existing agreement. I am sure that, should negotiations be decided on, there will be no obstacles to mutually satisfactory agreement.

I believe your suggestion offers the best possibility of reconciling the problems which we both face during this period to the advantage of relations between our two countries and of the common work in which we both have such an interest.<sup>4</sup>

<sup>1</sup>Source: Department of State, Central Files, 611.5597/5-2456. Confidential; Priority. Drafted by Cleveland and approved by Dulles. Transmitted to the Embassy in Brussels for delivery to Spaak in telegram 1395.

<sup>2</sup>Neither found in Department of State files.

<sup>3</sup>Pierre M.J. Ryckmans, Belgian Atomic Energy Commissioner.

<sup>4</sup>Telegram 1096 from Brussels, May 25, informed the Department in part as follows:

"Text the Secretary's letter handed today to Spaak, who expressed appreciation and gratification reply. He said if EURATOM principle approved Venice meeting he would now be in position inform other Foreign Ministers he expected enter negotiations with U.S., with which U.K. must also be associated, for revision Belgian agree-

## 175. Editorial Note

On May 29 and 30, the Foreign Ministers of the six ECSC countries met at Venice to consider the final report of the Brussels Intergovernmental Committee on European Integration. "The Ministers," according to a communiqué issued on May 30, "noted that the six Governments agreed to take the proposals contained in this Report as a basis for negotiations, to be pursued with a view to drafting a treaty establishing a Common Market as well as a treaty setting up a European organization for nuclear energy. They decided to convene for this purpose a conference which will open in Brussels on June 26 under the chairmanship of M. Spaak." The French text of the communiqué is printed in Royal Institute of International Affairs, *Documents on International Affairs, 1956*, pages 695-696. The final report of the Intergovernmental Committee was completed on April 8. The United States Mission to the CSC transmitted an unofficial translation of the report to the Department in despatch Colux 37, April 16. (Department of State, Central Files, 840.00/4-1656)

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 176. Memorandum of a Conversation Between the Secretary of State and Chancellor Adenauer, Washington, June 12, 1956, 8 p.m.<sup>1</sup>

At dinner we had some discussion about EURATOM with the Chancellor and also with Hallstein, who sat at my left, and to whom the Chancellor referred some of my questions. Adenauer said that they were afraid that the EURATOM was being set up in such a way that it would promote socialism. He favored the idea in principle, but did not want it to operate to socialize industry in Europe. Hallstein said that on this account they had felt compelled to make a reservation at the Venice meeting. He felt that the agency should not retain ownership, but should exercise all the controls that could be exercised if there were ownership.

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ments these two countries to bring them in line with EURATOM provisions. He added he would now be in position inform other Ministers he hoped obtain advantages through revision present agreements which could be transferred EURATOM when latter became reality." (Department of State, Central Files, 611.5597/5-2556)

<sup>1</sup>Source: Department of State, Secretary's Memoranda of Conversation: Lot 64 D 199. Secret. Drafted by Dulles. This conversation took place at Secretary Dulles' house at dinner. Adenauer was in Washington for a series of discussions with U.S. officials over a 3-day period, June 12-14.

I spoke of the relationship of EURATOM to the common market and said that while the United States favored both developments, it did not seem to us wise to condition one upon the other. I felt that each step could be taken on its own merits and that the creation of EURATOM would of itself maintain a momentum favorable to the common market. Hallstein seemed to indicate acceptance of this view, but somewhat confusedly.

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### 177. Editorial Note

French Foreign Minister Christian Pineau held a series of wide-ranging talks with United States officials on matters of mutual concern to the United States and France during an official 3-day visit to Washington, June 18–20. During these discussions, Pineau and Dulles discussed the future of European integration efforts. Documentation on these talks is scheduled for publication in a forthcoming *Foreign Relations* volume.

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### 178. Telegram From the Secretary of State to the Embassy in France<sup>1</sup>

*Washington, June 19, 1956—7:01 p.m.*

4778. 1. New or amended bilateral atomic energy agreements expected to be signed within next week or two with France, Netherlands, Germany, Denmark, Switzerland, Australia, Canada and possibly others.

2. Dept realizes almost simultaneous announcement these bilateral arrangements may lead to misinterpretations purpose bilateral program and could have unfavorable impact on forthcoming EURATOM negotiations. You should therefore in your discretion inform governments these expected developments, remind them of approaches made pursuant Deptel 2797 March 30<sup>2</sup> to Bonn (sent Brus-

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<sup>1</sup>Source: Department of State, Central Files, 611.0097/6-1956. Confidential. Drafted by Cleveland and Halvor O. Ekern of S/AE; approved by Murphy. Also sent to Brussels, Bonn, The Hague, Rome, and Luxembourg (for the Embassy and the CSC Mission) and repeated for information to London; passed to USRO.

<sup>2</sup>Document 164.

sels 1133, Hague 1631, Paris 3628, Luxembourg 152, Rome 3170) and reiterate explanation relationship bilaterals to EURATOM contained reftel. You should also as necessary reaffirm US policy EURATOM set forth Deptel 1390 to Brussels May 24<sup>3</sup> (sent Paris 4387, Bonn 3368, Rome 3779, Luxco 18, Hague 1984). Should be explained to Govts that flurry of activity at this particular time occasioned by probable adjournment of Congress in July, and statutory requirement that signed agreements must lie before Congressional committee 30 days while in session before becoming effective. Other govts realize delay now would likely postpone effective date until next year.

3. For Brussels: In view particular problem posed by fact Swiss and Dutch agreements more generous in certain respects than present Belgian arrangements, Dept also calling in Belgian Ambassador to make above approach and also reiterate assurance our previously-expressed willingness give Belgians most-favored-nation treatment.<sup>4</sup>

Dulles

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<sup>3</sup>Document 173.

<sup>4</sup>In telegram 1233 from Brussels, June 21, Ambassador Alger reported that he conveyed the substance of this message to Spaak the previous day. Spaak was concerned, Alger observed, about "US Government including certain of these bilaterals on eve Brussels treaty negotiations next week as he considers it damaging EURATOM. I believe he is chiefly disturbed by French agreement, which he fears will be utilized by anti-EURATOM elements France for their ends." He further noted that "in Spaak's view real damage comes from psychological effect conclusion these bilaterals at this time, regardless their actual importance, on Europeans who may find increased reasons for doubts desirability European integration." (Department of State, Central Files, 611.0097/6-2156)

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**179. Airgram From the Secretary of State to the Embassy in Luxembourg<sup>1</sup>**

*Washington, June 22, 1956.*

Luxco A-4. Subject: CSC Cartel Problem. To: ECSC Luxembourg.

The Department has been reviewing developments in the Community relating to the cartel problem. Even though the High Authority has taken some significant actions against cartels (e.g. breakup of GEORG), there are major areas about which we continue to be concerned, namely, the national steel cartels and the steel export cartel.

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<sup>1</sup>Source: Department of State, Central Files, 850.33/6-2256. Confidential. Drafted by Winter and approved by Frank.

As you know, the Council on Foreign Economic Policy (Dodge Council) has also been concerned about the CSC cartel problem and had this matter under review twice in 1955. We believe the time has now come to talk with President Mayer on an informal but frank basis about the CSC cartel problem along the following lines.

The Department is concerned about the lack of action against the national steel cartels because it is our belief that if the Community is to attain its goal of the establishment of a common market operating under "normal conditions of competition", effective action must be taken under the Treaty's anti-cartel provisions in the near future against these restrictive arrangements. Further, the continued operation of the steel cartels tends to color the attitude of some observers in the U.S. concerning the positive gains toward the development of a free common market for coal and steel. Restrictive arrangements in the domestic steel market apparently have been operative since the common market for steel was established in May 1953. Since that time no action has been taken against these arrangements and the problem will become more acute the longer effective action is postponed. With the present sellers' market, it would seem that this is an exceedingly propitious time to proceed against the national steel cartels.

Another aspect of the CSC cartel problem which continues to cause concern here is the Brussels export cartel. For your information, we are aware that the domestic cartel problem has priority and therefore we have no specific time in mind about High Authority action with respect to the export cartel. However, we do feel that this matter should be called to the attention of President Mayer lest our silence for the past several months be interpreted as acquiescence or lack of interest in the activities of the export group. Much of the criticism of the Community in the United States is based on the belief that ultimately the CSC will prove to be a reincarnation of the prewar international steel cartel. The continued existence of the steel export cartel lends weight to this belief. Further, the operations of the cartel during the past three years have tended to be a source of friction between the Community and third countries as evidenced by the discussion on export prices and the export cartel in the Ninth and Tenth Sessions of the GATT. Whether the high export prices are the result of collusive agreement by the producers or are the consequence of continued strong demand in world markets is beside the point. The fact is that the export agreement has come to be identified as the principal determinant of world steel prices. Finally, the steel export agreement is an example of the manner in which the CSC producers may act in concert to the detriment of outsiders. The combined power represented by the producers of the six CSC Member States acting in agreement places the individual steel importing coun-

tries at a distinct disadvantage. Such agreements serve to undermine the confidence of outside countries that the CSC Treaty and other European projects of economic integration are benign instruments which will serve to encourage international trade.

It is left to the discretion of the U.S. Representative to choose an appropriate time to discuss these subjects with President Mayer.

Dulles

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**180. Circular Airgram From the Secretary of State to Certain Diplomatic Missions<sup>1</sup>**

*Washington, July 13, 1956.*

CA-454. Subject: Common Market Negotiations.

The following is for the guidance of the addressee posts in connection with the Brussels negotiations on the common market:

*Part A*

*(1) United States Attitude Toward Preferential Arrangements.*

The United States has generally opposed preferential arrangements in international trade because of the discrimination against the trade of third countries which they involve. The United States has taken a different and generally favorable attitude, however, toward customs unions and free-trade areas, since both involve, in addition to discrimination against the trade of third countries, the elimination of restrictions on substantially all of the trade among the participating countries, thereby making possible the more efficient allocation of economic resources among the participating countries with a consequent over-all expansion of international trade.

The United States support of such arrangements as the Benelux Economic Union and the Nicaragua-El Salvador Free Trade Area is based on this appraisal of their potentialities.

The United States opposes preferential arrangements involving a system of selective competition. These are arrangements which protect individual industries against competition from third countries and also against competition on the common internal market of the countries party to the arrangement. Such arrangements cannot by their nature contribute to the United States objective of expanding

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<sup>1</sup>Source: Department of State, Central Files, 840.05/7-1356. Confidential. Drafted by James J. Blake of TAD and approved by Isaiah Frank. Sent to Bonn, Brussels, The Hague, Luxembourg (for the Embassy and the CSC Mission), Paris, and Rome. Repeated for information to London.

world trade, inasmuch as they insulate particular, and often important industries, within the preference area against all sources of competition, thereby distorting the flow of international trade, rather than expanding it.

The United States opposition to preferential arrangements which do not involve the elimination of restrictions on substantially all of the trade of the participating countries has also been modified to some extent by a willingness to accept such arrangements where they contribute to the attainment of United States political or economic objectives in a particular area. Thus, this country supported a waiver under the General Agreement on Tariffs and Trade which made possible the establishment of the preferential trading arrangements limited to coal and steel among the six countries of the European Coal and Steel Community. Its position with respect to the ECSC was based on the desirability of encouraging the closer political integration of Western Europe and the opportunity which the supranational institutions of the ECSC offered for such integration.

Thus, the attitude of the United States toward proposals for regional preference arrangements is based on an evaluation of the extent to which the arrangement will contribute to the attainment of United States political and other objectives in a particular area and a higher level of international trade.

It is in the light of these considerations that the results of the common market negotiations will be evaluated.

(2) *Relationship of the Common Market to EURATOM.*

The basic United States position towards the common market discussions now going on in the context of the Brussels Conference on European Integration is as set forth in paragraph 6(b) of Deptel 1390 of May 24 to Brussels<sup>2</sup> (repeated to Paris 4387, Bonn 3368, Rome 3779, Luxembourg Luxco 18, The Hague 1984): the United States is sympathetic to the desire of the six countries to establish a common market, but hopes that approval of a treaty for EURATOM, which is of such immediate importance for the reasons outlined in the reference telegram, will not be held up until Common Market negotiations are completed. We see no need for a linking of the common market and of EURATOM at this time.

(3) *The Intergovernmental Committee Report on the Common Market.*

We regard the Intergovernmental Committee Report on the common market<sup>3</sup> as a welcome step toward the integration of Western European countries. We are gratified by the recommendation to include agriculture in the project, the attention given to the international obligations of the participating countries, and the open-ended

<sup>2</sup>Document 173.

<sup>3</sup>See Document 175.

character of the proposed membership arrangement making possible the admission of new countries. We appreciate the fact that various gaps in the report reflect the need to avoid getting bogged down in negotiating details and offending national sensitivities on such questions as institutions. In sum, we believe the common market report represents a basis on which further progress may be made.

*Part B*

*Action for Missions.*

The Department desires to be kept informed of the evolution of the common market negotiations, and particularly of the negotiations on the following points:

(1) *Means whereby momentum of project will be maintained:*

While the 12-15 year period for the attainment of the common market appears reasonable in view of the magnitude of the task, the long period envisaged contains the risk of the project sagging or collapsing as national and international political patterns change, original supporters leave the scene and the international trade picture alters. The risk is increased as the dismantlement of national protective devices reaches sensitive economic areas and critical stages at which time the demand from affected groups for a "stand-still" on further integration could evoke considerable support, particularly if coupled with a period of economic recession.

Therefore, it would appear to be most important that the irreversibility concept in the report be maintained and be buttressed by institutional arrangements assuring to the maximum extent possible the automatic dismantling of the six-country barriers without the necessity for new decisions. The Intergovernmental Committee Report is not clear on how this can be done. We are particularly concerned by the fact that the Intergovernmental Committee Report does not appear to provide for effective institutions capable of acting independently of national governments in the coordination of domestic economic policies, and that such bodies as the Council of Ministers and the European Commission might not be able to withstand domestic, economic, and parliamentary pressures for slowing down the dismantling of trade barriers among the six countries.

(2) *Restrictive business practices:*

The nature of the arrangements designed to prevent private restrictive arrangements in the common market and the formation of export ententes covering trade with third countries are of special interest to us. The obscurity of the report on the latter point and the reference to conciliation and mediation procedures for the former are disappointing. We consider it important that the treaty include effective provisions preventing private arrangements from replacing gov-



ernmental barriers and thus frustrating the objectives of the common market.

(3) *The role of agriculture:*

We are interested in learning the extent to which agriculture will actually be integrated into the common market. Specifically, we are interested in the arrangements which will govern the import quota policy toward third countries, and also in the methods used for the selection of agricultural commodities referred to on pages 50–51 of the report and the nature and duration of the “temporary” exemptions for them from the rules of competition on the common market.

Missions should seek appropriate occasions to make known the continuing serious United States interest in common market negotiations, and in specific aspects of the problem described in Part B of this instruction, but should bear in mind the primacy of United States interest in EURATOM as noted in Part A, point (2) above.

Dulles

## 181. Memorandum of a Conversation, Paris, July 14, 1956<sup>1</sup>

### PARTICIPANTS

Jean Monnet—European Political Action Committee  
 Max Kohnstamm—Secretary to Mr. Monnet  
 Robert W. Barnett—Counselor for Economic Affairs, Embassy

### SUBJECT

European Integration

I dined with M. Monnet and Mr. Kohnstamm this evening and obtained from them their comment upon the significance of the French Assembly debate and vote on EURATOM and the Common Market.<sup>2</sup>

M. Monnet expressed the view that the debate and vote had given an enormous boost to the prospects for drafting significant six country treaties on EURATOM and the common market. He mentioned, in particular, the speeches of M. Mollet and M. Armand. The

<sup>1</sup>Source: Department of State, Central Files, 840.1901/7–1856. Confidential. Drafted by Barnett. Transmitted to the Department in despatch 42 from Paris, July 18. In a covering note, Barnett stated that particular attention should be drawn to Monnet’s suggestion “that the United States Government should not leave the Germans in doubt ‘as to United States willingness to enter into bilateral arrangements which would permit the German Government to turn over title to nuclear material to private industrial interests.’”

<sup>2</sup>On July 11, the French National Assembly voted 332 to 181 (with 70 abstentions) for cooperation on EURATOM with the other five ECSC nations.

Mollet speech, he felt, would give to the French Delegation at Brussels a negotiating flexibility permitting advances substantially beyond the concepts contained in the Spaak Report. The Armand speech was a tour de force of illumination and clarification. From it many deputies got their first real understanding of the elements of promise and danger involved in developing an atomic art. M. Monnet summed up by saying that France should no longer be regarded as constituting the real block to atomic integration.

The real problem, M. Monnet declared, was now to be found in Germany. And, the heart of that problem lay in the political and industrial interests arguing among themselves on the issue of ownership of nuclear materials. If the United States wished, at this stage, to make a contribution to resolution, constructively, of this controversy, it should find an appropriate occasion for making the simple declaration to the Germans that—whether in a EURATOM bilateral or a national bilateral—the United States would require that title to U.S. provided nuclear materials would be taken and held by an authority comparable to our AEC, competent and capable of performing on that undertaking. M. Monnet said that he was not suggesting that the United States should say more. The Germans should, themselves, weigh the relative advantages of joining or not joining EURATOM. But the Germans should not be left in doubt as to United States unwillingness to enter into bilateral arrangements which would permit the German Government to turn over title to nuclear material to private industrial interests.

M. Monnet said that he believed that the interest of the OEEC in atomic energy matters had not, in any way, increased difficulties lying in the path of Six Country atomic integration. The British had, perhaps, tried to confuse issues in the OEEC context, but this would have happened whether or not the OEEC discussions were going forward. Mr. Monnet did, however, question the wisdom of the speed and extent of the U.S. bilateral program. He understood fully the logic of saying that, for example, the U.S.-Netherlands bilateral did not conflict with future U.S.-EURATOM bilateral arrangements because the U.S. could do more with the latter than the former. This was, M. Monnet suggested, "French logic", because nothing at all could be done with EURATOM until it existed. The conclusion of the bilaterals raised profound doubts in many influential quarters as to whether it was necessary to bring EURATOM into existence.

Without elaboration, M. Monnet said that the French atomic military program is a myth. There is, therefore, no substantial reason why, at least for the foreseeable period, any French interests will be injured by creation of a EURATOM devoted to peaceful purposes. M. Monnet went on to say that, taking the very long view, he was convinced that there was certain to be a U.S.-U.S.S.R. Atomic Agree-

ment, and that it might be in a EURATOM that a prototype for its terms might well be found.<sup>3</sup>

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<sup>3</sup>A Ministerial Council meeting of the OEEC was held in Paris, July 17–19. The Council, among other matters, approved the Report of the Special Committee for Nuclear Energy, which had been set up in June 1955, and established Working Groups to cooperate with the Brussels Intergovernmental Committee with regard to joint action by OEEC member countries in the field of nuclear energy and on the proposed free trade area in Europe. The text of the OEEC resolution concerning liaison with the Intergovernmental Committee is printed in Royal Institute of International Affairs, *Documents on International Affairs, 1956*, p. 699.

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## 182. Circular Telegram From the Secretary of State to Certain Diplomatic Missions<sup>1</sup>

*Washington, July 14, 1956—4 p.m.*

29. Subject: Soviet Proposal for European Atomic Energy Agency.<sup>2</sup>

Dept has not yet received text subject proposal and following comments are preliminary based on press text.

If Dept queried regarding US Govt view of subject it will indicate skepticism re its merit and motive. Proposal in essence is one advanced by Sovs at ECE Plenary Geneva last April. European countries there represented decided set matter aside for time being and consider it next April. Principal reason for this decision was that work being done with a view to setting up an international atomic energy agency originally proposed by President Eisenhower and the subject also under active consideration other organizations. It was felt matter might be better evaluated at a later date though Govts were invited submit view to Executive Secretary ECE as soon as in position to do so. Sov representative at that time disclaimed any intention interfere with work being done elsewhere on subject peaceful uses atomic energy.

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<sup>1</sup>Source: Department of State, Central Files, 840.1901/7–1456. Official Use Only. Drafted by Moline and approved by Joseph J. Wolf, NATO Adviser, RA. Sent to the diplomatic posts in the 6 ECSC countries, USRO, and the CSC Mission, as well as 14 other European posts.

<sup>2</sup>At the Eleventh Session of the U.N. Economic Commission for Europe (ECE), in April, the Soviet Union introduced a Draft Agreement on Economic Cooperation, which included proposals for a European Atomic Energy Agency. The Executive Secretary of the ECE circulated the Soviet proposals for comment on July 5. For additional information, see U.N. document E/2868, Economic Commission for Europe, *Annual Report*, 31 March 1955–21 April 1956.

Only significant new element in proposal now put forward is denunciation Euratom in terms which completely misrepresent efforts being undertaken in that connection develop to maximum peaceful uses atomic energy. Such observations made at a time when Euratom under consideration in countries concerned suggests Soviet desire to interfere with that development rather than advance seriously international cooperation to gain advantages use atomic energy for peaceful purposes.

Consider subject primarily concern Europeans and initiative in reaction should basically be theirs. Evaluation above seems shared in London and Paris judging from preliminary reports. Additional views other European Govts expressing similar doubts if should become available will also be noted.<sup>3</sup>

**Dulles**

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<sup>3</sup>The various Embassy replies to this circular telegram, which indicated that most European governments were in general agreement with the U.S. position, are in Department of State, Central Files, 840.1901.

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**183. Letter From the Deputy Under Secretary of State (Murphy) to the Chairman of the Atomic Energy Commission (Strauss)<sup>1</sup>**

*Washington, August 7, 1956.*

DEAR ADMIRAL STRAUSS: We have recently had prepared in the Department a summary of the current status of the EURATOM project. I believe that this will be of interest to the Atomic Energy Commission.

While there has been some unavoidable slippage in the time schedule the six European nations originally established for themselves, they have a continuing strong interest in pursuing the project and are making steady progress on it. EURATOM surmounted a difficult hurdle when the French Assembly debate on July 11 resulted in strong affirmative support for EURATOM, although the positions taken by the French Government in arguing their case pointed up a number of issues which will have to be faced in the drafting of a treaty.

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<sup>1</sup>Source: Department of State, Atomic Energy Files: Lot 57 D 688, Euratom—Regional. Confidential. Drafted by Schaetzel on August 1.

The Department continues to feel that EURATOM can make an important contribution in the achievement of American objectives in Europe. The work done last winter by the Commission at the Secretary's request<sup>2</sup> to consider those supporting actions which the United States might take to encourage and assist EURATOM places the Government in an excellent position to begin active negotiations with the six nations when the latter are prepared to open discussions with the United States. That such negotiations have not yet been held is consistent with the basic political strategy we have followed, namely that the initiative for this project must remain clearly and completely with the Europeans. The responsible foreign government officials in Europe are thoroughly aware of our broad support for the project and that we are prepared to talk with them when they wish. It now looks as though discussions between the United States and the Brussels Group probably would not take place before October.

Sincerely yours,<sup>3</sup>

[Enclosure]

#### CURRENT STATUS OF EURATOM<sup>4</sup>

##### *I. Timing*

The six nations have not been able to maintain the stiff schedule originally contemplated which would have produced a treaty ready for consideration by the parliaments of the participating states during the autumn of 1956. The EURATOM Brussels Working Group, under Spaak's direction, produced a paper setting forth the functions of EURATOM which was considered by the Foreign Ministers at Venice on May 29-30. At this meeting the Ministers approved the Spaak paper and set up a further treaty drafting committee, also under Spaak's direction. The customary August hiatus in European governmental activities, complicated further by Spaak's four-week trip to the Congo, means that it is unlikely that a treaty draft will be ready for signature by the Ministers and submission to the governments for parliamentary action before late October or November at the earliest. The French Assembly debate on EURATOM, July 6-11, accelerated to some extent work on the treaty and the French Government has expressed the hope that a draft could be prepared by October. While this debate resulted in a surprisingly large majority

<sup>2</sup>See Document 149.

<sup>3</sup>The source text is unsigned.

<sup>4</sup>Confidential. Drafted by Schaezel on August 1.

supporting EURATOM, the Government accepted a number of commitments which will complicate the work of the Brussels Treaty Group, though they emphasized rather than created issues which have always been latent in the project, and which are set forth below.

A. *EURATOM and Atomic Weapons*: Many of the original supporters of EURATOM in Europe, particularly the Socialists, had insisted that EURATOM contain a commitment of the participating states to renounce their rights to fabricate nuclear weapons. This aspect of the project has been subject to continuing erosion. In the course of its Assembly debate the French Government committed itself to support a four-year moratorium before any bomb could be exploded by one of the participating states but after that time any one of the six nations would be free to act unilaterally in this area (the French assume, in our judgment unrealistically, that the Germans will continue to be tied by the WEU commitments and hence this exception will not be available to them). The French Government also stated that EURATOM would not affect its freedom or that of any of the participating states (except for Germany) to continue research and development of weapons during the four-year moratorium period.

B. *Extent and Character of EURATOM Control Over Fissionable Material*: The German interests hostile to EURATOM and interested in maintaining a free hand for German atomic development, center their attack on the proposal that EURATOM exercise common ownership over fissionable material, similar to the ownership and control which the Atomic Energy Commission maintains over such material in the U.S. These German interests, which are in a position to place strong political pressure on Chancellor Adenauer, have charged that this aspect of EURATOM will lead to socialism in Europe. At Venice, the Germans reserved their position on this point arguing that EURATOM should have "custody" but should not own this material. The other five negotiating countries are solidly behind the proposal for common ownership, and the EURATOM conference is virtually deadlocked on this issue.

C. *Scope of EURATOM Program and Authority*: Some elements in the French and German Governments have also proposed that the participating states retain a substantial freedom of action, arguing essentially for a cooperative, rather than an integrated atomic energy program. One suggestion put forward is that when the supply of fissionable material is inadequate to the requirements of the participating states, the states and/or companies be permitted to buy outside EURATOM procurement channels supplies of these materials from other sources. For somewhat different reasons, related to their desire to maintain a free hand in weapons development and also to hold their lead in the atomic energy field, the French Government asserted

in the Assembly debate that EURATOM would control no more than 20% of the French atomic energy program. Consistent with this position the French Atomic Energy Commissariat is currently engaged in an energetic effort to tie up on a bilateral basis substantial amounts of Canadian uranium, a position at odds with the concept that EURATOM would be the sole owner of fissionable material.

D. *Relationship of the Common Market Proposal to EURATOM:* Germany, with some support from Belgium and Holland, has pressed for a close relationship between these two Messina projects indicating that they must proceed together if any real progress is to be made towards further European integration. The extremely strong competitive position of the Germans means that they would be major immediate beneficiaries of a European common market; the French would suffer the most important immediate strains. The French insisted that any link which tied these two projects together in such a way that they would have to be considered simultaneously by the parliaments would be totally unacceptable.

E. *Separate Institutions for EURATOM:* In the course of the French Assembly debates and responding to the antipathy of certain elements in France to the Coal and Steel Community the commitment was made by the Government that EURATOM, when it came into being, would not necessarily be governed by the institutions of the Coal and Steel Community. It is uncertain at this stage how serious a reservation this may be and the consequences it may have on the development of the Community of Six. It may be possible to reach an acceptable understanding on separate terms of reference or delineation of staff which would permit use of the Council and Court at least of the Coal and Steel Community.

## *II. Anticipated Action by the United States*

Through diplomatic channels the U.S. has reiterated its strong support in principle for an effective EURATOM and indicated in general terms a willingness to lend practical support to the community should it be established. The six nations are aware of our readiness to enter into technical discussions with them. While all of the participating states have indicated their gratification at U.S. support of their efforts and particularly for the discreet manner in which this support has been demonstrated, they have let it be understood that they do not wish to enter into discussions with the U.S. until the treaty has been developed. While this decision on the part of the Brussels Group is awkward in that it may result in an instrument containing provisions or omissions contrary to what we would like to see, it is based on the apparent unanimous judgment of the negotiators that the origin, inspiration, and development of EURATOM must be completely European. Consistent with this tactical decision

by the six nations, Spaak's proposed visit to the United States last June collapsed. Therefore, it is unlikely that there will be any approach to the United States on this subject before October. We would hope at that time that it may be possible to enter into negotiations at the technical level on the basis of the lines set out in the AEC paper of April 13,<sup>5</sup> to examine the nature of the treaty, and to discuss the possible areas of U.S. assistance to and collaboration with EURATOM assuming that the examination of the treaty indicates that the institution is worthy of U.S. support.

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<sup>5</sup>Attached to Document 166.

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**184. Memorandum From the Chairman of the Council on Foreign Economic Policy (Randall) to the Council<sup>1</sup>**

CFEP 539/1

*Washington, August 9, 1956.*

**SUBJECT**

CFEP 539—Effect of Regional Economic Integration on U.S. Trade and Other Economic Interests

1. It has been suggested to the Council that the effect of economic integration of Western Europe and other regions on U.S. trade and other domestic economic and foreign policy interests be reviewed.

2. It is the policy of the United States to support the economic integration of Western Europe. A number of international organizations have been established to facilitate achievement of this objective and proposals for a further reduction of trade barriers and the establishment of a common market are receiving serious attention. Such activities may have far-reaching implications for the U.S. economy and for the trade and other economic interests of the rest of the world.

3. A review of the effects of the activities and accomplishments of these organizations on U.S. trade and other domestic economic and foreign policy interests, together with a study of the possible impact of the development of a common market in Western Europe,

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<sup>1</sup>Source: Department of State, E-CFEP Files: Lot 61 D 282A, CFEP 539. For Official Use Only.



will provide a basis for charting future U.S. policy more intelligently.<sup>2</sup>

4. It is recommended that the Council undertake this review and that a Council subcommittee, chaired by a member of the Council of Economic Advisers and including high level representatives of the Departments of State, Commerce, Treasury, and Agriculture and the International Cooperation Administration, be appointed to prepare a report and recommendations on the subject for consideration by the Council.

5. The Subcommittee should submit to the Chairman, CFEP by August 31 an outline of the study it contemplates. The final report and recommendations should be submitted to the CFEP by December 1, 1956 and the Subcommittee should submit biweekly progress reports to the Chairman, CFEP.<sup>3</sup>

Clarence B. Randall

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<sup>2</sup>In a memorandum of February 9 to Joseph Dodge, Gabriel Hauge recommended this idea. "I wonder," his memorandum noted, "if we ought not to set up a CFEP agenda item that would seek to explore the implications for the U.S. of genuine progress toward economic integration in Europe. I have a feeling that a lot of people in government plug this line actively without having thought through very much what it means in terms of discrimination against our trade, etc." (Eisenhower Library, CFEP Records)

In a memorandum of May 1 to Dodge, Paul Cullen noted Hauge's suggestion and recommended that an agenda item be established on this subject for the CFEP. (*Ibid.*)

<sup>3</sup>At the 46th meeting of the CFEP on August 14, the Council made the following decision on this matter:

"The Council approved the recommendation of the Chairman (CFEP 539/1) that a CFEP Subcommittee be established to review the effect of regional economic integration on U.S. trade and other economic interests as proposed in CFEP 539/1 dated August 9, 1956. The Council agreed this Subcommittee would be chaired by a member of the Council of Economic Advisers and include high-level representatives of the Departments of State, Commerce, Treasury, and Agriculture, and the International Cooperation Administration. The Council requested the Subcommittee to submit its final report and recommendations to the Council by December 1, 1956, and to submit to the Chairman, CFEP, an outline of its study by August 31 and bi-weekly progress reports thereafter." (*Ibid.*)

In a memorandum to the CFEP dated September 5, Cullen noted that the membership of the CFEP Subcommittee on Regional Economic Integration was as follows: Joseph S. Davis of the Council of Economic Advisers (Chairman); Thorsten Kalijarvi; Marshall M. Smith, Deputy Assistant Secretary of Commerce; George H. Willis, Director of the Office of International Finance, Department of the Treasury; Earl L. Butz, Assistant Secretary of Agriculture; and Stuart H. van Dyke, Regional Director of the Office of European Operations, ICA. (Department of State, E-CFEP Files: Lot 61 D 282A, CFEP 539) All of the progress reports of the Subcommittee are in both Eisenhower Library, CFEP Records; and Department of State, E-CFEP Files: Lot 61 D 282A, CFEP 539.

185. Telegram From the Secretary of State to the Embassy in France<sup>1</sup>

*Washington, August 30, 1956—7:41 p.m.*

Topol 312. Ref: Polto 355 rptd info London unnumbered, Oslo 262, The Hague 378, Geneva 203.<sup>2</sup> Following are Department views Soviet All-European Economic Agreement for discussion at NATO meeting: Dept preliminary view when Agreement initially presented at ECE last April was that underlying purpose of USSR in Agreement was to disrupt Atlantic Alliance and Atlantic Community institutions, such as OEEC. Our view on this remains unchanged. Soviets have attempted deny charge their motivation in proposing Agreement is to undermine Atlantic Community organizations, contending All-European Agreement would supplement these Atlantic arrangements leaving existing institutions unaffected. Myrdal Executive Secretary ECE with whom Dept has discussed these preliminary views, has also disputed our interpretation Soviet motivation re proposed Agreement and has attempted persuade other countries benign intention Soviets. Our position on Soviet motivation reinforced by USSR blast at EURATOM in July in context proposal for European nuclear energy organization similar to one suggested in Article 14 of Agreement.

1) Consider proposed Agreement highly objectionable and one to which U.S. could not subscribe. From economic viewpoint treaty would not in any way add to prospects for sound economic cooperation. From political viewpoint proposed Agreement has very serious obstacles, major one being that Agreement has as underlying assumption (second paragraph Preamble) that closer economic cooperation will lead to solution problems of collective security and disarmament. This is argument Western powers have always rejected. Acceptance proposed Soviet Agreement could begin to reverse entire orientation western alliance on this important question. NATO alliance founded on awareness Soviet aggressive aims and fact that greater "confidence in relations between nations" dependent on more basic modifications of Soviet aims and actions than mere profession of its desire for "economic cooperation" particularly as defined this draft Agreement;

<sup>1</sup>Source: Department of State, Central Files, 840.00/8-2256. Confidential; Priority. Drafted by Phillips and approved by Timmons. Repeated for information to London, Oslo, The Hague, Moscow, Geneva, and Bonn.

<sup>2</sup>Polto 355, August 22, reported that the British Delegation to the North Atlantic Council (NAC) had informed the U.S. Delegation that it desired both NAC and OEEC discussion of the Soviet proposals for peaceful uses of atomic energy and for an all-European agreement on economic cooperation. (*Ibid.*)

2) Generalized professed objectives, insofar as relate to genuine multilateral effort promote economic cooperation, already set forth in aims and largely met by existing organizations including UN, UNESCO, UNTAA, ECE, OEEC, GATT, IBRD, IMF, EPU and others. Necessity for reaffirmation these objectives by new agreement and new organization not apparent particularly as membership in most of existing organizations long has been open to USSR and satellites. Needless multiplicity of organizations and duplication of activities contrary to intent of UN Charter and would yield confusion and dissipation of efforts;

3) Based on premise "lessening of international tension has created favorable conditions for extending foreign trade . . ." (Preamble), proposed agreement (Article 5) would dismantle entire multilateral system of East-West strategic trade controls. Agreement also would go in opposite direction of liberal international trade policy through encouragement bilateral agreements and long-term bilateral trade arrangements. If provisions meaningful would also mean the end of GATT;

4) Several provisions proposed agreement merely restate work already being carried forward in ECE and are unobjectionable. Despite acceptability these provisions however see no reason accept body of agreement which is inimical Atlantic Alliance.

We hope NATO partners share U.S. appraisal Soviet proposal and will reject entire Agreement. You should press for this. If however certain members deem outright rejection undesirable as political tactic and wish discuss in NAC alternative ways of handling Soviet draft Agreement, one alternative which occurs to us might be to draw up list of questions to be submitted to USSR, attempting elicit more specific information of meaning and actual operation of certain more general proposals in draft Agreement, with view toward delaying consideration of Agreement beyond next plenary session of ECE in April. Other approaches may occur to USRO. Request comments.

Foregoing are broad major reactions to proposed agreements. Technical and economic study of Agreement currently underway here and will be submitted for OEEC consideration. Since proposed Agreement is addressed primarily to European countries and could come into force without US, US Rep should use discretion in utilizing foregoing views in open session and in order and method presentation. Will instruct further after report initial discussion and your recommendations. Would be most helpful have some indication prior meeting of country positions particularly UK and France.

Department attitude toward Soviet nuclear energy proposal unchanged from views expressed Circular 29 July 14, 1956.<sup>1</sup>

Dulles

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<sup>1</sup>Document 182. In telegram 454 to Geneva, October 19, the Department of State transmitted the text of the U.S. reply to the ECE Secretariat on the proposed Soviet Agreement on Economic Cooperation. (Department of State, Central Files, 840.00/10-1956)

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**186. Memorandum of a Conversation, Department of State, Washington, September 26, 1956<sup>1</sup>**

SUBJECT

General Discussion of Current Work of OEEC

PARTICIPANTS

The Secretary of State

M. Rene Sergent, Secretary-General of the Organization for European Economic Cooperation

Mr. B.E.L. Timmons, Director, Office of European Regional Affairs

The Secretary received M. Sergent at 2:15 p.m.<sup>2</sup>

The Secretary welcomed M. Sergent and spoke of the deep interest of the United States Government in the work of the Organization, and in particular in the projected study of relations between the proposed common market and the free trade area. He recalled that he had had the privilege of attending on one of the Ministerial meetings of the OEEC.

M. Sergent responded that he greatly appreciated the opportunity of talking for a few minutes with the Secretary regarding recent developments in the work of the Organization, which he found most encouraging.

Turning first to the proposal for the creation, through the OEEC, of a broad free trade area, including the United Kingdom, grouped around the Six-Country Common Market now under discussion in Brussels, M. Sergent said he personally was convinced that the proposal was not a device on the part of the British to gain time. He

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<sup>1</sup>Source: Department of State, Central Files, 840.00/9-2656. Confidential. Drafted by Timmons.

<sup>2</sup>Sergent was in Washington to attend meetings of the International Bank for Reconstruction and Development (IBRD) and the International Monetary Fund (IMF). In a memorandum to Dulles, dated September 24, Elbrick briefed the Secretary of State on this scheduled meeting. (*Ibid.*, RA Files: Lot 58 D 455, Washington Visits)

said that the first cracks in the British position opposing an enlarged free trade area in Europe came in the early months of this year. Several of the leading newspapers in the United Kingdom had addressed themselves to the matter. M. Sergent said that he thought that Mr. Thornycroft, President of the Board of Trade, now sincerely believes that British association with a free trade area in Europe would be greatly to the United Kingdom's advantage, and other members of the British Cabinet are increasingly favorable to the idea. M. Sergent went on to say that previously there had existed a danger that the Six Countries, if they formed a common market, would then have proceeded to deal on a bilateral basis with the other OEEC countries. This would have been most unfortunate, and he thought this danger had now greatly lessened owing to the more positive British approach to the free trade area now under discussion.

The Secretary commented that at the time of Prime Minister Eden's visit to Washington last January, it had been quite clear that while the British Government was prepared to tolerate EURATOM, it was quite hostile to the Common Market. It appeared to him that the British Government was now approaching the question of the common market and a free trade area in a much more objective way, and that there had been a considerable shift in British thinking on the matter.

M. Sergent said that the OEEC study regarding the creation of the free trade area is now just getting under way, under the direction of Baron Snoy, a high permanent official of the Belgian Government dealing with trade matters, who has participated in the work of the OEEC from the beginning and who is also a member of the Belgian Delegation to the Six-Country talks in Brussels on the common market. M. Sergent said he felt that the fact Baron Snoy is heading the study is a very good omen for the future of the discussions concerning the free trade area, as he believes in both the common market and in the association with it of a free trade area. It was of course too early to say what the outcome would be, but he remained extremely hopeful. He added he was conscious that the U.S. was watching developments closely, and that it was important that the free trade area not become a device for discriminating against the U.S.

Turning to the question of the work of the OEEC in the field of nuclear energy, M. Sergent recounted briefly some of the developments that had given the appearance of incompatibility between EURATOM and the OEEC initiative in the nuclear energy field. He said that while several "peace treaties" had been signed earlier, it was not until the July 1956 OEEC Ministerial meeting that there was a full realization of the compatibility of the two initiatives. The representatives of the Six had been particularly helpful at the OEEC

meeting. He went on to speak of the hope of the OEEC to associate private capital in whatever projects it proves possible to undertake in the field of nuclear energy in the OEEC framework.

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**187. Memorandum From the Assistant Secretary of State for European Affairs (Elbrick) and Philip J. Farley of the Office of the Special Assistant to the Secretary of State for Atomic Energy Affairs to the Secretary of State<sup>1</sup>**

*Washington, September 26, 1956.*

**SUBJECT**

Proposed Approach to Adenauer on EURATOM

1. The Foreign Ministers of the Six will meet in Paris October 8 to discuss the outstanding disagreements in the Brussels negotiations on Euratom and the Common Market. Mollet and Adenauer at a preliminary meeting this weekend will try to resolve their major points of difference. These two meetings may be decisive for the course of the Brussels Conference, and will probably determine whether a Euratom Treaty before the end of the year is a possibility.

2. The major disagreement in the Euratom conference arises from the German position against common ownership (by Euratom) of all fissionable materials, similar to the control our own AEC exercises over this material. The other five governments represented in the Brussels talks are agreed not only that such common ownership is technically necessary if Euratom is to exercise "airtight control", but also that its acceptance in the proposed Treaty is an essential test of the willingness of the Six countries to share fully their resources in this field. Mollet in particular has taken a commitment to this effect in the National Assembly debate in July.

3. Franz Joseph Strauss, who has so far determined the German position on this central issue, is pushing for freedom for German private industry to own and freely dispose of fissionable materials, subject only to control by the German government through the Laender, and a general review by Euratom. The others have not accepted this position.

4. The opponents of the Strauss position (which include Brentano and other C.D.U. leaders) have been making efforts to obtain Chancellor Adenauer's intervention. Monnet and Etzel have recently

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<sup>1</sup>Source: Department of State, Central Files, 840.1901/9-2656. Confidential. Drafted by Cleveland; concurred in by Timmons, Moline, Margolies, Schaetzel, and Bowie.

seen the Chancellor and have some hope that he will modify the German position. However, the Chancellor is not committed, and given the internal German political struggle, would have difficulty in overcoming Strauss and his industrial backers on this issue.

5. Ambassador Conant, when he was here a few weeks ago, felt that discreet U.S. intervention with the Chancellor on this issue might be effective. We agree with this judgment. In view of the forthcoming meetings, we feel we should do so now. A private message from you to the Chancellor would in our opinion be likely to have the most effect, and we have therefore prepared a draft of such a message.

*Recommendation:*

That you sign the attached telegram to Bonn containing a message to the Chancellor.<sup>2</sup> (Tab A)

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<sup>2</sup>See telegram 900, *infra*.

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## 188. Telegram From the Secretary of State to the Embassy in Germany<sup>1</sup>

*Washington, September 30, 1956—2:04 p.m.*

900. For the Ambassador. I have been greatly concerned about effect on EURATOM negotiations of possible German intransigence on question of ownership and supply of fissionable material, concern which I understand you share. I am encouraged however by recent reports that Adenauer stimulated by Etzel (Luxembourg Tel 22 to Bonn<sup>2</sup>) now appreciates importance this issue and that he may be prepared bring Germany into harmony with her negotiating partners on this point. In this situation I think an initiative on our part at this time may be useful; therefore, unless you see objections, will you inform Adenauer of my views this subject along following general lines:

I understand problem of ownership of fissionable material will be one of major issues on EURATOM at forthcoming Ministers

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<sup>1</sup>Source: Department of State, Central Files, 840.1901/9-2056. Confidential; Priority; Limited Distribution. Drafted by Schaetzel and approved by Dulles. Repeated for information to Brussels, Luxembourg (for the Embassy and the CSC Mission), Paris, Rome, and The Hague.

<sup>2</sup>Sent to the Department as Colux 28 from Luxembourg, September 18. (*Ibid.*, 840.1901/9-1856)

Meeting in Paris. While Chancellor is aware that we have carefully refrained from injecting our views into Brussels discussions, this particular subject is one on which U.S. has significant experience and which is of such importance that he may permit us a few observations:

Despite deep commitment of U.S. to private enterprise system, there is general acceptance in U.S. of necessity for government ownership of this material. This policy in U.S. stems from inherent danger of fuel as well as its intrinsic military significance. I understand it is sometimes held that our policy on this subject is carried over from the period when the primary emphasis in nuclear policy was military; this is of course not so. The Atomic Energy Act of 1954, which was drafted after a searching reexamination of nuclear energy policies by the Administration and the Congress, in view emerging peaceful development of the atom, contains a clear expression of government and Congressional policy that the government should be the exclusive owner of fissionable materials.

As Chancellor knows, we also have the hope that with development of treaty and establishment of strong EURATOM with effective common authority and responsibility would be possible for U.S. to cooperate very closely with atomic energy community of Six. However, in view of our own domestic U.S. legislation could not transfer fissionable material to EURATOM unless latter were in position maintain ownership of material.

In light of these considerations, it is my hope that in reviewing German position on ownership and supply issue, Chancellor will modify previous German opposition to common ownership, in interests both of progress European integration and of rapid atomic energy development in six countries, including Germany.<sup>3</sup>

**Dulles**

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<sup>3</sup>Ambassador Conant transmitted these views to Chancellor Adenauer in a letter of October 3. In telegram 1467 from Bonn, October 17, he reported Adenauer's reply. In his letter, the Chancellor stated that he was taking particular cognizance of U.S. views concerning the necessity of government ownership of fissionable materials in light of the forthcoming meeting of the CSC Foreign Ministers in Paris, which was scheduled to deal with EURATOM problems. He also indicated his readiness to meet with Conant to discuss this subject. (*Ibid.*, 840.1901/10-1756)



189. **Letter From the Chairman of the Council on Foreign Economic Policy (Randall) to the Secretary of State<sup>1</sup>**

*Washington, October 4, 1956.*

MY DEAR MR. SECRETARY: I was tremendously interested in your cogent remarks this morning about the common market concept for Europe.<sup>2</sup>

On my recent trip to the other side, this subject was foremost in almost every conference that I held.<sup>3</sup>

I agree most heartily with the opinion you expressed today that the United States should support this project to the limit.

I have a task force studying it, and it will make a report shortly to the Council on Foreign Economic Policy.

It is my personal opinion that this subject will move swiftly now in Britain, and that their decision may be taken shortly after the turn of the year.

When that time comes, I feel that we should promptly make a public statement in support of the project. As you know, we hold an indirect veto over it because the consent of the GATT will be required. That will give us an opportunity to do some trading also, but I would be strongly opposed to our over-trading.

There will be strong opposition in this country when this idea develops. The protectionist group do not seem yet to have been alerted to it, but that cannot long be delayed, and it will be argued powerfully that German manufacturers will now drive our products out of the European market.

There will also be delicate questions to work out with respect to the most-favored-nation principle.

It is my own conviction that this may be the most significant economic event in my generation, and I wish it well.

Sincerely yours,

*CBR*

**Clarence B. Randall**

*Special Assistant to the President*

<sup>1</sup>Source: Department of State, Central Files, 440.002/10-456. Confidential.

<sup>2</sup>Reference is unclear.

<sup>3</sup>Randall visited Paris, Bonn, and London between September 8 and 14. Documentation on his trips is in Department of State, Central Files, 033.1100-RA.

190. **Memorandum From the Director of the Office of European Regional Affairs (Timmons) to the Acting Assistant Secretary of State for European Affairs (Elbrick)**<sup>1</sup>

*Washington, October 4, 1956.*

SUBJECT

Commerce Proposals for Export Controls on Ferrous Scrap

At the request of the Department of Commerce the CFEP will, at 4 p.m. today, consider a proposal introduced yesterday for export controls on ferrous scrap for the remainder of 1956 as a preliminary step to export controls on scrap in 1957.<sup>2</sup> Commerce's proposals for export controls on scrap have been rejected three times in the past year or so by the CFEP.

For the remainder of 1956 Commerce proposes immediately to grant export licenses generally up to the stated or estimated requirements. It contends this action is necessary to prevent excessive exports in anticipation of controls. No information has been submitted by Commerce on the nature and extent of the proposed 1957 export controls. The main reason given by Commerce for this proposal is that increasing exports, together with a record level of domestic consumption, would seriously jeopardize U.S. industry in a national emergency.

Congress requested Commerce to make a study of U.S. scrap resources with a view to determining their adequacy for U.S. industry. This study will not be completed until early 1957. Until the results of that study are known, there is no basis for emergency action to restrict exports. The E area considers the Commerce proposal to be without merit for several reasons.

Insofar as Western Europe is concerned, these countries have taken measures to reduce their dependency on U.S. scrap and there is reason to believe that their imports from the U.S. next year will decline. This is in direct contradiction to the statement in the Commerce submission to the effect that the trend in friendly foreign countries is to increase their dependency on the U.S. for scrap. Supporting material on this has been made available to Mr. Bray in Mr. Prochnow's office.

There is one new aspect to the Commerce proposal. As submitted this time, the proposal does not exclude Canada and Mexico from the proposed export controls. In the past, these two countries have been treated as if they were part of the U.S. insofar as scrap is

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<sup>1</sup>Source: Department of State, RA Files: Lot 58 D 374, CSC—Scrap. Confidential. Drafted by Phillips.

<sup>2</sup>The Commerce proposals, circulated to the Council on October 3 as CFEP 532/6, are in Eisenhower Library, CFEP Records.

concerned. If this policy were to be changed, this might have serious repercussions on our relations with Canada. Attached is a copy of our last memorandum on scrap export controls as these would affect Western Europe.

It is suggested that you call Mr. Prochnow, who will represent the Department at today's meeting, to tell him of EUR's concern at the Commerce proposal and to offer EUR support in opposing it.<sup>3</sup>

[Enclosure]

IMPACT OF PROPOSED FERROUS STEEL SCRAP LIMITATION  
ON WESTERN EUROPE<sup>4</sup>

Imports of scrap from the U.S. have been essential in permitting steel production in the United Kingdom and the European Coal and Steel Community to reach their present high level. They have also been an important factor in limiting price inflation in Europe and in building up essential stocks which were very low prior to the summer of 1954. High level steel production in these countries in the coming year will continue to depend heavily on the ability of these countries to import a large quantity of their total scrap needs from the U.S. The proposed Commerce Department limitation on scrap exports might seriously affect the economic viability of the Western European economy, in turn, adversely influencing the defense capabilities of these NATO countries. It could threaten, or reverse, economic trends in Western Europe towards greater productivity and strength. It has been estimated, for example, that Britain's steel production for 1955 would have been reduced by about the volume of scrap imports from the U.S., (about 900,000 tons), if U.S. supplies had not been freely available.

In the case of the CSC countries, U.S. export controls on scrap would strengthen the hand of nationalistic groups in the Community and of those elements pressing for internal controls and restrictive arrangements on scrap. The High Authority is on record as hoping that the U.S. will not apply export controls. If, however, the U.S. for significant cause considers it is compelled to adopt export controls, the High Authority has asked that it be given at least three months advance notice to make plans for alleviating the adverse impact on the Community and Western Europe as a whole. Scrap export con-

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<sup>3</sup>A handwritten note on the source text indicates that Elbrick called Prochnow's office and, in his absence, informed William H. Bray of EUR's position on the scrap question.

<sup>4</sup>Confidential. Drafted by Phillips.

trols by the U.S. might constitute a setback for European integration and the development of a free competitive market.

In response to representations by the U.S., the United Kingdom and the European Coal and Steel Community have undertaken current and long range programs to reduce their dependence on U.S. scrap. Scrap imported from the U.S. is expensive for the Europeans and has significantly increased the cost burden for the European steel industry. It is expected that high prices on U.S. scrap will set [act?] as a strong deterrent on European imports from the U.S., somewhat reducing European imports for 1956, particularly in the second half of that year. The European steel industry is also expected to make less scrap as a result of current programs to reduce the proportion of scrap to pig iron in steel making. In the CSC, which took action substituting pig iron for scrap in 1955, it is estimated that 500,000 tons of scrap were saved last year as a result of this program. Western European countries are also attempting to increase domestic scrap availabilities. These measures to reduce dependence on imported scrap are, for the most part, long-term in nature. If, however, it is possible in the interim to continue the open end scrap policy in the U.S., the European countries now heavily dependent on U.S. imports will be enabled to keep up their production and productivity momentum, tiding them over until their long range domestic programs will have taken hold.<sup>5</sup>

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<sup>5</sup>At the CFEP meeting, held at 4 p.m. October 4, the Council concluded, with the Secretaries of Commerce and the Treasury dissenting, that the proposal of the Department of Commerce should not be approved. (Minutes of the 48th meeting of the CFEP; Eisenhower Library, CFEP Records)

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**191. Telegram From the Assistant Chief of the Mission in Berlin (Gufler) to the Department of State<sup>1</sup>**

*Berlin, October 4, 1956—7 p.m.*

287. From Murphy.<sup>2</sup> During my visit to Bonn and in agreement with Ambassador Conant, I had opportunity to mention to Adenauer the Department's interest in a satisfactory solution of the problem of ownership of material in EURATOM. Chancellor expressed sympa-

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<sup>1</sup>Source: Department of State, Central Files, 840.1901/10-456. Confidential. Repeated for information to Bonn.

<sup>2</sup>Murphy was in the Federal Republic of Germany for a brief visit; for information on his trip, see Department of State *Bulletin*, October 29, 1956, pp. 668-676.

thy for the Department's point of view and added that he hoped that a satisfactory solution would be arrived at. This was concurred in by Hallstein, and Adenauer asked me to discuss the question with Minister Strauss. After dinner that evening, I had a long conversation with Strauss who vehemently argued for his point of view, that private ownership under German law would be legally different than would be the case in other EURATOM countries. Under the German system, he said, ownership would really amount to custodianship; private enterprise would actually only control the material subject to strict supervision by the state, and also subject to severe penalties for violation of the rules which would be laid down governing the handling of the material. I explained to him very carefully the US position which he fully understands. He said that he would be eager either to come to the US to explain his point of view or to send two of his specialists for that purpose. It also was quite clear that Strauss is actuated by fear of French Socialist influence leading to public ownership in this and other fields.

I discussed matter briefly before departure with Hallstein who expressed impatience with Strauss' point of view, insisting that a decision on the matter should be made within a few days. I believe Strauss will attempt to offer some compromise formula.

Gufler

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**192. Memorandum From the Director of the Office of British Commonwealth and Northern European Affairs (Parsons) to the Assistant Secretary of State for European Affairs (Elbrick)<sup>1</sup>**

*Washington, October 9, 1956.*

**SUBJECT**

U.K. Proposal for Free Trade Area

On October 2, Lord Harcourt<sup>2</sup> left with the Department a note (Tab A)<sup>3</sup> summarizing tentative HMG proposals for a Free Trade Area with the Messina group on the Continent. He expressed great interest in U.S. reactions to these proposals.

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<sup>1</sup>Source: Department of State, Central Files, 440.002/10-956. Confidential. Drafted by William N. Dale of WE; cleared by Timmons.

<sup>2</sup>Economic Minister, British Embassy.

<sup>3</sup>Not printed.

*Discussion:*

The recent shift in British attitudes towards economic integration with the Continent has been so great that there now exist a real possibility that it may take place if the Commonwealth and the United States demonstrate support (Tab B).<sup>4</sup>

Establishment of a Free Trade Area, in distinction to a Customs Union (and one which does not apply to agricultural products), will enable the British to maintain their Imperial Preference System, while, at the same time, they would enjoy equal access with Germany, their strongest continental competitor, to the markets of other states within the Free Trade Area. It would also permit Britain again to assume a leading role in the movement for European unity.

There are signs of opposition to the British plan in the U.S. Treasury and it may develop in other Departments of the U.S. Government which fear that it may postpone the day of convertibility and perhaps impede progress toward dollar liberalization. The added strength to the British and European economies which would come of a Free Trade Area would probably have the opposite result, hastening the time when they will be strong enough to reach these desirable objectives.

The British have always considered us to be strong proponents of European unity. Now that they may be buying a piece of this bill of goods themselves, they are doubtless counting on our strong support. Any other policy on our part would be widely construed as capitulation by the U.S. Administration to narrow economic pressure groups and would have a severely adverse effect on British estimates of the integrity of U.S. foreign policy.

*Recommendation:*

It is recommended that EUR adopt a position of strong, though not necessarily uncritical, support for the British proposals and that it reflect this position in working groups, meetings or on other occasions.

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<sup>4</sup>Tab B, not printed, summarized the British proposal for a free trade area and the U.S. position on the proposal.

193. Telegram From the Ambassador in Germany (Conant) to the Department of State<sup>1</sup>

Bonn, October 10, 1956—4 p.m.

1383. Reference: Deptel 957.<sup>2</sup> I am of opinion it would be most undesirable to complicate present delicate negotiations on EURATOM by entering into power bilateral discussions with France and Italy. While present climate political opinion in Germany following lead given by Adenauer favors German moves toward European integration, including EURATOM, Germany is being called upon make a number of concessions on EURATOM draft treaty which are strongly opposed by powerful industrial interests and two major interested ministries. It would make task of German political leaders, who are inclined make these concessions, considerably more difficult if Germans learned of power bilateral negotiations which as Department points out probably cannot be kept confidential. Opponents of EURATOM would find support for their views that EURATOM unnecessary and only tying German hands, since generous terms obtainable from U.S. sooner in bilateral negotiations. Embassy recalls unfavorable impact on EURATOM negotiations of Dutch and Swiss power bilaterals earlier this year.

Department of course also aware that much time would elapse before either France or Italy could make use of requested quantities U-235. Both countries will surely realize that delay negotiations several months would not seriously affect their respective nuclear energy programs and that on other hand these negotiations could jeopardize EURATOM.

Therefore considering importance attached to EURATOM by U.S. recommend postpone negotiations for period during which fate EURATOM likely to be solved one way or another, and explain U.S.

<sup>1</sup>Source: Department of State, Central Files, 840.1901/10-1056. Confidential; Priority. Repeated for information to Rome, Paris, London, Brussels, Luxembourg, and The Hague; passed to ICA.

<sup>2</sup>In telegram 957 to Bonn, October 5, also sent to Brussels, Luxembourg, Paris, Rome, and The Hague, the Department reported that Italy and France had independently approached the United States the previous week to negotiate classified atomic energy bilateral agreements. The Department expressed concern during preliminary discussions with officials from the Italian Embassy that a bilateral atomic energy agreement might interfere with the success of the EURATOM treaty. "Our objective is to throw responsibility for considering effects of bilateral negotiations back on Europeans," the telegram reads, "so US cannot be accused hindering treaty work. Department keenly aware Conant's view that we should be careful not upset uneasy balance US atomic energy bilateral relations with France and Germany. On other hand US actively engaged, as aspect of Atoms for Peace Program, in negotiation bilateral agreements." The Department indicated that it would urgently appreciate comments regarding this situation. (*Ibid.*, 611.6597/10-556)

reasons to French and Italians. Would help greatly if key officials FedRep could be informed of such action.

Conant

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194. **Memorandum From the Under Secretary of State (Hoover)  
to the Secretary of State<sup>1</sup>**

*Washington, October 24, 1956.*

SUBJECT

Conversation with Admiral Strauss re EURATOM

Admiral Strauss called at my office this morning just prior to his departure for New York. He will be absent from Washington until the end of this week.

I read to Admiral Strauss the draft of your proposed letter to him stating the Department's position on EURATOM,<sup>2</sup> advising at the same time that it was not being transmitted because it had been prepared prior to the recess of the EURATOM negotiators.

Admiral Strauss felt strongly that he should proceed immediately with the bilaterals with Italy and France, and that they should be concluded before the 1st of November. He gave me all of the reasons, with which you are familiar, particularly stressing the fact that EURATOM is now further away from consummation than ever before, and that the Administration would be under severe criticism if concrete progress toward applying atomic power in the foreign field were not made in the next few months.

I advised Admiral Strauss that it was your and the Department's feeling that conclusion of a EURATOM agreement was by no means impossible, and that we were optimistic that real progress would be made within the next few months. We felt that the conclusion of the bilaterals would seriously, and perhaps decisively, prejudice the ultimate adoption of the EURATOM concept. Admiral Strauss appeared to doubt that EURATOM could be put through in any event.

After some discussion, Admiral Strauss stated that he felt he should bring this to the attention of the President and you in person, and suggested that he would like to make a presentation upon his return to Washington at the beginning of next week. I promised to convey this information to you.

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<sup>1</sup>Source: Department of State, Atomic Energy Files: Lot 57 D 688, Atomic Energy—General. Confidential.

<sup>2</sup>Reference is to an undated draft of a letter from Dulles to Strauss. (*Ibid.*)



It is my impression that Admiral Strauss might be willing to delay the negotiations on the bilaterals until some agreed-upon deadline, such as perhaps January 1, 1957, and that if at that time more progress had not been made, he would be free to proceed along the lines he has proposed. I did not have an opportunity to pursue this possibility with him further, as he had to leave to catch his plane.

*H.H. Jr.*

**Herbert Hoover, Jr.**

**195. Telegram From the United States Representative to the European Coal and Steel Community (Butterworth) to the Department of State<sup>1</sup>**

*Luxembourg, October 25, 1956—2 p.m.*

Colux 49. Reference: Luxco 16<sup>2</sup> and Colux 48.<sup>3</sup> Following long-standing arrangement Conant visiting me here and we both had long conversation with Bech last night and conversation Etzel and Monnet this morning. This is joint message based on our impressions from these and other sources.

Outcome of Paris meeting obviously leaves EURATOM and common market hanging in air. Bech was pessimistic, Monnet and Etzel were optimistic but all held view that it was make or break within near future and another ministerial meeting terminating in failure would be the end.

Conant believes that devoted as Chancellor is to European ideal, there are forces in Germany working against EURATOM and some aspects common market particularly those touching labor conditions which forces Chancellor has difficulty in meeting. Therefore, anything United States can do to strengthen his hand through our concern EURATOM would be most beneficial. To this end we believe if Conant could be instructed when he has appointment to see Chancellor Monday<sup>4</sup> to repeat to him that United States is prepared to

<sup>1</sup>Source: Department of State, Central Files, 840.1901/10-2556. Secret; Niact. Repeated for information to Paris, Bonn, The Hague, Brussels, Rome, and London.

<sup>2</sup>Luxco 16, October 23, also sent to Paris and Bonn, reads as follows: "Would appreciate your evaluation outcome La Celle St. Cloud Meeting and prospects for forthcoming Franco-German Meetings and for possible renewed meeting of Six FonMins second week November." (*Ibid.*, 840.00/10-2356) The Foreign Ministers of the six ECSC countries were scheduled to meet at La Celle St. Cloud, France, on October 30.

<sup>3</sup>In Colux 48, October 24, Ambassador Butterworth reported in part that he hoped to be in a position to reply to the Department's request for an evaluation of the Ministerial meeting at La Celle St. Cloud. (*Ibid.*, 840.00/10-2456)

<sup>4</sup>October 29.

deal far more generously with EURATOM than through bilaterals with component nations on matters of amounts of fissionable material available, speed of delivery, training of technical personnel and availability of know-how, such assurances might well strengthen Chancellor's position in regard to EURATOM. It is hard to judge how much German reluctance to support strong EURATOM will be determining factor in next negotiations but it is our opinion that Germans might be willing to buy the common market with this atomic currency.

Bech emphasized last night whole problem was now German-French problem suffering from developing German sense of superiority and continuing sense of French inferiority. He felt Spaak alone could be catalyst to bring about successful result. But in our opinion it may be that if meeting transpires between Mollet and Adenauer they can do in this matter what they did with Saar and Moselle.<sup>5</sup>

Butterworth

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<sup>5</sup>On October 23, Mollet and Adenauer agreed that the Saar would be returned to Germany.

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**196. Telegram From the United States Representative to the European Coal and Steel Community (Butterworth) to the Department of State<sup>1</sup>**

*Luxembourg, October 26, 1956—1 p.m.*

Colux 54. For the Secretary. The more I think about the German aspects of the current EURATOM-common market impasse the more fortuitous it seems that Conant is to see Adenauer on Monday, and the more desirable it appears that we make use of this exceptional opportunity by at any rate taking action along the lines of Conant's and my joint recommendation contained in Colux 49<sup>2</sup> (repeated Bonn 39, Brussels 51).

Granted that we have assured the six community countries that we could and would accord EURATOM more favorable treatment than we would give to any one of the six and that this had good effect before Venice meeting in May, we must frankly take into account that negotiation beginning June of bilateral power agreements,

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<sup>1</sup>Source: Department of State, Central Files, 840.00/10-2656. Secret; Niact. Repeated for information to Bonn and Brussels.

<sup>2</sup>*Supra.*

and even recent Export-Import Bank announcement,<sup>3</sup> has had result in Europe of depriving our assurances of effective purposeful meaning. Conant's interview with Adenauer now provides us with retrieving opportunity at the psychological moment and of course Conant is uniquely qualified to make the Chancellor understand the whys and wherefores of ownership, supply, control problems, et cetera, and there is no doubt that he has been exposed to much misinformation and illusory misconceptions so widely held in German industrial and official circles supporting Strauss.

Accordingly, I venture to bring this matter to your personal attention and I am repeating this telegram to Conant because he has returned to Bonn and I had not consulted him previously re this particular message. I am also repeating it to Brussels since Spaak should be promptly informed on his return from Moscow regarding any steps we have taken vis-à-vis Adenauer. But I would suggest that we would leave it to him to notify any of the other participating countries as and when he thought desirable.<sup>4</sup>

**Butterworth**

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<sup>3</sup>On October 16, the Export-Import Bank and the AEC issued a joint announcement indicating the Bank's willingness to consider loans for the financing of nuclear power projects. The Department repeated the announcement in CA-3806, November 1. (Department of State, Central Files, 800.2614/11-156)

<sup>4</sup>In telegram 1160 to Bonn, October 27, Dulles authorized Conant as follows:

"I agree with your judgment that we should do what we can to strengthen Chancellor's hand. You are therefore authorized when you see Adenauer Monday to take line proposed in Colux 49 on basis Deptel 3368.

"You may in your discretion express to Chancellor our serious concern at way situation is developing." (*Ibid.*, 840.00/10-2656)

Colux 49 is printed *supra*; telegram 3368 is printed as telegram 1390 to Brussels, Document 173.

In Colux 56 from Luxembourg, October 28, Butterworth reported on a conversation which he had the previous day with Monnet. Monnet, who had just returned from Bonn where he had spoken with von Brentano, pointed out that the German Foreign Minister believed that the U.S. position on EURATOM had not been "authoritatively unambiguous," and that he would welcome an authoritative overriding statement of U.S. policy on that matter. Butterworth suggested that no matter how repetitious it might seem in U.S. eyes, von Brentano's request could not be safely disregarded. (Department of State, Central Files, 840.00/10-2856) The Department replied in telegram 1161 to Bonn, October 28, that Ambassador Conant might wish to include in his talk with Adenauer a review of statements on U.S. policy toward EURATOM which had been made to the German Government over the past 6 months. (*Ibid.*)

197. Telegram From the Ambassador in Germany (Conant) to the Department of State<sup>1</sup>

Bonn, October 30, 1956—1 p.m.

1647. Reference: Department telegrams 1160, 1161.<sup>2</sup> In accordance with instructions reference telegrams discussed with Chancellor yesterday afternoon German attitude towards EURATOM. Referring to my letter October 3<sup>3</sup> based on Department telegram 900, I emphasized importance United States attaches to government ownership fissionable material as provided in our own Atomic Energy Act. Chancellor appeared to be already convinced by my letter and agreed it was rather absurd that some Germans were taking attitude against government ownership when United States with its deep commitment private enterprise system has as late as 1954 reaffirmed principle government ownership fissionable material. He assured me we need have no worry on this point, that he was quite prepared to yield on this issue and as he remarked in passing Strauss was now occupied with other matters.

Although Chancellor seemed to require no further arguments, I reminded him of fact that in March and in May I had conveyed to V. Brentano United States views in regard to our readiness to deal more favorably with 6-nation atomic energy authority than on bilateral basis with any constituent nations. Emphasizing this point, I expressed my personal opinion that Germany would get ahead more rapidly with its own atomic power development through EURATOM than by any other means. As in the case of my argumentation about ownership, I was clearly forcing an open door.

While the Chancellor said he was ready to yield on the question of EURATOM, he made it plain that he felt the French demands in regard to Common Market were such that they could not be met by the Germans on points involving relation between employer and employee. These were matters, he said, which were beyond the competence of the Federal Government. He looked forward, however, to his conversation with Mollet in November and seemed to believe the difficulties could be overcome. But as the French-German disagreement on Common Market was beyond my competence I pursued [*did not pursue*] this topic further.

In discussing briefly developing situation in Hungary and Poland, Chancellor made obvious comment that Russia had lost prestige all over the world whatever might be eventual outcome in Hun-

<sup>1</sup>Source: Department of State, Central Files, 840.1901/10-3056. Confidential. Repeated for information to Luxembourg, Brussels, The Hague, Paris, Rome, and London.

<sup>2</sup>Neither printed, but see footnote 4, *supra*.

<sup>3</sup>See footnote 3, Document 188.

gary and in the whole world, situation was in a state of flux. He expected no demonstration or uprising in Soviet Zone.<sup>4</sup>

Conant

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<sup>4</sup>In telegram 1216 to Bonn, November 2, the Department stated that it was "encouraged by general tone Chancellor's conversation with you and especially by his apparent confidence in his ability deal with Strauss on question ownership and supply fissionable materials." The Department also noted that in regard to Common Market issues, it did not believe it appropriate for the United States to intervene. (Department of State, Central Files, 840.1901/10-3056)

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## 198. Editorial Note

On November 6, Adenauer and Mollet met in Paris in an effort to resolve the remaining differences between the Federal Republic of Germany and France over the proposed EURATOM and Common Market treaties. The text of the agreement which they reached was transmitted to the Department in telegram 1822 from Bonn, November 10. (Department of State, Central Files, 840.00/11-1056)

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## 199. Memorandum From the Deputy Assistant Secretary of State for Economic Affairs (Kalijarvi) to the President of the Export-Import Bank (Waugh)<sup>1</sup>

*Washington, November 13, 1956.*

SUBJECT

Eximbank Credits to CSC Steel Enterprises

In your memorandum of August 21, 1956<sup>2</sup> you requested the Department to consider the question as to whether future Eximbank credits are to be granted to steel enterprises in the CSC which are members of the steel export cartel.

The State Department believes the most feasible course of action is to operate with the presumption that the credit should be refused if the applying firm is a member of the export cartel. However, exceptional cases may arise in which there are overriding political or

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<sup>1</sup>Source: Department of State, Central Files, 850.33/8-3156. Confidential. Drafted by Winter, cleared by RA and GER, and in draft by ITR and OFD.

<sup>2</sup>Not printed. (*Ibid.*, 850.33/8-2156)

economic reasons for granting the credit which necessitate a departure from this basic anti-cartel policy. In order to carry out this policy it is recommended the Eximbank inform interested Government agencies at the earliest possible time when an applicant or prospective applicant for a credit is a member of the steel export cartel. Such a system of case-by-case review would enable any interested Government agency to give the Eximbank prompt guidance as to any special factors involved while at the same time permitting maximum action in support of this Government's anti-cartel policy.

If the credit is denied on the basis of the cartel factor, it is further recommended that the applicant firm be advised of the reason and informed the matter would, of course, be reconsidered should it choose to disassociate itself from the cartel.

Thorsten V. Kalijarvi

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**200. Report by the Subcommittee on Regional Economic Integration of the Council on Foreign Economic Policy to the Council<sup>1</sup>**

CFEP 539/3

*Washington, November 15, 1956.*

**SUBJECT**

CFEP 539—Effect of Regional Economic Integration on U.S. Trade and Other Economic Interests

*Problem*

1. To review progress in economic integration in Western Europe, to analyze the probable impact on United States trade and other economic and political interests, and to recommend a statement of United States policy in the light of pending proposals.

*Facts Bearing on the Problem*

2. Economic integration is realistically viewed as a process involving gradual steps by two or more countries, jointly, based on reduction and eventual elimination of barriers to movements of goods, and of capital and labor as well, within a defined area. Advanced forms of integration may involve transfer to "supranational" institutions, responsible to the group as a whole, of certain governmental

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<sup>1</sup>Source: Department of State, E-CFEP Files: Lot 61 D 282A, CFEP 539. For Official Use Only. This report was forwarded to the CFEP under cover of a memorandum by Cullen, also dated November 15.

powers of decision previously exercised by national governments separately.

3. Since 1948, United States policy has outspokenly favored economic integration in Western Europe "as a means of building strength, establishing security, and preserving peace" (Mutual Security Act of 1955) and of cementing Germany to the West by organic bonds of common interest.

4. Postwar progress in European economic cooperation and integration has been made chiefly through several international organizations:

a. The Organization for European Economic Cooperation (OEEC), representing 17 cooperating countries, with the United States and Canada as associate members;

b. Its associated agencies, the European Payments Union (EPU) and the European Productivity Authority (EPA);

c. Benelux, which is in process of becoming an economic union of Belgium, Luxembourg, and the Netherlands; and

d. The European Coal and Steel Community (CSC), in which Benelux, France, Germany, and Italy have undertaken the gradual integration of the coal, iron, and steel industries of these six "Schuman Plan" countries. Thus far the CSC is the only organization in which governmental powers of decision have been transferred to central institutions in a "limited but decisive sphere" of the economies of the member countries.

5. Two fresh steps of large potential importance are under active study in Europe, though neither has yet reached definitive form. These steps are designed to widen the base of European prosperity, (1) by the formation of a "common market" among the Six—initially in the form of a customs union with central institutions—to reach maturity in 12–15 years; and (2) by the association of the United Kingdom and probably several other OEEC countries with the common market, in a "free trade area" in which trade barriers within the area would be gradually eliminated while the additional members would retain their tariff autonomy with respect to nonmember countries. The British, because of domestic political and security considerations and their Commonwealth commitments, contemplate excluding raw and manufactured foodstuffs, feedstuffs, drink and tobacco from the new arrangements.

6. The President, in a speech in a Miami, Florida, on October 29, 1956, had this to say about European integration:

"Nothing has been more heartening than the recent announcement of two new proposals that would advance further the economic integration of Europe.

"The first is the concept that six Western European countries might establish a common market in which all internal barriers to trade would be completely eliminated, just as they are within the United States. The second is the challenging idea that, thereafter,

Great Britain, in association with other countries on the European Continent might gradually, over a period of years, establish a free trade area around the common market.

"We shall watch these exciting new developments with the keenest interest. Because, my friends, as Europe grows stronger economically we gain in every way."<sup>2</sup>

7. Proposals for the common market and a free trade area in Europe are being translated into concrete terms and are expected to be submitted to interested countries early in 1957.

*Discussion*

8. See Tab A attached.<sup>3</sup>

*Conclusions*

9. In the past eight years, Western European economies have made a remarkable recovery and advanced far above prewar levels. These gains have been accompanied by a notable growth of international economic cooperation and significant though limited experience in regional economic integration.

10. Experience to date has abundantly justified U.S. policy in support of both cooperation and integration, though full convertibility of currencies and elimination of import restrictions have yet to be achieved.

11. An integrated Western Europe continues to appear desirable on political and economic grounds, even if its full attainment still appears distant.

12. Recognizing that Europeans must determine, evolve, and carry through agreed specific moves in this direction, the U.S. has continued to give sympathetic consideration to all steps proposed in the light of overall U.S. policy.

13. While important pending proposals are taking definite form, it seems proper to state the U.S. view of considerations that should be taken into account as they may be matured and implemented.

14. It is imperative that further progress in regional integration be consistent with strengthening the whole free world, in which the United States and all other free countries have a vital interest.

15. The matured proposals should therefore harmonize European economic integration with other major objectives of U.S. policy: the promotion of multilateral trade, the attainment of general currency convertibility, and the avoidance of increased tariffs or large-scale discrimination against our goods and those of other countries in the free world.

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<sup>2</sup>For complete text of this speech, see *Public Papers of the Presidents of the United States: Dwight D. Eisenhower, 1956*, pp. 1038–1045.

<sup>3</sup>Not attached to the source text.



*Recommendations*

16. The following is recommended as a statement of U.S. positions:

a. The United States position with respect to current Western European proposals for a common market and free trade area grows out of our consistent support of measures for political and economic cohesion of Western Europe within the Atlantic community and of measures leading to freer, nondiscriminatory, multilateral trade and to convertibility of currencies.

b. The United States continues to hold the conviction that enlightened progress in economic and political integration in Western Europe can do much to enhance security and social progress in that area, to the net advantage of the United States and the entire free world.

c. The United States therefore welcomes the initiative recently taken by European countries for the establishment of a common market and a European free trade area. While the ultimate arrangements which may be agreed upon will not be known for some time, they could contribute significantly to U.S. policy objectives in support of the political and economic strengthening of Europe insofar as these ultimate arrangements promote further steps toward the general reduction of economic barriers without leading to the development of an inward-looking regional bloc.

d. The proposed association of the United Kingdom in a free trade area with the six-country common market would link the United Kingdom more closely to the Continent and could provide a stimulus for closer European political association, a long sought United States objective.

e. Within the framework of a position of support of these European endeavors, the United States should make every effort to assure that the proposed European arrangements promote rather than retard the achievement of currency convertibility and a multilateral system of trade in the free world. Accordingly, in discussions with participants in these arrangements the United States should stress the following points:

(1) The arrangements should be consistent with obligations undertaken by the members under the General Agreement on Tariffs and Trade and the articles of agreement of the International Monetary Fund, subject to a possible GATT waiver for some agricultural products. In particular:

- (a) The lowering of economic barriers within the proposed area should not be accompanied by a raising of the level of tariffs or a tightening of quantitative restrictions against other countries of the free world, including the United States;
- (b) Exceptions permitting the imposition for balance of payments reasons of quantitative restrictions on trade should not be used for protective purposes.

(2) Balance of payments difficulties arising out of trade within the common market or free trade area should not be

met by the imposition of discriminatory restrictions against other free world countries, including the United States.

(3) The operation of the arrangements should not be such as to prevent the group of countries comprising the common market or any other member of the free trade area from lowering economic barriers against other countries of the free world, including the United States, as rapidly as possible, independently of the rate of progress in this direction of other members of the free trade area.

(4) Special provisions and safeguards for agriculture should not lead to further discrimination against imports from other free world countries, including the United States, and should not hamper the removal of quantitative restrictions on such imports.

(5) The lowering of trade barriers should be accompanied or followed as soon as possible by a liberalization of the movement of labor and capital, and by measures to discourage private restrictive trade practices.

f. The United States position will be reviewed if and when definitive agreements are reached, and at later stages under such agreements. The United States would retain the right under Article XXIII of the GATT to review developments affecting overall U.S. trade, including the impact upon concessions negotiated under the most-favored-nation clause, that might arise from the creation of a Western European customs union and/or free trade area.

17. It is further recommended that, when the proposals for the common market and/or free trade area have been matured, the CFEP undertake a further review.<sup>4</sup>

**Joseph S. Davis**

*Chairman, Subcommittee on  
Regional Economic Integration*

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<sup>4</sup>This policy statement was approved without change by the CFEP at its meeting of November 29. (Eisenhower Library, CFEP Records) In a letter of November 23 to Philip Sprouse, Stanley Cleveland enclosed a copy of the policy statement adopted by the CFEP. His letter reads in part as follows:

"As will be evident from the statement itself, it represents a compromise between the essentially positive approach of the State Department (supported generally by ICA and Commerce) and the very much more reserved attitude of Treasury and Federal Reserve. Some of the specific reservations were also shared by the 'E' area of the Department. However, under Isaiah Frank's leadership, E as a whole has taken a very positive line. Obviously, the President's very forthcoming statement in Miami on October 29 (which came on the President's own initiative without prompting from the State Department) has been a big help." (Department of State, RA Files: Lot 58 D 455, U.S. Policy)

In CA-4530, sent November 28 to Bonn, Brussels, London, Luxembourg, Paris, Rome, The Hague, USRO, and the CSC Mission, the Department of State transmitted the statement of policy on European economic integration approved by the CFEP, along with some additional comments on the statement. The Department also proposed that the following action be taken by those missions:

201. Letter From the Ambassador in France (Dillon) to the Secretary of State<sup>1</sup>

Paris, November 19, 1956.

DEAR FOSTER: I lunched alone with Jean Monnet at his apartment on Saturday, the 17th. He talked at some length about Euratom, and for my part, I think he has once again in his inimitable fashion come up with a very important idea. Reduced to its simplest terms—the present difficulties in the Middle East and the shortages of oil products caused thereby have greatly increased popular interest in Euratom.

He feels that practical, and indeed spectacular, support of Euratom by the U.S. as soon as the treaty has been signed would, in the present circumstances, have an effect in Europe comparable to that of the Marshall Plan. This could do a great deal to rebuild American prestige here without causing any damage to us in other parts of the world. I was very taken by his basic idea and agree that the U.S. now has a real and very important public relations reason for supporting Euratom to the hilt, and with as much public fanfare as possible as soon as the treaty has been signed, provided always that its provisions are satisfactory.

I hate to bother you with anything approaching work at the present moment,<sup>2</sup> but I feel Monnet's idea is very important and is the sort of thing which you would understand, whereas other less imaginative spirits in our government might not give it the immediate attention that I feel it deserves. My conversation with Monnet is reported at length in the enclosed telegram.<sup>3</sup> I think you will find it of interest.

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<sup>1</sup>"1. The Missions are requested to bring the contents of the policy statement and the above explanations to the attention of appropriate officials. These points may at the discretion of the Missions be made a matter of written record.

<sup>2</sup>"2. It is requested that the Missions continue their detailed reporting on the economic integration developments and furnish documentation on those developments as it becomes available.

<sup>3</sup>"3. The Missions should avoid taking the initiative in making public statements on this subject. If it becomes necessary to comment publicly, care should be taken to avoid any impression that the United States is prodding the Western European countries into these projects. Consideration is being given to the issuance of a public statement in Washington on the common market and free trade area." (*Ibid.*, Central Files, 840.00/11-2856)

<sup>1</sup>Source: Department of State, Atomic Energy Files: Lot 57 D 688, Atomic Energy—General Secret.

<sup>2</sup>Dulles had an abdominal operation on November 3 which revealed cancer.

<sup>3</sup>*Infra.*

I hope and trust that you are enjoying your few days of rest at Key West. Please remember me to Janet.<sup>4</sup>

As ever,

Douglas  
Douglas Dillon

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<sup>4</sup>Mrs. Dulles.

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202. Telegram From the Ambassador in France (Dillon) to the Department of State<sup>1</sup>

*Paris, November 19, 1956—noon.*

2460. I had long and interesting conversation Saturday with Monnet. Theme of his thought was that unusual opportunity has been created for US to reap large dividends of good will from close and generous association with EURATOM. He believes that EURATOM treaty will probably be successfully completed and signed by end of year.

Monnet feels that Middle East events, i.e., closing of Suez Canal and sabotage of pipelines, have amply demonstrated unhealthy dependence of European economy on Middle East oil and necessity for development of alternate source of energy. The only substantial alternate seems to him to be atomic energy, and he feels time is ripe for very far-reaching development of atomic power in Europe, which, because of higher cost of fuel here, could develop much more rapidly than will be the case in continental US.

Monnet feels that public opinion throughout Europe would be captured by a broad scale and generous program of US support for EURATOM, both in the supply of materials and in technical cooperation. This would breathe substantial new life into President's program "Atoms for Peace," which so far has been considered primarily as fine theory and as propaganda effort and so has failed to make any very solid impression on European public opinion.

Monnet recognizes that Middle East crisis has caused strain on Atlantic solidarity and does not feel that this can be very satisfactorily patched up, except by diverting the attention of public opinion to some other field. He feels that concrete US support of EURATOM

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<sup>1</sup>Source: Department of State, Central Files, 840.1901/11-1956. Confidential. Repeated for information to Bonn, The Hague, London, Luxembourg, Brussels, and Rome.

would capture European imagination in the same way as the Marshall Plan, and could not be objected to by the Arab states. He feels that such support by the US should meet the US objective of finding some way to tighten our relationships with Europe without at the same time doing damage to our position in the Middle East.

Monnet feels that to obtain maximum of good will for US, it is of great importance that US accept principle that control by EURATOM organization will be adequate for US purposes, thus avoiding necessity for US inspectors in Europe. He realizes that no firm decision by US can be taken prior to finalization of EURATOM treaty, but emphasized importance of this aspect of matter both as means of gaining good will for US and as important element in promoting rapid ratification of treaty.

Monnet recognizes that what he has in mind will probably require amendments to US legislation and will require relatively prompt and very high level support in the US Government if it is to be successful.

I think Monnet's idea is of real importance and I agree with his views. The US has always favored EURATOM as a means of strengthening European unity. Now, however, I think Monnet is right in feeling that EURATOM presents us with a remarkable new opportunity of improving America's position with European public opinion. I would recommend that Monnet's concept be given high level consideration in order that we can be prepared to give prompt and practical support to EURATOM as soon as it comes into being.

Dillon

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### 203. Telegram From the Ambassador in Germany (Conant) to the Department of State <sup>1</sup>

*Bonn, November 26, 1956—7 p.m.*

2007. Reference: Paris telegram 2460, November 19;<sup>2</sup> repeated London, The Hague, Rome, Luxembourg, Brussels unnn. Position outlined of Monnet indicates major long range reason for getting on with EURATOM. Balance of payments position and dependence upon essentially unstable area for vital fuel supplies do raise problems. However, do not believe can realistically present atomic energy as real alternative to substantial or important quantities of petroleum

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<sup>1</sup>Department of State, Central Files, 840.1901/11-2656. Confidential. Repeated for information to Paris, London, The Hague, Luxembourg, Brussels, and Rome.

<sup>2</sup>*Supra.*

imports for many years to come. Cost of alternative source of energy such as action by Western Europe, expanded coal imports from the US, or continued dependence on overseas petroleum (including giant tanker construction program) likely to prove decisively cheaper for several years to come.

Fear that stress on EURATOM to meet Middle East political problem and Western European energy problem may put whole EURATOM proposal in false light and at same time cloud fundamental issue involved in meeting already acute growing energy deficit Western Europe. Overemphasis on EURATOM may falsify picture during Parliamentary ratification process by exaggerating its effects and importance. Certainly effects of statements such as Monnet's should they be disseminated on tough-minded German businessmen may tend to make less attractive in Germany prospect of economic integration.

On other hand, agree with principle US could indicate publicly more effective support EURATOM. Possibility this direction could be public announcement US proposed to make special agreement with EURATOM, if final terms made possible, to provide for special relationship between EURATOM and US. Such special agreement could recognize (1) primary importance of Western Europe in atomic energy field because of scientific and technical knowhow, level of industrial and economic development, etc., (2) continuing US interest in European integration, (3) special importance attached by US to cooperation with 6 countries within NATO and OEEC framework, (4) probability that intensive US-EURATOM cooperation would undoubtedly cut down the time before atomic energy can compete economically with oil imports.

**Conant**

204. Memorandum From the Assistant Secretary of State for European Affairs (Elbrick) and the Special Assistant to the Secretary of State for Atomic Energy Affairs (Smith) to the Secretary of State<sup>1</sup>

*Washington, December 3, 1956.*

SUBJECT

Designation of EURATOM Wise Men and Visit to United States<sup>2</sup>

Capitalizing upon the favorable atmosphere created by the November 6 Mollet-Adenauer meeting<sup>3</sup>—which resolved the remaining major issues—the Brussels group now expects to complete the Euratom treaty by January 4, which would make possible signature by mid-January. The European supporters of Euratom, especially Monnet, are convinced that the treaty must be ratified quickly; by early summer at the latest. A report on the current status of the project is attached (Tab B). In addition to this sense of political urgency, Monnet and others realize that it is important that technical goals for Euratom be established at an early date. These goals must be related to two fundamental factors; first, the long-range energy crisis of Europe which is now being dramatically demonstrated by the current oil shortage and, second, by an imaginative but realistic assessment of the contribution that nuclear power can make in meeting the long range crisis.

This important task of defining the broad technical purpose of Euratom has been given to a competent and politically important group of Wise Men—Messrs. Etzel, Armand and Giordani. They begin their work on December 3, and are scheduled to finish in 60 days. Ambassador Dillon proposes, rather than await a request from the group to be invited to visit the U.S., that we take the initiative in issuing an invitation (Tab C).<sup>4</sup> The presence of this group in the U.S. would permit a thorough exploration of prospects for Euratom and a systematic appraisal of the most mutually profitable U.S. collaboration with the Community. While the announced purpose of the Wise

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<sup>1</sup>Source: Department of State, Atomic Energy Files: Lot 57 D 688, Atomic Energy—General. Confidential. Sent through Under Secretary Hoover and initialed by him. Also concurred in and initialed by Murphy, MacArthur, Strauss, Bowie, and Timmons.

<sup>2</sup>In late October, the Intergovernmental Conference for the Common Market and Euratom authorized the appointment of a committee of three "wise men" to develop production goals in the atomic energy field for Euratom, a timetable showing the quickest possible pace at which atomic energy plants could be installed, and list of the resources needed to achieve the goal. The "wise men" were Franz Etzel, Louis Armand, and Francesco Giordani.

<sup>3</sup>See Document 198.

<sup>4</sup>Not attached to the source text; the reference is probably to telegram 2661 from Paris, November 29. (Department of State, Central Files, 840.1901/11-2956)

Men is to set production targets, identify the quickest feasible rate at which nuclear power station can be installed and the common budget and common installations requires, it is clear that an equally important objective is to keep up and stimulate further political interest in Euratom.

To issue the invitation would be timely reaffirmation of the sympathetic support the President and you have shown toward Euratom. Bearing in mind that Euratom covers a substantive field uncontaminated by the Middle East situation, a forthcoming invitation to the group could have important beneficial effects on the current relations between the United States and Western Europe.

*Recommendation:*

That you sign the attached telegram to Brussels (Tab A).<sup>5</sup>

[Tab B]

*December 3, 1956.*

#### CURRENT STATUS OF EURATOM NEGOTIATIONS<sup>6</sup>

The November 6th meeting between Adenauer and Mollet removed the major remaining obstacles to the drafting of a EURATOM treaty. This meeting recovered the ground that had been lost at the Saint-Cloud Ministerial Meeting of October 30, at which time German obstructionism, led by Erhard and Strauss, created a temporary impasse. There is now a general, although cautious, optimism in Europe that a treaty will be drafted by early January and signed by the middle of the month.

<sup>5</sup>Dulles approved the attached telegram, asking Ambassador Alger to approach Spaak with the suggestion of an invitation to the "wise men" to visit the United States. (Telegram 730 to Brussels, December 7; *ibid.*, 840.1901/12-756)

Alger responded in telegram 641 from Brussels, December 8, which reads in part as follows:

"I approached Spaak late today along lines reference telegram regarding question visit EURATOM Wisemen to US. He warmly welcomes idea and thinks initiative should come from US. He concurs text proposed letter and pursuant his request I am forwarding to Foreign Office Monday morning text this letter from Secretary to Spaak. Foreign Office will send letter to Spaak in Paris where he will present to meeting of EURATOM group and Wisemen December 13 US proposal for visit. Spaak says Wisemen were already planning go US in January and only problem is exact date.

"Spaak approves concurrent release Washington and Brussels and will get in touch with me after meeting in Paris in order coordinate timing to release." (*ibid.*, 840.1901/12-856)

<sup>6</sup>Confidential. Drafted by Schaetzel.



The following are the compromises that were reached on November 6 on the major outstanding issues:

1. The Germans accepted the position of the other five nations that the Community should have a purchase monopoly over nuclear fuel, with the proviso that this function should be subject to review after a definite period of time, and that exceptions for national procurement could be made by the Community if the prices for material were "abusive" or if there were an acute shortage of supply.

2. The five have made a concession to the Germans and are not insisting on full ownership by Euratom of fissionable material, but have agreed upon a *sui generis* interpretation which will subject all fissionable material to complete control by the Community.

3. The treaty will allow the French to engage in nuclear weapons research and development which would permit explosion of a weapon in four years, as demanded by the Chamber of Deputies last July. Presumably the Brussels group will insist, however, upon the inspection and control authority of the Community being complete, which means that the Community will have access to French weapons research and development work as well as to any subsequent weapons inventory, should the French decide to take advantage of this permissive right.

The major remaining threat to the successful negotiation of the treaty is the possibility of new demands by the French, inspired by their military, and drawn from the failure in the Middle East, for even greater freedom of action in the nuclear weapons field. French insistence on this point could destroy the project, as it would lead to a defection of the Socialist Party support of Euratom, especially the critically important German SPD.

The institutional, and especially the supranational character of Euratom, has not developed along the lines originally proposed by supporters of the Community. The supporters now see Euratom evolving into a supranational organization. Rather than writing into the treaty broad institutional provisions, the current tactic is to simplify the treaty, which will place responsibilities on Euratom itself to work out unresolved issues which would otherwise have been spelled out in explicit treaty provisions. Finally, there is the expectation that the sheer size of the task of atomic energy development which must be assumed by the Community will force it to assume supranational characteristics.

While the Euratom negotiators are unanimous in their intent to develop a comprehensive and effective control system covering all aspects of atomic energy development, the supporters are equally unanimous in their view that some special arrangement must be worked out between the U.S. and Euratom which will neither require inspection by the U.S. along the lines of existing power bilateral arrangements nor by the International Atomic Energy Agency. The Europeans insist that a subordinate status implicit in U.S. inspection

would make the Community politically unacceptable to the participating countries. Inspection by the Agency, when neither the U.S. nor the U.K. are prepared to accept similar inspection, would be equally unacceptable and be subject to the further fundamental objection of permitting inspection of their facilities by Soviet and satellite personnel.

In recent weeks there has been a sharpening of European interest and hope in Euratom which has led to a sense of urgency on the part of its supporters in Europe. This new optimism and interest arises from the following factors:

The immediate oil crisis arising from the debacle in the Middle East has brought home to the man in the street and the politician the fact known to economists and industrialists that Europe faced a desperate long-range energy situation;

There has been increased awareness by leaders in the Six Nations that their individual national programs for developing the peaceful use of atomic energy were too modest;

Current arguments by the French military that the Middle East demonstrated the fact that no modern state can have an effective military organization without nuclear capability has intensified the feeling that Community development of atomic energy is indispensable in order to avoid or at least to minimize national competition in nuclear weapons development;

The disaster in the Middle East appears to have had on balance the effect of driving the Six Nations closer together and underscoring the need for closer economic and political integration; a further political incentive has been the surprising progress that has been made in negotiating a Common Market treaty, the tacit acceptance by the French of a "link" between Euratom and the Common Market treaty;

And finally, the political impetus given both of these projects by the willingness of the U.K. to become associated with the Common Market through a free trade area.

Parallel with the accelerated treaty drafting effort in Brussels, a group of three Wise Men<sup>7</sup> began on December 3 a 60-day task which is to develop a "crash program" of nuclear energy development for EURATOM. Of equal importance, however, is the political objective behind the appointment of the Wise Men, which is to put new life into EURATOM. It will also be their responsibility to begin exploration of the kind of cooperation that EURATOM can expect from the U.S. and the U.K.

In the course of an imminent visit to the U.S. of this group, we shall be asked to spell out in greater detail just what was meant by

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<sup>7</sup>Etzel, Vice President of the High Authority of the European Coal and Steel Community, who is often looked upon as a possible successor to Adenauer;

Armand, head of French Railways, a strong "European" whose views carry great weight with the French Assembly;

Giordani, former head of Italian atomic energy commission and prominent Italian scientist. [Footnote in the source text.]

the earlier general expressions of support for Euratom, in which we committed ourselves to treat more generously and liberally an integrated atomic energy Community than we would be prepared to treat the countries individually.

The progress that has been made in negotiating the treaty, and especially the recent action taken by Adenauer to overrule the objections of Ministers Erhard and Strauss and various dissident industrial groups in Germany has caused both the European supporters of Euratom as well as senior U.S. officials abroad to urge that great care be taken to avoid any American action which would upset the general agreement now achieved. In particular they are concerned about any negotiation of bilaterals which would provide a basis for new demands by German industrialists that the Community approach be scrapped in preference for bilateral arrangements.

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205. Letter From the Chairman of the Atomic Energy Commission (Strauss) to the Under Secretary of State (Hoover)<sup>1</sup>

*Washington, December 19, 1956.*

DEAR HERB: You will recall that at luncheon in my office on Friday, December 7,<sup>2</sup> we discussed some aspects of our Atoms for Peace Program and you suggested that I write you a note citing some of the difficulties the Commission is experiencing in carrying this program forward, particularly in the field of nuclear power in Europe. This letter outlines my views along the lines of our discussion.

The need for the development of nuclear power by the Western European countries is being increasingly emphasized as a result of the decreasing availability of conventional sources of power. There is little doubt that all countries of the area are now reexamining their atomic power goals in the light of the Suez crisis and are preparing for the payment of high costs of atomic power in order to improve the security of their sources of energy. The advanced technological capabilities of the countries of Western Europe provide an adequate basis on which to build nuclear power programs.

If U.S. assistance and U.S. industrial participation are to be significant parts of these Western European nuclear programs, there

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<sup>1</sup>Source: Department of State, Central Files, 611.0097/12-1956. Confidential.

<sup>2</sup>No record of this luncheon meeting has been found in Department of State files.

must be power bilateral agreements between the United States and the countries involved. It is in this connection that apparent inconsistencies in existing policy are impeding the progress of our Atoms for Peace Program.

To encourage the establishment of EURATOM, the Department of State has held back the negotiations of bilateral agreements in the field of nuclear power with certain countries which are members of the Community of Six.

We have been advised that the Department apprehends that negotiating power bilaterals with Italy and Germany would affect the attitude of those states toward EURATOM. The Department earlier authorized the Commission to negotiate power bilateral agreements with two states of the Community of Six, namely, France and the Netherlands. This action was taken last Spring and the agreements are now in effect.<sup>3</sup>

At the same time, the Belgian power bilateral agreement was amended to Belgium's advantage, with the approval of the Department of State and of Mr. Spaak, one of the leading proponents of EURATOM.

What is the consequence of U.S. policy toward Western Europe on this subject as of today?

1. The United States has power agreements with three members of the Community of Six, namely, Belgium, Netherlands and France.

2. We have not been authorized to negotiate power agreements with Italy or Germany although both countries are planning immediate starts on atomic power programs and desire power bilaterals.

3. We have been authorized to negotiate power bilaterals with Sweden, Spain and Norway. Norway has just agreed to such a power bilateral. We expect Spanish agreement shortly and the approval of the Swedish Government in the near future.

Thus, the AEC is confronted with a difficult and confused situation in carrying out policy. We may deal freely and discuss power bilaterals with states in Western Europe outside the Community of Six. On the other hand, we must not be responsive to requests for immediate bilateral discussions by Germany and Italy—both members of the Community—while, at the same time, we are collaborating with three others of the Community of Six, namely, Belgium, the Netherlands, and France.

In order that the Atomic Energy Commission may carry out its responsibilities, I hope that it may be possible to obtain answers to the following questions:

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<sup>3</sup>Bilateral agreements for cooperation covering both research and power activities were concluded with the Netherlands on June 21, 1956, and with France on June 19, 1956. The agreement with France went into effect on November 20, 1956, and that with the Netherlands on August 8, 1957.

1. Will the Department of State authorize the Commission to proceed now in the negotiation of power bilateral agreements for cooperation with Italy and Germany?

2. If the answer is "No" to the above question, when may the Commission expect the Department's approval to proceed with negotiations with Italy and Germany? What response are we to make to their negotiators meanwhile?

While I recognize the importance of achieving the larger objective in Western Europe of establishing effective atomic collaboration among the Community of Six, I suggest that the present policy of discrimination may not contribute to the most effective realization of the President's Atoms for Peace policy in Western Europe.

Sincerely yours,

Lewis S.

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206. **Telegram From the Ambassador in Belgium (Alger) to the Department of State<sup>1</sup>**

*Brussels, December 19, 1956—4 p.m.*

689. Spaak told me late yesterday he is very optimistic on prospects early signature and ratification EURATOM and common market treaties after his conversation with other Foreign Ministers Paris last week. As he has announced publicly, he expects negotiations be completed between middle and end January. He said he found French enthusiasm so keen that it amounted virtually to about-face and added this attributable to their Suez experience. If nothing happens to Mollet Government, French expect present two treaties to Parliament as package and count on ratification. He added common market drafting has forged appreciably ahead of EURATOM. Spaak said due Adenauer's position German Government presented no problem, but German industrialists acting rather mysteriously. He explained by stating when efforts made arouse their interest in EURATOM by asking if they will not need raw materials they affect indifference and indicated they would have no trouble on open market.

Rothschild pointed up Spaak's remark about effect Suez experience on French attitude toward integration by remarking to Embassy officer French appear finally to see they must work together with

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<sup>1</sup>Source: Department of State, Central Files, 840.1901/12-1956. Confidential. Repeated for information to Paris, London, Luxembourg, Rome, Bonn, and The Hague; passed to Butterworth in Luxembourg and USRO in Paris.

rest of Europe if they are to have significant role in world affairs, conviction Belgians have been trying for several years put over. He said while French nationalistic feelings have not diminished outcome Egyptian venture had brought home to French extent to which their ability act independently has dwindled. Rothschild added it is ironic that Suez venture and US stand thereon was having more effect push integration than had US urgings over past years. He said anti-American content new push behind integration should not disturb US as Europe cannot and will not become third force with neutralist overtones, due Europe's military and economic dependence US. In this connection he referred statement in Spaak's NATO council's speech accepting Secretary General election<sup>2</sup> which emphasized importance NATO shield to building of European preponderance US contributions to that shield.

Alger

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<sup>2</sup>During the NAC Ministerial meeting in Paris, December 11-14, Spaak was elected Secretary General of NATO.

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207. **Telegram From the Secretary of State to the Embassy in Germany<sup>1</sup>**

*Washington, January 4, 1957—7:02 p.m.*

1833. A. FYI.

1. Paris (Embtel 2984<sup>2</sup>), Bonn (Embtel 2354<sup>3</sup>), Mission Luxembourg (Colux 93<sup>2</sup>) judgment is that bilateral negotiations with Germany would adversely affect EURATOM treaty negotiations and be construed as lack faith EURATOM and consequent US preference for bilateral arrangements.

2. On the other hand, Department and AEC through failure to negotiate bilateral do not want US to be open to blame by Europeans

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<sup>1</sup>Source: Department of State, Central Files, 840.1901/12-1856. Confidential. Drafted by Cleveland and Schaezel and approved by Elbrick. Also sent to Paris, Rome, Brussels, The Hague, and Luxembourg, passed to USRO and to Butterworth, and repeated for information to London. An earlier draft of this telegram was forwarded to Dulles for his approval on December 27, under cover of a memorandum from Elbrick and Farley. Dulles approved the draft and it was sent out as telegram 1833 with certain minor modifications. (*Ibid.*, Atomic Energy Files: Lot 57 D 688, Atomic Energy—General)

<sup>2</sup>Dated December 14, not printed. (*Ibid.*, Central Files, 840.1901/12-1456)

<sup>3</sup>Dated December 18, not printed. (*Ibid.*, 840.1901/12-1856)

or by US industry as standing in way European atomic energy development.

AEC also concerned to avoid any appearance of discrimination by United States against Germany and Italy with respect to power bilaterals in view existence bilaterals with Netherlands, Belgium, and France as well as fact power agreements being negotiated with Sweden, Norway, and Spain and finds present position awkward in discussions with German and Italian atomic officials and industrialists.

3. Especially pertinent to recall Faure's forthright action last October (Paris Embtel 1855<sup>4</sup>) to suspend French-US power bilateral negotiations which had been initiated earlier by French Embassy in Washington.

4. Important that decisions this matter be taken at governmental level and with knowledge all EURATOM partners. Conflicting interests and views regarding bilateral negotiations at this time exist within each country. Action by any one country will affect position of others, particularly if taken without prior consultation. End FYI.

B. For Bonn and Rome: With appropriate modification to meet local situation, you should make following approach to Adenauer and Segni.<sup>5</sup>

1. Much encouraged by rapid progress Brussels Conference now making in drafting EURATOM, and also Common Market, treaties, and by determination Six Nations to have treaties ready for signature in February.

2. Brussels Group aware US policy of carefully refraining from interfering in Six Nation negotiations, while we have reiterated our continuing and strong support for this important European initiative. Consistent with this basic position, it has been our desire to avoid actions which would make the development of EURATOM more difficult.

3. We have realized that negotiations by individual members of Brussels Group with the US might contribute to difficulties in developing a treaty, and consequently, we have attempted to handle such negotiations in manner which would minimize any such adverse effects. We are now faced, however, by new approaches for comprehensive power bilaterals from two of Six Nations—Italy and Germa-

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<sup>4</sup>In telegram 1855, October 20, 1956, Ambassador Dillon reported a conversation with Faure regarding the proposed bilateral negotiations between the United States and France for an atomic energy agreement. Faure stated that he agreed with the position of the United States that the negotiations would be inappropriate at that time due to the possible conflict with EURATOM. He also said that the matter would be held in suspense until at least the first of the year, at which time the French Government would reconsider it. (*Ibid.*, 611.0097/10-2056)

<sup>5</sup>Italian Prime Minister Antonio Segni.

ny. French approach in October for power bilateral subsequently suspended by French Government in order prevent any harmful effects on EURATOM negotiations.

4. We of course wish avoid any appearance discrimination against any country in this field. U.S. readiness negotiate power bilaterals with friendly countries has been publicly stated.

5. It would be inappropriate for US to assume responsibility for decision as to possible effects bilateral negotiations on EURATOM. We believe however that Chancellor (and Segni) will wish consider this problem carefully in relation to EURATOM. Before deciding pursue matter further with US Government, we feel certain he will also wish consult with negotiating partners as has been done through Brussels Intergovernmental Conference for Common Market and EURATOM on other matters related to proposed European atomic energy community.

C. For Paris: Inform Faure of above approach and say we assume this procedure will be acceptable to French in light previous French position.

D. For Brussels: Inform Spaak of above approach.

E. For The Hague and Luxembourg: Inform Dutch and Luxembourgers of general position outlined paragraph B above.<sup>6</sup>

**Dulles**

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<sup>6</sup>The various Embassy replies to this telegram are in Department of State, Central Files, 840.1901.



208. **Memorandum of a Conversation Between the Secretary of State and Jean Monnet, Department of State, Washington, January 10, 1957<sup>1</sup>**

We talked generally about the movement toward European integration. He thought it was really gaining serious momentum.

He talked about EURATOM. He said he hoped that an agreement on this would be signed up within two or three weeks and that if we agree to give bilateral aid of a substantial character to Germany before EURATOM was signed up, it would almost surely mean the end of EURATOM. I told him I thought that Adenauer and his Government ought to take some responsibility for this themselves. He agreed but indicated that there were sharp differences within Germany and that if we could not slow down on the bilateral aid agreement it would be fatal. I told him I thought we could hold the line for a week or so at least.

Mr. Monnet said he was talking with Admiral Strauss within the week and thought he could persuade Strauss that he could get more credit by waiting and doing a big deal with EURATOM than by making the deal with Germany alone.<sup>2</sup>

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<sup>1</sup>Source: Department of State, Central Files, 840.1901/1-1057. Secret. Drafted by Dulles.

<sup>2</sup>Monnet spoke with Strauss on January 17 and reported his conversation to Dulles the following day. A memorandum of Dulles' conversation with Monnet, drafted by the Secretary, reads in part as follows:

"Mr. Monnet said he had had a long talk with Admiral Strauss at dinner from seven o'clock until midnight and felt that Strauss now understood better the EURATOM project and how closely it was identified with the creation of Europe, and that while Admiral Strauss had not committed himself, he thought he would not press for the bilaterals as long as there was an early prospect of the EURATOM Treaty being signed." (*ibid.*, 840.1901/1-1857)

**209. Memorandum of a Conversation, Department of State,  
Washington, January 11, 1957, 4:30 p.m.<sup>1</sup>**

SUBJECT

The Common Market

PARTICIPANTS

*US Side*

The Secretary of State  
Assistant Secretary, C. McCardle  
Assistant Secretary, Francis Wilcox  
Acting, Assistant Secretary, C. Burke  
Elbrick  
Mr. William R. Tyler, WE

*French Side*

Mr. C. Pineau, French Foreign Minister  
Mr. H. Alphand, French Ambassador  
Mr. C. Lucet, French Minister  
Mr. F. de Laboulaye, Counselor French  
Embassy  
Mr. J. Beliard, Press Officer, French  
Foreign Office

Mr. Pineau said that his Government hoped to obtain a favorable vote in the French Assembly within the next few days, authorizing it to sign the treaty for a common market. He said that the development of a common market may be facilitated by the selection of Mr. Macmillan as U.K. Foreign Minister, since he was "the most European member of the Conservative Party," and had shown himself to be a definite supporter of European unity. The Secretary said that it would be of tremendous importance for the future of Europe if the treaties on EURATOM and the common market could be signed and ratified. He agreed with what Mr. Pineau had said about Mr. Macmillan, who had also spoken to the Secretary while in Paris about his support for the idea of European unity.

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<sup>1</sup>Source: Department of State, Central Files, 840.05/1-1157. Secret. Drafted by Tyler. The conversation took place in the Secretary's office.

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**210. Editorial Note**

On January 15, the Department of State issued a press release stating United States views on and support for the proposed European Common Market and Free Trade Area. For text of the statement, see Department of State *Bulletin*, February 4, 1957, page 182. In telegram 1910 to Bonn, January 11, also sent to the Embassies in the other five ECSC countries as well as the United Kingdom, the Department transmitted an advance text of the statement, and authorized the addressees to inform the respective Foreign Offices infor-

mally of the timing of the announcement and to make the text available. (Department of State, Central Files, 840.05/1-1157)

## 211. Telegram From the Secretary of State to the Embassy in the United Kingdom<sup>1</sup>

*Washington, January 15, 1957—7:47 p.m.*

4880. Re Embtel 3547,<sup>2</sup> CA 4530.<sup>3</sup>

1. Inclusion OEEC underdeveloped countries: Complexity problems with possible major political as well as economic ramifications precludes Dept's taking any kind of firm position at this time. On one hand, there are number of important commercial and economic policy considerations (para 2 below) which must be weighed in balance. Rather full discussion commercial policy aspects provided for your guidance and use your discretion. However, Dept also fully shares UK concern regarding potential gravity political repercussions should issue inclusion less developed countries create serious strains in context unity OEEC countries or in broader context Western Alliance and unity. FYI New element in picture since receipt ref tel in final para Brussels 749<sup>4</sup> bearing on Portuguese, Greek and Turkish

<sup>1</sup>Source: Department of State, Central Files, 440.002/1-257. Secret; Priority. Drafted by Blake and Jacob M. Myerson of RA and approved by Frank. Repeated for information to Ankara, Athens, Bonn, Brussels, Lisbon, Paris, Rome, The Hague, and Luxembourg (for the Embassy and Butterworth); Paris was instructed to pass the telegram to USRO.

<sup>2</sup>Telegram 3547, January 2, reads in part as follows:

"Embassy informed by UK officials Dec 31 that HMG faced with necessity making early decision on two important points relating free trade area which have emerged from recent discussions: namely, (1) whether admit colonies to free trade area and (2) treatment to be accorded under developed countries OEEC who wish join free trade area but insist they not able accept its obligations. Latter would be Portugal, Greece, Turkey, Ireland, Iceland."

The Embassy further stated that the British had indicated that a decision on both issues must be taken shortly and had asked for comments from the United States on the political and economic aspects of these issues. (*Ibid.*)

<sup>3</sup>See footnote 4, Document 200.

<sup>4</sup>Telegram 749, January 8, reported a conversation held the previous day with Baron Jean-Charles Snoy et d'Oppuers, Chief Belgian Delegate to the Intergovernmental Committee. The last paragraph of the telegram reads as follows:

"While confident British firm in desire for free trade area Snoy unsure whether they 'willing pay price' but hopeful agreement possible on inclusion some specific agricultural products at beginning. In discussion free trade area Snoy reported Greek, Turkish, and Portuguese indications that should they be unable enter as seems likely they will lose advantages OEEC and may as consequence need to review their NATO membership." (Department of State, Central Files, 840.05/1-857)

attitudes. Brussels telegram (which is subject separate message from Dept) raises issues, validity and possible consequences of which we not in position evaluate until more information available. End FYI. Accordingly, in any discussions with UK officials Embassy should make clear that US appreciates full complexity of problem, and that we are looking at economic questions against background sensitive political issues referred to above. Pending further examination all facets of problem here, most important that impression not be conveyed to British that Washington thinking yet firm.

2. From economic viewpoint we also fully share United Kingdom's concern over effect of including in free trade area OEEC countries not now prepared accept obligations of free trade area. Inclusion such countries obviously inconsistent with GATT Article XXIV which envisages mutual benefits based on mutual obligations in order to achieve better utilization resources through competition. Same point was made even more forcibly during preparation report OEEC Working Party 17 in consideration operation escape clauses during transition period free trade area. Draft Annex to report dated December 6 (C/WP17/W(56)49) noted reciprocity, equilibrium and non-discrimination as "essential conditions for the proper functioning of a free trade area." Para 17 same document pointed to necessity countries which decide to participate in free trade area recognizing very essence of the free trade area is that it will result in redistribution of production and greater specialization in industries. While this view substantially modified in final report WP we believe this concept of basis for membership free trade area was sound one. Accordingly, US would have marked reservations regarding accession to free trade area of OEEC underdeveloped countries on terms reported reftel. Believe such countries should make every effort accommodate themselves to free trade area arrangements especially view length proposed transitional period in order to make possible attainment benefits in which they desire share. Otherwise, result could be indefinite postponement or loss those benefits to all participating countries, e.g. through increased complexity arrangement and frictions resulting from inequality of trade liberalization measures.

3. Independent Sterling Area Countries: Re possible inclusion in free trade area of independent sterling area countries such as Australia, New Zealand, Federation Rhodesia and Nyasaland, reaction here similarly sharply adverse.

4. Inclusion DOT's of Messina countries in common market: US position re European economic integration set forth regram was based on awareness Messina countries might wish include their dependent overseas territories in common market and FYI that such inclusion on basis no more discriminatory against US than is inherent in a customs union did not appear portend at that time serious ad-

verse impact US trade interests. See CFEP 539, pages 13–14 and 24, which was enclosure refgram.<sup>5</sup> End FYI. Consequently, reported French-Belgian proposal comes as no surprise particularly view assurances Mollet to National Assembly that French overseas territories would be taken care of in common market treaty. US policy on inclusion DOT's in common market would be conditioned by standards set forth CFEP policy statement and need to take account of political interest associating Morocco and Tunisia with West in face growing disassociation these areas from France.

5. British DOT's: FYI. While we would be loath see such territories included in free trade area on basis described ref tel, appreciate fact inclusion dependent overseas territories Messina countries in common market might create pressures within UK and precedent working for inclusion British dependent overseas territories in free trade area. Cannot however state at this time what US attitude would be toward such inclusion, but foresee real problem certain US agricultural products especially if self-governing territories included. End FYI.

Embassy should stress US awareness magnitude and political implications project which Messina and other OEEC countries have set for themselves and our desire not see that project weakened by attempts accommodate every economic interest and geographic area.

Dulles

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<sup>5</sup>See Document 200.

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## 212. Telegram From the Secretary of State to the Embassy in Belgium<sup>1</sup>

*Washington, January 24, 1957—7:11 p.m.*

953. 1. Re Embtel 827.<sup>2</sup> We have appreciated logic of Six Nations individually preserving "first option" over nuclear material pro-

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<sup>1</sup>Source: Department of State, Central Files, 840.1901/1–2357. Confidential; Priority. Drafted by Schaetzel and approved by Elbrick. Repeated for information to London, Paris, Luxembourg, Bonn, Rome, and The Hague.

<sup>2</sup>Telegram 827, January 23, reported a recent conversation between Rothschild and an Embassy officer. It reads in part as follows: "Embassy officer asked Rothschild point-blank if EURATOM watering down process had not gone so far as to make it likely there would be little real difference between EURATOM and OEEC approach to Nuclear Energy Organization. Rothschild strongly denied that whittling down process had been carried that far and pointed out while French had won concessions with re-

*Continued*

duced indigenously or covered by bilateral arrangements in existence prior to EURATOM treaty coming into force. However, new Dutch proposal continuance bilateral procurement strikes at heart of one of original and central objectives of EURATOM, viz., that authority and responsibility of EURATOM over all nuclear material within Community would be complete thus providing assurance that this material would be under effective, common control, subject of course to whatever arrangements are negotiated between the EURATOM and U.S.

2. We appreciate negotiating difficulties of Six and are prepared to consider treaty on its merits. Yet, AEC and Department both concerned erosive process apparently going on Brussels Conference. Quite apart from degree to which emerging treaty may meet aspirations and hopes European supporters of integration, there arises narrower question whether compromises and reservations of national states may not so enfeeble EURATOM that it can not hope undertake type of major program outlined Wise Men Report (Luxco 112<sup>3</sup>).

3. Embassy Brussels should inform Spaak or Rothschild, in answer to their request for our views of our increasing concern over developments in treaty drafting, reminding them that U.S. offer to cooperate more liberally on a multilateral basis was conditioned on the Europeans creating an integrated Community with effective common authority and responsibility. Addressees should in their discretion inform governments at appropriate senior level that we have given these views to Spaak, making clear this was in response to his request for them.

4. Embassy The Hague in raising general problem outlined above should express our especial concern over recent Dutch proposal mentioned by Rothschild (Brussels 827).<sup>4</sup>

**Dulles**

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spect military program and use their own uranium ores, they had taken strong stand against diminution EURATOM authority outside EURATOM internal framework and stringent controls would be applicable all parts program. He did not have to elaborate further." (*Ibid.*)

<sup>3</sup>The reference should be to Colux 112, January 8, which summarized the proposed program of the "Wise Men." (*Ibid.*, 840.1901/1-857)

<sup>4</sup>In telegram 153 from Luxembourg, January 25, Chargé William H. Christensen informed the Department as follows:

"I conveyed to Bech substance Department's views to Spaak. He reiterated 'full appreciation' US position adding 'it only makes sense' for US to want to deal with integrated community. In expressing chagrin with Dutch proposal Bech remarked that other corrosion taking place and there appears to be tendency in favor of OEEC concept. He could not detail corrosive influences but remarked his Minister for Economic Affairs telephoned him today to predict that forthcoming Ministers meeting would achieve considerably less than what was hoped for as result of 'reservations' which were coming to fore recently.

"Bech greatly concerned over position in France and referring to recent 100 plus majority vote received by Mollet re common market in chamber stated that it represented 'merely political majority and not European majority.' " (*Ibid.*, 840.00/1-2557)

## 213. Telegram From the Secretary of State to the Embassy in Belgium<sup>1</sup>

*Washington, January 26, 1957—1:14 p.m.*

971. This is first of two telegrams on aspects common market developments which particularly trouble us and are basis for concern re position US will eventually be able take regarding the final arrangements particularly in relation GATT. Purpose these telegrams is: 1. Summarize our understanding present provisions on certain subjects; 2. Request clarification where necessary; 3. On assumption our understanding correct, provide instructions for immediate approaches. These approaches should be carried out soonest in view meeting Foreign Ministers of Messina countries at Brussels Jan. 25 on common market and apparently imminent finalization common market arrangements. Canadians planning similar approach.

This telegram deals with agriculture; following telegram<sup>2</sup> with QRs and Tariff questions.

1. Our understanding current status agricultural provisions (based primarily on Colux 111<sup>3</sup>) is following:

a. Messina countries would endeavor establish common agriculture policy by end transition period. Object this policy would be stabilization market for agricultural products, guarantee sources of supply and assurance equitable prices common market consumers.

b. Member states would be required eliminate discrimination against each other in application their price support programs. Thus, French could sell agricultural commodities in Germany under same price conditions as those maintained for German producers under German price support program. Evidently operation this system would be supplemented by quantitative restrictions against imports from non-member countries.

2. Recognize that creation real common market for agricultural products would imply need establish common agricultural policies among the Six by end transition period. To this extent, recognize that objective of provisions described para 1a above necessary part of common market arrangements. We are not yet clear, however, that these provisions are in fact designed make possible situation at end transition period in which agricultural commodities would circulate as freely within Six-country area as they now do within single country, and we would appreciate any possible clarification this point. If

<sup>1</sup>Source: Department of State, Central Files, 840.05/1-857. Confidential; Priority. Drafted by Blake and Cleveland; approved by Weiss. Also sent to Bonn, Luxembourg, Rome, Paris (priority), and The Hague, and repeated for information to London.

<sup>2</sup>Telegram 972 Brussels, also January 26, not printed. (*Ibid.*, 840.05/1-1957)

<sup>3</sup>Colux 111, January 8, summarized the latest French proposal on agriculture. (*Ibid.*, 840.05/1-857)

purpose "common agricultural policy" were only to permit maintenance autarchic national agricultural markets within Six countries for indefinite period, it would be difficult maintain that common market met GATT Article XXIV standard on coverage "substantially" all trade with area.

3. Re para 1a and 1b plan apparently would not require removal of all controls on intra-area trade during transitional period but would probably continue and may well intensify many such controls especially state trading as means securing preferential access for agricultural products of Messina countries in each other's markets at expense third countries.

Re para 1b above, if effect proposed system should be increase present margin discrimination against outside countries to greater extent than is inherent in removal internal barriers within customs union, then provisions would be difficult reconcile with GATT requirement that barriers against outside should not on whole be higher or more restrictive than existing barriers. These provisions would be particularly difficult reconcile with GATT obligations in Article XI against quantitative restrictions and in Article XXIV relating barriers against outside countries if treaty should require member states to limit or exclude imports from third countries to extent necessary to permit absorption supplies from any common market producer at domestic support price of importing countries.

4. Prospect that agricultural provisions might create new discriminations against agricultural products of United States and other countries would create serious difficulties not only for United States but also for Six countries at time treaty comes before GATT for waiver, which they will undoubtedly have to seek. It seems clear that at that time common market arrangements will be strongly attacked by many countries outside Europe who will feel their interests injured. Acceptance common market and any necessary waiver will therefore depend to important extent on whether United States in position to give active support to these arrangements as we did in case CSC. United States would be bound to object in GATT if these arrangements in agriculture were such as to set up permanent discrimination beyond what is necessary create common market, and in addition held prospect material injury United States agricultural exports to Six countries. This would be unfortunate both from our and European point of view.

5. To supplement foregoing, following are objectionable features agricultural arrangements:

(a) Although supposedly designed specifically meet present French economic and political problems, arrangement apparently covers agriculture of Six countries and may make permanent and intensify non-tariff barriers.



(b) No limitation on operation of program either in terms of time, commodities, or quantities covered despite fact agriculture of Six countries would enjoy enlarged market and therefore should be able become more efficient and adjust production patterns in accordance global advantages, making possible progressive reduction price supports.

(c) Absence Six country program designed correct agricultural situation preferential arrangement designed to meet.

(d) Absence adequate safeguards assuring third countries, including United States, of continued opportunity develop Western European markets.

Re point (a) above, we not clear whether contemplated arrangement designed solve specific French agricultural problem, general French agricultural problem, or Six country agricultural problem. Missions should seek information this point in making approach.

Foregoing objectionable features agricultural arrangements appear indicate conflict with Point 4 CFEP policy statement on agriculture.<sup>4</sup>

6. For Paris: You should approach Marjolin<sup>5</sup> urgently to discuss agricultural problem on very frank basis, drawing on above line of argument as required. Tuthill has participated in Washington discussions this cable and can provide more background. If Marjolin unavailable Paris next few days, suggest Tuthill might arrange see him in Brussels along with appropriate officer Embassy Brussels or CSC Mission.

7. For Brussels: As part of general approach of Spaak on common market issues, you should inform him of our approach to French and explain problem in terms paras 1 through 5 above.

8. Other action posts should also inform appropriate high level officials of our position at earliest opportunity and report reaction soonest.

Dulles

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<sup>4</sup>Reference is to Document 200.

<sup>5</sup>Robert Marjolin, Economic Adviser to French Minister Pineau.

214. **Letter From the Secretary of State to the Chairman of the Atomic Energy Commission (Strauss)**<sup>1</sup>

*Washington, January 29, 1957.*

DEAR LEWIS: We have now received preliminary reports from our Missions in Europe regarding the proposal that this Government made to the European Governments concerned for handling prospective bilateral negotiation with us in such a fashion as to minimize any possible adverse effects on the Euratom Treaty negotiations now going on in Brussels. While we have not heard officially from the Germans, Italians, or the French, it now appears that their three Ambassadors in Washington will shortly make a *démarche* to us, based on consultation among the Six Nations, suggesting a formula which will permit the three principal countries to move ahead now with specific nuclear power projects under appropriate bilateral arrangements with the United States in such a manner as not to prejudice their negotiations in Brussels.

In order that we may be prepared to move with dispatch once the three nations have formally approached us, I am asking Mr. Gerard Smith to get in touch with Mr. John Hall of the Commission, to be sure that any necessary preparatory staff work may be done in advance. As one of the conditions of the apparent understanding among the Brussels powers will be that their benefits and obligations under bilateral agreements with the United States should be transferred to Euratom, I hope the Commission will find it possible to agree to arrangements in this sense.<sup>2</sup>

Sincerely yours,

**John Foster Dulles**

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<sup>1</sup>Source: Department of State, Central Files, 611.4097/1-2957. Confidential. Drafted by Schaetzel and Cleveland on January 23.

<sup>2</sup>On February 1, the Ambassadors of France and Italy and the Chargé of the Federal Republic of Germany called on Elbrick and reported that their governments had consulted with the governments of the other three ECSC countries and had reached a consensus that they could properly proceed to negotiate bilateral atomic energy agreements with the United States prior to the establishment of EURATOM. (Memorandum of conversation by Gerard Smith; *ibid.*, Atomic Energy Files: Lot 57 D 688, Euratom—1957)

Gerard Smith informed Lewis Strauss of this development in a letter of February 6. (*Ibid.*)

215. **Memorandum From the Chairman of the Council on Foreign Economic Policy (Randall) to the Director of the Office of International Trade and Resources (Thibodeaux)**<sup>1</sup>

*Washington, February 2, 1957.*

I have just spent a tense hour with Van den Berg, who, with his associate from the Coal and Steel Community, called on me on the scrap matter, just after they had talked with McCoy<sup>2</sup> at Commerce.

I had met Van den Berg when I visited the Dutch steel plants, and I happen to know most of the persons whom he represents in the various European steel plants.

I gave them a very rough ride, thinking it would perhaps be more helpful if I did this than if either of you had to.

I told them that they must stop saying that there was an understanding that they would receive 200,000 tons a month this year, and then made the same three points I have been making to others, as follows.

1. That unless they voluntarily stay within the tonnage they took last year, they run great risk of the imposition of quotas either by the Congress or by the Administration.

2. That they should take more in bundles and less in heavy melting.

3. That they should prove to our government that they have a permanent solution for their metallics problem.

As to the building of blast furnances, I gather that at long last they may have a suitable program under way. They think that by the end of 1958 they will be self-sufficient in metal. I suggest that Ben Thibodeaux ask our observer at OEEC to report on the status of the blast furnace program in Europe.

They made a strong plea that if they did not receive 600,000 tons more than last year, it would curtail production in Europe. To this I replied: "So what?" I said that their present predicament was the result of faulty planning and lack of foresight, and that there was a basic unfairness in asking the United States to make up for their own neglect.

They then said that they were surprised at how we had permitted the Japanese to increase. I replied that this was very understandable in view of the importance of Japan to the military and economic picture of the United States in the Pacific, and that a strong argument could be made that scrap should be taken away from the Com-

<sup>1</sup>Source: Department of State, Central Files, 850.33/2-257. This memorandum was also addressed to Assistant Secretary of Commerce Marshall M. Smith.

<sup>2</sup>Horace B. McCoy, Administrator of the Business and Defense Services Administration, Department of Commerce.

munity and given to Japan. I said that the nations of the Community were not helping us carry any part of the load of the free nations of the Pacific, and that, maybe after we gave scrap to Japan, they would.

I am afraid I have forever made myself unpopular with the steel industry in Europe, but I thought perhaps these plain truths could be said by me more effectively than by anyone else because of my background both in the American and European industries.

*CBR*

Clarence B. Randall

**216. Memorandum of a Conversation, Department of State, Washington, February 4, 1957, 11 a.m.<sup>1</sup>**

**SUBJECT**

EURATOM "Wise Men"

**PARTICIPANTS**

The Secretary	Mr. Armand
Senator George	Mr. Etzel
EUR—Mr. Elbrick	Mr. Giordani
S/P—Mr. Bowie	Mr. Kohnstamm
Ambassador Butterworth	
S/AE—Mr. Smith	
RA—Mr. Timmons	
S/AE—Mr. Schaetzel	
RA—Mr. Cleveland	

The Secretary opened the meeting by expressing his satisfaction at the visit of the "Wise Men" and at the evidence of progress in the project to establish common Western European use of atomic power. He recalled the interest which the President and he, and the Congress as well, had consistently taken in all developments to create greater unity in Europe. Only in this way, in their opinion, could Europe develop its full potentialities. The world and Europe could not afford the continuance of the divisions which the experience of the last thirty years had demonstrated were intolerable. For this reason the United States had strongly supported the European Coal

<sup>1</sup>Source: Department of State, Central Files, 840.1901/2-457. Confidential. Drafted by Cleveland on February 8. The EURATOM "Wise Men" were in the United States for an official 12-day visit, February 3-14, at the invitation of the Secretary of State and the Chairman of the Atomic Energy Commission. For text of the Department of the Department of State press release announcing their visit, see Department of State *Bulletin*, February 18, 1957, p. 250.

and Steel Community and rejoiced that as this new source of power—the atom—developed, it was being approached on an European rather than on a purely national basis.

The Secretary remarked in conclusion that although the bulk of the talks which the "Wise Men" would have in Washington would be of a technical nature, he was fully aware of the political significance of their visit and their work, and that he would be happy to hear what they had to say concerning their plans and concerning what we could do to help.

Mr. Armand replied for the "Wise Men", noting that as they had no chairman he owed this honor to the chance of the alphabet. Noting that he and his colleagues did not represent individual countries but had been designated to speak for the Six countries collectively, he thanked the Secretary for the invitation to visit the United States, which had been of great support to them in their efforts.

The problem with which the "Wise Men" were intended to deal, Mr. Armand continued, was as follows: Europe achieved its industrial strength and greatness at a moment when coal was the principal source of energy; Europe was thus, as it were, "born rich" in energy, and acquired the habits of a rich area. Later, however, both as a result of "adventures" and of the rise of oil as a source of energy, Europe became less and less rich and finally, following the last World War, became an importer of energy. Now something like one quarter of the Six countries' energy supply comes from outside of the area, mostly from the Middle East.

The consequences of this increasing poverty in energy resources has been increasingly realized over the past few years by economists and experts, but not by the general public. The Suez crisis and its aftermath, however, has brought home the problem and "sensitized" public opinion to it. The problem, in the view of the political leaders, is twofold: First, the standard of living of any industrial country tends to be proportional to its energy consumption. Therefore, if new energy sources are not available in Europe, the results can only be a ceiling on the standard of living, which could have most serious consequences in the internal political situation of all the major western European countries. Second, if Europe should become almost totally dependent (to something like 40 percent of its energy requirements by 1957) on the Middle East, and hence at the mercy of rulers of individual Middle Eastern countries, there was a serious external political danger which needed no elaboration.

The problem, then, was how Europe could get out of this impasse. The possible increase of coal production was very limited, and while Europe would continue to import coal from the United States, there was a limit to how much further dependence could be placed on such imports. As concerns oil, even with the possible results

which may be expected from new prospecting in Europe and also in the Sahara (where there were political problems too), the possibilities were definitely limited. As a result, Europe's import requirements for energy were estimated (in millions of tons of coal equivalent) at a hundred million tons for 1960 and three hundred million (or 40 percent of Europe's total energy requirements) for 1975. The balance of payment consequences of energy imports on this scale were almost inconceivable.

In this situation, atomic energy must be used to compensate for the lack of other energy sources. The Europeans realize that atomic energy is an unknown, but the "Wise Men" believe that they can establish a production program for atomic energy which can cause imports of energy from outside of Europe to begin leveling off in 1962 at a level of approximately 150 million tons of coal equivalent. They had succeeded, Mr. Armand believed, in making this problem understood during their trip around Europe. This common understanding of the problem in Europe was the first prerequisite for a real program. The other was the establishment of effective cooperation between the United States and Europe in this field. This cooperation should be a two-way street; the United States could be of great assistance to a large European program in terms of fuel and information, but in counterpart Europe had decided to equip itself as a real partner by mobilizing its intellectual forces.

In summary, Mr. Armand said, nuclear energy is necessary for progress; but Europe is behind in its development. If, with the help of the United States, Europe can catch up this lag, Europe will fructify and within ten years will be able to be a real partner. The program is ambitious, but if such a program is not carried out, Europe will rapidly become an underdeveloped territory.

Mr. Giordani and Mr. Etzel agreed entirely with Mr. Armand's presentation.

In reply, the Secretary said their presentation fell on sympathetic ears. He was particularly struck by the reference to the ambitious nature of the program, which demonstrated the way in which nations can now satisfy their ambitions. Formerly, such ambitions were satisfied by dominating others, but that epoch is ended. A new vista is now opening, in which ambitions can be satisfied through constructive channels such as the one of which the "Wise Men" spoke. The Secretary recalled that the Japanese had tried too long to satisfy their ambitions by dominating others, and that at the end of the war people wondered how a nation of 80 million could live confined to a few islands; however, Japan has prospered during the last years through her own development. The vision which the "Wise Men" have brought was of profound political significance as demonstrating

how nations could be great without measuring greatness in terms of control over others.

The Secretary continued that he was also struck by the proposition that while initially they might get help from the United States (and he hoped they would), the Europeans in the context of a program such as the "Wise Men" had described, could eventually return this help with interest. Europe's scientific minds were unequaled, and her high power costs gave her the economic incentive; thus was created a basis for cooperation quite apart from the great interest which the United States took in seeing Europe, so long the cradle of Western civilization, survive and grow stronger.

Mr. Armand said that to associate peoples you need both fear and hope, and both of these elements are present in Europe today. There is fear of the consequences of an energy shortage and of the events in the Middle East, and hope of success if Europe and the United States can cooperate in this field. Faced with this common danger and with the common hope, Europe can succeed. The Secretary replied that he hoped they would.

**217. Letter From the Secretary of State to the Chairman of the Atomic Energy Commission (Strauss)<sup>1</sup>**

*Washington, February 5, 1957.*

DEAR LEWIS: As you know, I received yesterday a visit from the EURATOM Wise Men and heard their introductory presentation.<sup>2</sup> I understand they made a similar presentation to the Atomic Energy Commission yesterday afternoon, though I believe you were not able to be present.

I am struck by the imaginative character of the project that the Wise Men have developed and the great political importance of this project, both to Europe and the United States. Europe is clearly faced by a profound power shortage which, if not dealt with energetically, could have serious political consequences and, indeed, tend to undermine the entire economy of Western Europe. I am sympathetic with the judgment of the Wise Men that a constructive relationship between the Middle East oil producing states and Europe can best be developed if Europe is not totally dependent on imports of oil from that area. It is therefore most heartening that this distinguished

<sup>1</sup>Source: Department of State, Central Files, 840.1901/2-557. Confidential. Drafted by Schaezel.

<sup>2</sup>See the memorandum of conversation, *supra*.

group is proposing to meet this problem by a bold program of building nuclear power stations.

Out of this situation arises a unique opportunity for us. It means an opportunity to assist the Europeans in carrying out a concerted effort to solve a major European economic problem in a framework which will promote political solidarity in Europe. It may well open up a new area for European-U.S. collaboration which can re-establish and strengthen the lines of cooperation between Western Europe and the United States which were strained by the Suez situation. Finally, this opportunity to associate ourselves with a major effort of Europe's to turn atomic energy to constructive purposes is at the essence of what the President's speech on December 8, 1953 contemplated.<sup>3</sup>

I am sure that the Wise Men will obtain from the Commission the indispensable technical advice that they need. While they are not here to negotiate with us, I would hope we could also give them the sort of general assurances with respect to U.S. co-operation and the supply of the necessary fuel which will make it possible for them to push forward their program.

After you have had an opportunity to discuss the program with your staff and meet with the Wise Men personally, I would hope we could discuss it together in order to determine upon a course of action which we may both propose to the President for full support of the Euratom effort.

Sincerely yours,

**John Foster Dulles**

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<sup>3</sup>For text of the President's address to the U.N. General Assembly on the peaceful uses of atomic energy, see *Public Papers of the Presidents of the United States: Dwight D. Eisenhower, 1953*, pp. 813-822.

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**218. Memorandum of Conference With the President, The White House, Washington, February 6, 1957, 3 p.m.<sup>1</sup>**

OTHERS PRESENT

The Honorable Franz Etzel

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<sup>1</sup>Source: Eisenhower Library, DDE Diaries, Meetings with the President. Drafted by Goodpaster. In a memorandum of January 31, Dulles briefed Eisenhower on the visit of the EURATOM "Wise Men" and recommended that the President meet with them. (Department of State, Central Files, 840.1901/1-3157)



The Honorable Louis Armand  
The Honorable Francesco Giordani  
Mr. Max Kohnstamm  
Ambassador Butterworth  
Mr. Gerard Smith, State  
Admiral Strauss  
Dr. Hauge  
General Goodpaster  
Interpreters

Mr. Etzel opened with a statement setting forth the importance of Euratom to Europe, to the United States and to the free world. He brought out the need for United States support of the undertaking and his hope that such support would be forthcoming, indicating that advantages would accrue in return to the United States.

The President said he was struck by Mr. Etzel's statement that this is a two-way street. He felt that it was more than that. Benefits will be felt in every direction. He thought Euratom was a great hope for the whole free world. He recalled that he has strongly supported a united Europe as a third great force in the world. He had urged Jean Monnet on, as he now urges this group on in the same direction. He said that they may be sure of our cooperation, commenting that he hopes he will live long enough to see a United States of Europe come into existence. He has thought the European nations must learn the biblical precept that to save their lives they must lose them. He felt if they did not join together deterioration and ultimate disaster were inevitable. He had no hesitancy in declaring that this project would be to the benefit of the United States, of the Atlantic community, and of all the world. He then asked Admiral Strauss how long the group would be in Washington and what their further program would be. Admiral Strauss said they would leave Washington on Friday to visit our atomic installations. The President said he had been much interested in a chart showing that before many years have elapsed, the additions to energy output in Europe would come from atomic sources. He asked what the costs of energy production in Europe are expected to be. Mr. Armand said that in the United States it costs from 4-7 mills to produce a kilowatt of electricity. In Europe the cost is 10-12 mills. He said that atomic power is economically competitive at that cost.

The President asked Admiral Strauss if we had in sight all of the raw material needed to support the program the group was proposing. Admiral Strauss said that this is a considerable problem, because the needs they have stated are very large. Even on their present trip, however, we can provide assurance at this time for a very great deal of what they need. He said that raw materials are rising in volume very rapidly, and in response to a question by the President said that we are guaranteeing the price for producers until 1963 at the present

time. The President commented that we may want to go beyond that time, in order to bring in all possible explorers.

The President concluded the meeting by telling the group they may count on his support.

**A.J. Goodpaster**  
*Brigadier General, USA*

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**219. Telegram From the Chargé in France (Yost) to the Department of State<sup>1</sup>**

*Paris, February 6, 1957—1 p.m.*

3873. In course conversation with member in Maurice Faure Cabinet Feb 5, Embassy officer was told French Delegation was very pleased at outcome latest Brussels Foreign Ministers meeting. French were optimistic that forthcoming Foreign Ministers meeting (Feb 17) and Chiefs of Govt meeting (Feb 19) would permit political decisions on outstanding problems, particularly association overseas territories with Common Market. Officer stated most agricultural problems had been overcome at Brussels although Dutch still had to consult Govt on several points.

Stating US attitude had ever since war been most favorable to European integration on well-known political and European security grounds, he expressed hope that technical considerations of trade policy or desire to dispose of agricultural surpluses would not lead to active US prodding to change treaty provisions now which could interminably delay negotiations. Time, he felt, from political viewpoint was of essence since Mollet Govt could get treaties through but its life might be shortened after Algerian debate. He expressed hope that in overall US foreign policy interest and Western Europe and Atlantic security US would take no action which might hamper rapid completion of Common Market treaty. In this connection, he made specific reference to US views expressed to Marjolin (Embtel 3714<sup>2</sup>). He said he understood US concerns from viewpoint commercial policy and fear that European markets might be closed to US agricultural products, especially wheat. He also understood Canadian and

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<sup>1</sup>Source: Department of State, Central Files, 440.002/2-657. Confidential. Also sent to Luxembourg for the Embassy and the CSC Mission.

<sup>2</sup>In telegram 3714, January 30, the Embassy reported that it had held preliminary conversations with Marjolin and other members of Faure's staff regarding U.S. views on the proposed Common Market. (*Ibid.*, 840.05/1-3057) The Embassy's presentation followed the instructions transmitted in Document 213.

Australian concerns on this subject. He said every effort was being made to square treaty with GATT. He doubted wheat market would be damaged and expressed hope that overall political consideration would be put in balance and outweigh technical, economic and commercial policy considerations in determining US Govt attitude toward Common Market treaty as a whole.

Yost

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**220. Memorandum of a Conversation, Department of State,  
Washington, February 8, 1957<sup>1</sup>**

## SUBJECT

EURATOM and Related Questions

## PARTICIPANTS:

The Secretary	Foreign Minister Spaak
Admiral Strauss	Ambassador Silvercruys
Mr. Elbrick	Mr. Rothschild
Mr. Bowie	Mr. van der Meulen
Ambassador Butterworth	Mr. Armand (at the conclusion)
Mr. Smith	Mr. Etzel (at the conclusion)
Mr. Timmons	Mr. Giordani (at the conclusion)
Mr. Cleveland	Mr. Kohnstamm (at the conclusion)

1. The Secretary welcomed Mr. Spaak,<sup>2</sup> and stated his encouragement at the progress which had been made at the Brussels talks and his hope that they would concluded soon. Mr. Spaak said that he hoped and believed so; the only major question still outstanding concerned the inclusion of overseas territories in the European Common Market. He had every hope that this would be successfully dealt with at the proposed meeting of the Prime Ministers of the Six countries in Paris on February 19. The Secretary also reiterated his pleasure at Mr. Spaak's forthcoming assumption of his duties as Secretary-General of NATO, which Mr. Spaak said would take place after the Spring Ministerial Meeting of NATO in Bonn. In this connection, the Secretary remarked that he might not be able to attend that meeting; Mr. Spaak indicated his regret, but the matter was not pursued further.

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<sup>1</sup>Source: Department of State, Central Files, 840.1901/2-857. Confidential. Drafted by Cleveland.

<sup>2</sup>Foreign Minister Spaak was in Washington for a 2-day visit, February 8-9, to discuss matters of mutual concern between the United States and Belgium.

2. Mr. Spaak said that the purpose of his visit was to raise two questions with the United States Government in relation with the EURATOM negotiations which were now nearing completion. The first concerned the attitude of the United States towards the EURATOM Treaty in its present form, with particular reference to whether the Treaty provided an adequate basis for future cooperation between the United States and EURATOM. The second concerned the Belgian interpretation of certain articles of their present bilateral agreement with the United States in the light of the EURATOM Treaty, with particular reference to the ability of Belgium to make available Congo uranium to her EURATOM partners.

3. With respect to the Treaty, Mr. Spaak made clear that he was not speaking for the Six, but that the Belgian Government and he personally wished to assure themselves that there was nothing in the present text of the Treaty which would pose an obstacle to fruitful relations between the United States and EURATOM; if there were, he felt it important that he and the other negotiators should be warned in time so that they could make any necessary adjustments in the Treaty, as he felt that the future relationship with the United States was one of the indispensable elements of EURATOM's success. Mr. Spaak continued that while the Treaty was not entirely what he had at first intended, because the negotiators had to take account of the French political problem on the question of military uses, it was in his opinion a good Treaty, and he felt it provided a sound basis for cooperation. The Secretary replied that he had not himself been able to study the Treaty, and that he understood that our picture of it was incomplete because of the rapidly-moving changes which had been made during the past few weeks. The Secretary (and later Admiral Strauss as well) assured Mr. Spaak that we would do our best to give him a reply on this point as soon as we could. Mr. Spaak said he would appreciate this, and hoped that it would be possible shortly, as the final decisions on EURATOM were scheduled to be taken at a ministerial meeting in Paris on February 17 or 18.

4. At several points in the conversation Mr. Spaak reiterated his view that the decision to permit military uses of atomic energy (or rather not to forbid them) was unfortunate but politically indispensable. He pointed out that the maintenance of at least a theoretical possibility to engage in the weapons program was the price which had to be paid to the moderate Right in France for their support of EURATOM and also of the Common Market. He said this decision had been arrived at reluctantly by M. Mollet, who as we knew was opposed to a military program and had initially favored a renunciation of military uses by the Six countries. Mr. Spaak pointed out that under the Treaty military uses would be subject to the same

strict control and inspection as civil uses, up to the point of the actual fabrication of a bomb. His hope was that provided the treaty did not formally prevent the French from engaging in military production, they would not in fact carry out a military program, in particular because of the very high cost involved. As long as Mollet was in power, he was sure that the French would not get seriously into an atomic weapons business.

5. The Secretary asked Mr. Spaak where the ownership problem stood. Mr. Spaak replied that the Treaty did not mention ownership. With respect to ownership of material obtained from the United States the EURATOM Commission would be in a position to retain title. The same would be true of materials produced in common enterprises. The case which was not covered was that of a private institution which produced plutonium in a reactor; as it stood at present, such a company could hold the material, dispose of it to EURATOM or sell to friendly countries outside the Community. In explaining why he had not supported the French in their desire to provide for complete ownership by EURATOM of all fissionable materials, Mr. Spaak maintained that the French themselves had created the dilemma when they insisted on the right to engage in military uses. This had created a practical difficulty, as it was hard to conceive of EURATOM's holding title to material which had been fabricated into a bomb. Mr. Smith commented at the Secretary's request that in the United States our whole philosophy of internal control over fissionable material was based on Government ownership and that to us it was unconventional to think of a different concept of holding material. While we did not take a firm position that we could not cooperate with EURATOM unless the Treaty provided for common ownership, we would certainly be happier if it did so. With respect to the practical problem which Mr. Spaak had mentioned in connection with a possible French weapons program, Mr. Smith asked whether it would not be possible to have EURATOM retain ownership up to the point where control of fissionable material passed from its hands into those of WEU. Mr. Spaak appeared to find this an interesting idea, but did not comment directly upon it.

6. With respect to the Belgian bilateral, Mr. Spaak asked whether Belgium would be free after 1960 to make her entire uranium production available to EURATOM. Secondly, he was interested to know if we had any objection to Belgium's making available to EURATOM before 1960 the remainder of her material after the Union Minière had fulfilled its obligation to the Combined Development Agency under the agreement. Mr. Spaak pointed out with respect to the first problem that if the United States wished to continue purchasing uranium after 1960 it could of course have discussions directly with EURATOM. At the Secretary's request Mr. Smith replied

that while this was a matter to which the Atomic Energy Commission would have to speak, he believed that there should be no insuperable difficulty. He pointed out that the problem of availability of natural uranium was principally a short-term, one after which the supply could be such more plentiful; the Canadians anticipated fairly soon a production of natural uranium much greater than that of the Belgian Congo. Following Admiral Strauss' arrival, Mr. Spaak repeated the question. Admiral Strauss indicated that EURATOM requirements for enriched uranium under the program which the "Wise Men" had in mind would in any case be so large that they would require quantities of enriched material from the United States which would have to be based on other sources over and above Congo. He therefore did not think that we would find Mr. Spaak's suggestion objectionable.

Following the meeting with Mr. Spaak, Messrs. Armand, Etzel, Giordani and Kohnstamm joined the meeting. The Secretary said that he hoped they had found their stay in Washington a fruitful one. Messrs. Giordani, Etzel and Armand each replied that they had, and thanked the Secretary and Admiral Strauss. Mr. Etzel indicated that he felt they had made great progress in their task as a result of their conversations here. The Secretary said he was happy to have had the opportunity to discuss the EURATOM Treaty with Mr. Spaak. He hoped that the Six countries would be able to move ahead on the project and thus mark the beginning of a new era in this field of development. Admiral Strauss agreed, and expressed his personal pleasure at having had the opportunity to meet with the three "Wise Men" and Mr. Kohnstamm. Mr. Spaak commented that he had thought the communiqué<sup>2</sup> excellent, and asked when the three intended to make their report. Mr. Giordani replied that as a result of the talks they had had here, the AEC had offered the close cooperation of some of its technical people. The "Wise Men" felt it would not be wise to make a report without having all the material they could gather. They hoped to be able to start soon on the report itself, and to have it ready for submission by the end of March.<sup>3</sup>

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<sup>2</sup>For text of the communiqué, issued on February 8 by the Department of State, the Chairman of the U.S. Atomic Energy Commission, and the EURATOM Committee, see Department of State *Bulletin*, February 25, 1957, p. 307.

<sup>3</sup>Telegram 2233 to Bonn, February 12, also sent to the Embassies in the other five ECSC countries as well as London, reported on the 5-day visit of the EURATOM Wise Men to Washington. (Department of State, Central Files, 840.1901/2-1257) Telegram 2272 to Bonn, February 16, also sent to the Embassies in the other five ECSC countries as well as London, summarized the discussions held during Spaak's visit to Washington. (*Ibid.*, 840.1901/2-1657)

221. **Memorandum of a Conversation Between the Secretary of State and the German Ambassador (Krekeler), Department of State, Washington, February 11, 1957<sup>1</sup>**

SUBJECT

Relationship of Overseas Territories to the Proposed European Common Market

In a call on the Secretary following his return from Germany, Ambassador Krekeler said that both Foreign Minister von Brentano and Chancellor Adenauer had discussed with him the problem of the relationship of overseas territories to the common market. He said there was a wide difference of opinion between the French Delegation and other delegations. The Chancellor recalled a remark which the Secretary had made to him, that it would be desirable that Germany assist in the economic development of Africa. The Ambassador said that in 1951 a plan for this purpose had been developed by German industrialists. However, nothing had come of it and the situation in Africa had changed very radically. He said the Germans see the importance of doing something in this field. On the other hand, they do not wish Germany to be labeled as a colonial power. They feel their position is somewhat like that of the United States. Were they to become associated with colonialism, they fear that what they could accomplish in under-developed areas would be seriously prejudiced. The Ambassador said that the Chancellor would be very grateful for the personal views of the Secretary on this subject.

The Secretary said that he did not feel it was always possible to find an answer to problems of this kind in terms of generalities. He said that the U.S. had always tried to avoid its close association with the British, French, Dutch, Belgians and Portuguese from committing us to support their colonial policies. The governments of those countries had never liked our attitude and our position had been a source of constant friction between us and them. The Secretary pointed out that this problem had arisen in connection with the ratification of the North Atlantic Treaty and drew the Ambassador's attention to the passage in the report of the Foreign Relations Committee dealing with this matter, in which it was stated that "Whether the United States will in fact support the colonial policies of any of the other signatories will depend entirely on our evaluation of those policies under the conditions then existing and not on any obligations assumed under the pact." (Report of the Foreign Relations Committee on Executive L, 81st Congress, 1st Session.<sup>2</sup>)

<sup>1</sup>Source: Department of State, Central Files, 440.002/2-1157. Secret. Drafted by Reinstein on February 13.

<sup>2</sup>See U.S. Congress, 81st Cong., 1st Sess., Executive L, *The North Atlantic Treaty* (Washington: U.S. Government Printing Office, 1949).

The Secretary said that this did not mean that we should dissociate ourselves from everything which the colonial powers do. He said that it seemed to him that it was essential that a relationship of Africa with Europe be worked out in terms of an evolution which would involve a large degree of self-government on the part of the African territories and a continuing close degree of association between Africa and Europe. He said that there is a tendency to think of the world in terms of East and West. If one looks at a map, it is apparent that Africa is the big hinterland of Europe. The Secretary said that it is important that the movement toward self-government be one of peaceful evolution rather than one brought about by violent revolution. The colonial powers tend to move slowly, in fact, too slowly. It is difficult for any government to grant to a colony or an overseas territory like Algeria a greater degree of autonomy than is absolutely necessary. However, if one waits until it is demonstrated that there is a need for granting autonomy, it is already too late. One has to move ahead of the necessities of the case. This is difficult to do since people in the home countries, and in their parliaments in particular, question the need for taking action. The result is that by the time action is taken, it is often too late to preserve the good in the relationship with overseas territories.

The Secretary said he thought that the Federal Republic, before associating itself with the policies of colonial powers, should get the best assurances it could that these policies could be calculated to work out peaceful relations with the colonial areas. He thought that if a policy of peaceful evolution were adopted, the prospect for Europe was rather dark. It was, of course, possible to have a unified Europe, but Europe needed the resources of Africa. The Secretary drew a parallel between the European situation and that of the U.S. in earlier days. The Eastern colonies had to federate but they could not have developed without the resources of the West and a sound relationship with the Western areas. He thought the same principles were applicable to Europe. If Europe could work out proper relations with Africa, it could develop into one of the greatest forces in the world. He said one should stop thinking of Europe as the Old World. The concept of a relationship with Africa opened up vistas which were new and exciting and should be immensely challenging to people with forward looking ideas.

The Ambassador said that he was grateful for this expression of views. He hoped that public opinion in the U.S. would support this viewpoint. The Secretary said he was sure that it would.



222. Memorandum of a Conversation, Department of State,  
Washington, February 18, 1957<sup>1</sup>

SUBJECT

Germany and European Integration

PARTICIPANTS

Dr. Heinz L. Krekeler, German Ambassador  
 Mr. Erich Ollenhauer, Leader, German Social Democratic Party  
 Mr. Fritz Heine, Press Chief, German Social Democratic Party  
 The Secretary of State  
 Mr. Carl W. McCordle, Assistant Secretary of State for Public Affairs  
 Mr. John W. Jones, Acting Deputy Assistant Secretary of State for European Affairs  
 Mr. R.E. Lisle, Deputy Directory, Office of German Affairs

The Secretary had opened the conversation by recalling that he had last met Mr. Ollenhauer at Geneva and had at that time discussed European integration.<sup>2</sup> Mr. Ollenhauer responded affirmatively to the hope that he continued to support it as firmly as he had at that time. After a discussion of German reunification, the Secretary emphasized our interest in the steps being taken for economic unification of Europe, mentioning particularly EURATOM and the common market. He pointed out the great advantage Germany has of not being a colonial power and how with this and its economic strength it could contribute materially to the working out of an association of Europe and Africa out of which could come a whole new force in the world. By bringing the countries of Europe and Africa closer together, Germany could further the development of a great European hinterland. Europe should be thinking in terms of "Young man, go South." From the viewpoint of its potentialities in Africa, Europe is not worn out, but on the threshold of great development in a manner which should inspire the imaginations of youth.

Mr. Ollenhauer replied that the Social Democratic Party (SPD) was in favor of the common market. It had become apparent that it was impracticable to integrate successfully only one segment of European economy such as attempted with the Coal and Steel Community. The SPD had in its discussions been concerned only with two open questions, namely, to what extent agriculture should be a part of the common market and whether overseas territories could be included. He saw in the latter problem probable difficulty in the light of the French position in Africa. He did not know what the outcome

<sup>1</sup>Source: Department of State, Secretary's Memoranda of Conversation: Lot 64 D 199. Confidential. Drafted by Lisle on February 19.

<sup>2</sup>This meeting took place on February 18. Dulles and Ollenhauer met at Geneva on November 9, 1955, during the Foreign Ministers Conference. A memorandum of that conversation is scheduled for publication in a forthcoming *Foreign Relations* volume.

would be. He agreed entirely with the Secretary on the potentialities of Africa.

With regard to EURATOM, Mr. Ollenhauer said that his party fully supported it but believed that it was necessary to have complete control of fissionable material. He wondered whether under the treaty it would be possible to have effective control. The position of the U.S. as the largest supplier of fissionable material was very important. The Secretary assured Mr. Ollenhauer that although the U.S. cannot control the language of the treaty, we would not supply fissionable material unless it was under full control. We, ourselves, keep title to fissionable material in supplying it to our industries. The Germans can count on the same position being taken in our dealings with foreign countries.

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### 223. Editorial Note

The Heads of Government and Foreign Ministers of the six ECSC countries met in Paris between February 18 and 20 to discuss the last outstanding problems in drafting treaties for EURATOM and the Common Market. In a communiqué issued on February 20, they announced that agreement had been reached on all major matters and expressed the hope that the two treaties would shortly be ready for signature. The French text of the communiqué is printed in Royal Institute of International Affairs, *Documents on International Affairs, 1957*, pages 442-443.

224. **Telegram From the Acting United States Representative to the European Coal and Steel Community (Boochever) to the Department of State<sup>1</sup>**

*Luxembourg, February 21, 1957—11 p.m.*

Colux 154. President Rene Mayer requested I call on him this afternoon to discuss US suspension of scrap export licensing.<sup>2</sup> Also present at meeting were Vice Presidents Etzel and Coppe, and Spierenburg. Mayer made following points:

1. He was surprised and rather disappointed to learn of this US action through a press report in yesterday morning's *Luxemburger Wort*. He would have hoped in view of the High Authority's efforts cooperate in dealing with the scrap problem and cordial relations it had enjoyed with United States that some advance notification would have been possible.

2. He reiterated point made previously by Rollman (Colux 152<sup>3</sup>) that summary and conclusions of Commerce scrap report in error in asserting that CSC planned expansion of facilities which would result in increased scrap requirements from the United States. He thought he had made High Authority's policy on this matter clear in Washington last February<sup>4</sup> and Rollman had reiterated it in subsequent official discussions—i.e., High Authority working vigorously to reduce import of scrap from United States both through measures penalizing excessive scrap consumption and influencing of investments in direction that would conserve scrap. He said he believed investment survey now under way would show these policies would lead as intended to marked decrease in dependence on United States within 2 to 3 years.

3. He did not take issue with substance of measure which United States had taken, recognizing that some administrative action might be considered normal in present circumstances.

4. He inquired whether this temporary suspension would be of short or long duration. If community could be assured that it was of short duration harm would not be too great. Suspension for a longer period, however, might require basic re-examination of community's

<sup>1</sup>Source: Department of State, Central Files, 850.33/2-2157. Confidential; Priority. Repeated for information to Paris and Bonn; Paris was requested to pouch this telegram to Rome, The Hague, London, and Brussels; the Department was requested to pouch it to Dusseldorf.

<sup>2</sup>On February 19, the Department of Commerce temporarily suspended the licensing of ferrous scrap because of the excessive rate at which applications were being filed and in order to permit further study of the situation. The Department reported this development in telegram 66 to Dusseldorf, February 21, repeated for information to Luxembourg. (*Ibid.*, 400.119/2-2157)

<sup>3</sup>Dated February 20, not printed. (*Ibid.* 850.33/2-2057)

<sup>4</sup>See Documents 218 and 220.

scrap position. He stressed that there were heavy pressures in community in favor of declaring serious scrap shortage, invoking Article 59 and allocating scrap on national basis. If suspension prolonged to extent scrap allocation became necessary would also imperil ability maintain common market for steel. Such development would create a very unfavorable public impression durability CSC common market, which would be particularly unfortunate at this time in view likely adverse effect on prospect for ratification of common market and EURATOM treaties in France.

In reply I made following points drawing on Luxco 78<sup>5</sup> of February 19:

(1) Mission's background information on suspension received very short time after newspaper account and immediately communicated to High Authority. Fact that newspaper account regrettably arrived first should not be interpreted as indication any lack of concern by Department or Mission in keeping High Authority informed.

(2) Account in Luxembourg press in error in implying that licensing had been suspended for 6 CSC countries only.

(3) Suspension was temporary administrative action taken by Commerce Department. Should be viewed in context heavy volume of licenses since January 1 and need take account recent conclusions of Battelle scrap report.

(4) Current concern is primarily with potential supply heavy melting grades rather than with over-all quantity of scrap available and any subsequent US action would likely reflect this emphasis.

(5) Commerce scrap report did not single out exports as cause of difficulty, but cited need for both domestic and foreign consumers reducing dependence on heavy melting grades.

I inquired about the volume of CSC orders for scrap in the United States and was told that January orders were in the range of 300,000 metric tons. Coppe reiterated that while High Authority had undertaken to attempt limit CSC imports to average of 200,000 tons a month, it had previously made clear to US that imports in the early months of the year expected to be above average, and below average later on.

In answer to question from Coppe I said that although licensing suspended, as far as I knew actual exports of scrap had not been stopped. Coppe then asked about US export intentions in light Assistant Secretary McClelland's statement (which Mission has not received) to effect that there was no question of imposing quotas on scrap exports.<sup>6</sup> While I could not confirm statement I noted US had

<sup>5</sup>Not printed. (Department of State, Central Files, 850.33/2-1957)

<sup>6</sup>Luxco 81 to Luxembourg, February 26, reported that Harold C. McClelland, Assistant Secretary of Commerce for International Affairs, gave an interview to the *Journal of Commerce* on February 19 regarding the scrap situation. The telegram pointed out that the Department of Commerce did not issue a press release on the suspension of scrap licensing. (*Ibid.*, 400.119/2-2057)

in past dealt with scrap export problem on basis discussions with High Authority and interested governments and quite possible it would continue seek limit exports in this way.

Mayer concluded by requesting urgently information concerning possible duration of licensing suspension. Coppe stressed would have helpful psychological effect if High Authority could confirm that exports under licenses already issued would not be impeded.

In addition specific answers for High Authority, Mission would appreciate receiving soonest text any public statements made by US officials on subject scrap exports.<sup>7</sup>

**Boochever**

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<sup>7</sup>No public statements were issued on the subject; see footnote 6 above. On March 26, the Department of Commerce issued a press release announcing the resumption of processing of applications for the export of all grades of iron and steel scrap. The text of the press release is *ibid.*, 811.3314/3-2857.

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## 225. Memorandum of a Conversation, Department of State, Washington, February 26, 1957<sup>1</sup>

### SUBJECT

European Integration

### PARTICIPANTS

#### *U.S. Side*

The President  
The Secretary of State  
The Under Secretary  
Mr. Dillon  
Mr. Houghton  
Mr. Elbrick

#### *French Side*

M. Guy Mollet, Prime Minister  
M. Christian Pineau, Minister of Foreign Affairs  
M. Louis Joxe, Secretary General of Ministry of For. Aff.  
M. Daridan, Director General of Political Affairs  
M. Emile Noel, Chief of Prime Minister's Cabinet  
M. Pierre Baraduc, Director of Press and Information Service  
Mr. Herve Alphand, French Ambassador

The President referred to his conversation with Premier Mollet earlier in the day on the Middle East and asked if there were not

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<sup>1</sup>Source: Department of State, Conference Files: Lot 62 D 181, CF 833A. Secret. Drafted by Elbrick.

other matters which Mollet wished to discuss.<sup>2</sup> Mollet said there were various European problems which he would like to touch upon and he asked Mr. Pineau to describe the European Common Market and the related free trade area.

Pineau then went into some detail in describing the efforts of the six countries to integrate their economic activities. At the recent meeting of Prime Ministers in Paris to finalize arrangements the question of the association of overseas territories had also been dealt with and a decision had been reached as to the relationship of those territories to the Community of Six. The countries had agreed to establish a common investment fund for the development of these territories, but it was pointed out that this would not preclude private investment in this field. The period foreseen for the development of the Community is fifteen years. Pineau said that Great Britain is very interested in establishing a free exchange between the Common Market and the United Kingdom in the field of industrial products. The United Kingdom cannot enter the Common Market arrangement itself due to the fact that its special ties with the Commonwealth countries prevent it from accepting agricultural products from other areas. Likewise the United Kingdom does not wish to agree to the inclusion of its own overseas territories in the Common Market. Pineau said that the idea of a free trade area must be discussed separately from the Common Market and felt that this should be done in the OEEC.

Pineau said that at the end of the 15-year period the six countries will be as one in their economic relations with other countries. Their normal exchanges with other countries will not be affected and, he felt, might even be improved in cases where duties established in the common tariff may be lower than they are at present. The six countries will, in the operation of the free trade area, be considered as one country. He felt that the association of the United Kingdom in this free trade area would bring England closer to the Six.

President Eisenhower expressed the view that it would be a fine day for the free world when the Common Market becomes an established fact.<sup>3</sup>

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<sup>2</sup>Mollet was in the United States for a 4-day official visit, February 25-28.

<sup>3</sup>In a joint statement issued by Eisenhower and Mollet on February 28, at the conclusion of the talks, the President reaffirmed U.S. support for Western European economic integration and indicated his full accord with the objective of associating overseas territories with the proposed common market. For text of the statement, see Department of State *Bulletin*, March 18, 1957, pp. 438-439.

226. Memorandum of a Conversation, Department of State,  
Washington, March 5, 1957<sup>1</sup>

## SUBJECT

European Integration

## PARTICIPANTS

*U.S. Side*

The Secretary of State  
Deputy Under Secretary Murphy  
Senator George  
Mr. Sullivan—Defense  
Mr. Bowie  
Mr. Elbrick  
Mr. Timmons  
Mr. Reinstein  
Mr. Creel  
Mr. Parker

*German Side*

Mr. von Brentano, German Foreign Minister  
Dr. Krekeler, German Ambassador  
Professor Grewe, German Foreign Office  
Baron von Welck, German Foreign Office  
Mr. von Kessel, Minister, German Embassy  
Mr. Harkort, Ger. Foreign Off.  
Mr. Limbourg, Ger. Foreign Off.  
Mr. von Lilienfeld, Ger. Foreign Off.  
Mr. Jaenicke, Ger. Foreign Off.

Turning to the agenda item on European integration, Brentano said that the Secretary was no doubt fully informed as to the most recent developments regarding the common market and EURATOM.<sup>2</sup> In brief, the drafting of the texts had been completed and it was hoped the agreements could be signed by the end of March. He wished to comment on only one point, the inclusion of overseas territories in the common market. While the Germans favored in principle the inclusion of such territories, there was some hesitation over entering into colonial commitments. He believed, however, that a satisfactory solution had been found and believed that the funds which would be made available would be used for developing the economies of these territories and help their progress toward further independence. While the Federal Republic was not completely satisfied with these agreements in every respect, he thought there would be no difficulty over their ratification by the Bundestag or by most

<sup>1</sup>Source: Department of State, Central Files, 440.002/3-557. Confidential. Drafted by Reinstein.

<sup>2</sup>Von Brentano was in Washington for an official 5-day visit, March 3-7.

of the other Parliaments. He was not so sure, however, about the French Parliament.

Brentano added that he welcomed the fact that other European countries, such as the United Kingdom, Austria and the Scandinavian countries, had expressed an interest in participating in the common market through free trade zones. Even the Ambassador of Morocco had expressed a desire for his country to be associated with the common market. Brentano looked forward to the establishment of a large unified economic area which should also make for a greater measure of political integration of Europe. On behalf of this objective the Germans had made a number of concessions but they felt the goal was worth the sacrifices made.

The Secretary said that few subjects have such a hold on the imagination of the American people as the integration and unification of Europe. This had been evidenced in many ways, for example, as Senator George<sup>3</sup> could testify, in many Congressional acts, and in the Secretary's own writings and speeches. President Eisenhower was also greatly interested in this subject. He therefore noted with great gratification the progress which had been made. We were aware that this was due in no small measure to the efforts made by Chancellor Adenauer and Foreign Minister von Brentano. It would lead to great disillusionment in this country and stimulate a tendency on the part of the United States to withdraw into itself should this great project suffer the fate of EDC. The United States would do what it could to ensure that these concepts became a reality and we would welcome guidance from the friends of these projects as to whether we should say anything on the subject, and when and how. The Secretary remarked that sometimes the best thing we could do was to say nothing.

The Secretary said he was interested to learn that Morocco wished to join the common market and was not sure whether Brentano welcomed this or had merely noted it as a fact. The Secretary expressed the view that if the common market is to be effective and to work as we hope, it should lead to increasing political unity and it might be better for the common market to be limited to countries which could establish common political ties. The Secretary said he also regarded the fact that the United Kingdom was not now opposing the common market as a very important factor. He felt that EDC would not have failed had the UK taken earlier a more sympathetic attitude toward it. The Secretary said he felt it was more important than ever that we take advantage of the present fortunate concatenation of events to press forward with these projects before the situation changed.

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<sup>3</sup>Former Senator Walter F. George, Special Assistant to the President.



Brentano said he wished to point out, to avoid any misunderstanding about Morocco, that while the common market is limited to the six European countries, the possibility existed for other countries either to participate in the free trade zone linked to the common market or to associate themselves with the common market by agreement (as in the case of the association of the United Kingdom with the Coal and Steel Community). He thought Morocco wished to become associated with the common market in this way without becoming a member.

The Secretary said that this discussion of Morocco reminded him of what he had said to Mr. Ollenhauer about the great importance of establishing a proper relationship between Western Europe and Africa.<sup>4</sup> He felt this offered great and exciting prospects for the future. He said we tended to look at maps too much on the basis of an East-West projection and that if we turned the map around we would realize that Africa is the natural hinterland of Europe. The possibilities for Europe in Africa are immense, and on this basis Europe can entertain great prospects for the future, possibly even greater than the United States and Soviet Union, rather than being regarded as a declining civilization. He felt that under present circumstances Horace Greeley's old slogan "Go West, young man" should be changed to "Go South, young man". The Secretary added that both Mollet and Pineau were greatly interested in this concept and referred to the fact that one of them had probably invented the phrase EURAFRICA. It was often useful to have a phrase like this to popularize a concept.

Brentano referred again to the suggestion made by the Moroccans and said he had found it interesting because it showed they realized they were dependent on Europe and that there was some distance between Morocco and the Arab world. He felt this might be a good starting point for development of further relations without getting involved at the same time in undesirable entanglements.

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<sup>4</sup>See Document 222.

227. Circular Telegram From the Secretary of State to Certain Diplomatic Missions<sup>1</sup>

*Washington, March 6, 1957—4 p.m.*

735. A) London's 4159 to Department<sup>2</sup> (being repeated all other NATO capitals). B) Polto 1938.<sup>3</sup> C) London's 4462 to Department<sup>4</sup> (being repeated all other NATO capitals).

1. Paras 3 through 5 below contain preliminary US Government views on British FonOff paper on "Grand Design" (reftel A), taking account USRO comments reftel B, and London's views reftel C, both most helpful. As we are not yet clear how much dissemination paper has received to other interested Governments, these views are for information of USRO and Embassies only at this time and until separately instructed. However, should officials your country bring up subject and indicate knowledge of British paper, you may draw on views below in commenting as appropriate on British thinking. You should emphasize that your comments are preliminary.

2. FYI Department not fully clear motivation "Grand Design" paper nor degree UK Government clearance it has received. Flavor in paper of suspicion towards six-country institutions (CSC, EURATOM and Common Market) appears inconsistent with what we had understood to be Macmillan/Thornycroft/Eccles position that Common Market necessary base for Free Trade area, although this general element in British paper can probably be accounted for in terms of factors analysed paragraph 6 reftel C. Also not clear circulation new "constitutional" proposal at time attention concentrated on concrete plans for EURATOM, Common Market, Free Trade Area and implementation NATO Committee of Three Report. Despite these broad questions, "Grand Design" proposals are dealt with below on individual merits, on basis our present understanding these proposals. End FYI.

3. General concept in FonOff paper of broad membership and flexible organization for Atlantic Community appears constructive

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<sup>1</sup>Source: Department of State, Central Files, 740.00/3-657. Confidential; Limit Distribution. Drafted by Timmons and Cleveland and approved by Dulles. Sent to Brussels, Bonn, The Hague, Luxembourg (for the Embassy and Butterworth), London, Paris (for the Embassy and USRO), Rome, Ankara, Athens, Copenhagen, Lisbon, Oslo, Ottawa, Reykjavik, Bern, Stockholm, Dublin, and Vienna.

<sup>2</sup>Telegram 4159, February 6, contained the text of a British Foreign Office paper on the "Grand Design," a set of proposals first introduced by Prime Minister Macmillan at the North Atlantic Council meeting of December 13, 1956, which called for a simplification of the network of European regional organizations. (*Ibid.*, 740.00/2-657)

<sup>3</sup>Polto 1938, February 20, reported on the recent meeting of the Council of the Western European Union, which discussed the "Grand Design" proposals. (*Ibid.*, 740.00/2-2057)

<sup>4</sup>Telegram 4462, February 22, concerned the United Kingdom's proposed reduction of forces in Germany. (*Ibid.*, 740.00/2-2257)

and generally consistent with philosophy NATO Committee of Three Report. Following specific comments on proposals in paper:

a. Fully agree NATO must give "necessary high direction in politico-strategic field." Proposals in Committee of Three Report can contribute significantly to this end. This connection emphasize our feeling that protection NATO has provided has been basic element in realization political and economic progress in Atlantic framework, and will remain so in future.

b. We question desirability conceiving WEU as "inner circle" in NATO. While we have of course no formal objection WEU discussion political and other matters of particular interest its limited membership, NATO primacy in political and military field must be clearly recognized. Duplication by WEU of other NATO functions should also be avoided where possible, and move of WEU Council to Paris could contribute this end. Above does not indicate any lessening US interest in WEU's activities in fields clearly assigned to it, in particular arms control; this interest particularly relevant in view role WEU expected to play in connection control any atomic weapons production by EURATOM members.

c. Agree OEEC most appropriate instrument for overall economic cooperation among Atlantic countries as whole, but distinction must be drawn between such cooperation and more far-reaching integration within six-country framework (see para 4 below).

d. Proposal for consolidating CE, WEU and NATO parliamentary groups into single consultative body contains new elements which will require careful study by executive and legislative branches. We would in any case hope there is no intention on British part to propose inclusion of CSC, Common Market and EURATOM Assembly in parliamentary scheme. Former would have some real powers of decision, might eventually be directly elected, and have special role to play in development six-country integration movement.

4. In our opinion, major weakness British paper is tendency blur vital distinction between merely cooperative arrangements (OEEC) and genuine integration (CSC). In particular we are seriously concerned over implication that six-country developments (CSC, EURATOM, Common Market) should in some way be subordinated to OEEC. (See third from last para USRO comments reftel B, with which Department fully agrees.)

In any developments along lines British paper, we consider it of major importance to safeguard integrity, cohesion and growth potential of existing and proposed institutions of six-nation Community. US support CSC, EURATOM and Common Market based not only on expected economic and technical advantages, but even more on hope these developments represent steps towards increasing political union, which would further contribute greatly to strength and cohesion of Atlantic area as a whole. We welcome increasing indications British support of and cooperation with six countries, and are sure British would not wish their proposals for bringing greater degree

order to Atlantic organizations to dilute movement toward genuine integration or divide six-country group, which forms one of cornerstones in Atlantic construction. Rather we conceive that six should increasingly act as a unit within Atlantic organizations, and that integrity of developing institutions of six-country Community should be safeguarded.

US of course supports closest feasible association between institutions of the Six and looser cooperative arrangements embracing all of the other OEEC member countries, especially British association with the Common Market in a Free Trade Area. In particular, believe there may be much merit in organizing within framework of OEEC the association of other OEEC countries with EURATOM and the Common Market, but this must depend primarily upon view governments directly concerned, especially the Six.

5. Final problem is timing. We believe that during next six months attention must be concentrated on bringing to fruition concrete projects already in process. This means ratification and entry into force of EURATOM and Common Market Treaties, pursuance negotiations in OEEC on Free Trade area, and implementation Committee of Three Report in NATO. We fear broad discussion in official, parliamentary and public arena of new proposals, regardless of their merits, could confuse opinion and possibly make difficulties, especially in ratification process. Therefore while we believe British paper should be given careful study by individual governments, we would hope any multilateral consideration (NATO or OEEC) or public discussion could be deferred until late summer. While British FonOff intentions on handling of "Grand Design" not clear, note statement in British paper that "for the moment our first concern is to get Free Trade Area successfully launched under OEEC." Hope this indicates sense of relative priorities similar to ours.

6. In summary, US believes British paper contains some ideas with real merit (particularly promotion ever-closer relations among OEEC countries); considers it essential that progress in Atlantic cooperative arrangements takes place in manner promoting integration of six-nation community moving towards political and economic unification; and hopes that consideration British paper can be so handled as to avoid any danger of confusing or interfering with next steps, especially ratification EURATOM and Common Market Treaties.

Dulles

228. Letter From the Chairman of the Atomic Energy Commission (Strauss) to the Secretary of State<sup>1</sup>

*Washington, March 7, 1957.*

DEAR MR. SECRETARY: This letter will express the views of the Commission in regard to certain questions which Mr. Spaak submitted in an informal note given to the Department of State on February 11, 1957.<sup>2</sup>

Mr. Spaak stated two aims: (1) to assure himself that there is no clause in the draft treaty creating EURATOM which would make cooperation between the United States and the European organization difficult and (2) to interpret by common accord the existing bilateral agreement with Belgium. He stated specifically that he would like to know if the United States Government has any objection to creating the system envisioned in the draft treaty so that he can be sure that the relations between EURATOM and the United States will be at least as good as those which exist under bilateral agreements with Member States. In addition, a question concerned with the disposition of uranium produced in Belgium and its territories is raised.

In considering the questions raised by Mr. Spaak, the Commission's staff has had available to it draft provisions of the proposed EURATOM treaty. These draft provisions were prepared by separate drafting groups concerned with specific areas of interest, such as materials, dissemination of information, and security controls. We understand that these drafts are now in the hands of legal experts who plan to eliminate repetition and provide clarification wherever necessary. While we have, therefore, not had before us the final draft of the treaty, we have been informed that the draft provisions may be regarded as accurately representing the principles of the proposed treaty. In addition to these draft provisions we have had the opportunity to consult with members of the staff of the three representatives of EURATOM who recently visited Washington and, of course, the opportunity to consult with the representatives of the Department of State.

We do not consider that we have either the privilege or the responsibility of undertaking to transform the draft into a treaty that would suit us in every respect. It is impossible for Mr. Spaak to be assured that there is no provision in the treaty which would make cooperation between the United States and EURATOM difficult and that United States relations with EURATOM will be as good as those with any other Member State, as experience in the operation of

<sup>1</sup>Source: Department of State, Central Files 840.1901/3-757. Official Use Only.

<sup>2</sup>Not found in Department of State files. It was summarized, however, in telegram 1117 to Brussels, February 16. (*Ibid.*, 840.1901/2-1657)

EURATOM and subsequent interpretation of the treaty will have significant bearing on these questions.

We have considered it of primary importance to ascertain (1) if the adoption of the treaty would, without further agreement of the parties concerned, result in abrogation or modification of obligations which any of the six States have assumed under bilateral arrangements with the United States; and (2) whether the proposed treaty would permit EURATOM to assume in an agreement with the United States the same kinds of obligations as have been required in bilateral arrangements. In this connection we are concerned chiefly with those obligations relating to control of materials, equipment, and devices. Assurances on these points, of course, should come from the EURATOM representatives, and we understand that they construe the proposed treaty as not automatically resulting in abrogation of third-party obligations, and as permitting EURATOM to assume obligations similar to those in our bilateral agreements. The staff review of the draft provisions supports this conclusion, although it is noted that the Members would be expected to negotiate the transfer of all or part of the rights and obligations in the atomic field from bilateral arrangements to arrangements with EURATOM. In addition, it is noted that Mr. Spaak has stated that it is necessary that Belgian uranium be made available to EURATOM after 1960 and points out that such a disposition of Belgium uranium could appear to be in contradiction to the existing bilateral with Belgium.

With the understanding, therefore, that the ratification of the proposed EURATOM treaty will not automatically relieve the Member States of their obligations to the United States under bilateral agreements, we turn to the question "Would the United States Government have objection to creating the system such as envisioned in the draft treaty?" In connection with this question Mr. Spaak points out that the original conception of EURATOM has been modified to provide for the ownership of fissionable materials by private institutions under certain circumstances and to provide that Member States would have equal access to materials, including fissionable materials, for military as well as peaceful uses. As you know, the Atomic Energy Act of 1954 does not permit the ownership of fissionable materials by non-government users in the United States. In our bilateral agreements we have accordingly required the government receiving special nuclear materials from the Commission to retain ownership of the materials. This has been done to provide an analogous situation to that existing in the United States and also with the thought that ownership by the Government was of value in maintaining the desired controls of the material. We understand that EURATOM in fact would be prepared to retain ownership of special nuclear material received from the United States. Since any such ma-

terials transferred from the United States to EURATOM could be treated in the same way as materials transferred by the United States to any individual State, and if EURATOM can adequately control materials acquired from other sources without requiring ownership by EURATOM in every case, the Commission would not consider the situation regarding ownership as being a bar to effective cooperation with EURATOM.

We understand that the method of dealing with the ownership of special nuclear materials has been devised to permit a Member State to use EURATOM materials for weapons. We further understand that France is the only country which has insisted on this right, and understand further that West Germany is precluded by other arrangements from making atomic weapons. As you know, materials provided by the United States may not be used for military purposes; but on the other hand, as indicated in connection with ownership of materials, we understand that the proposed treaty would permit the United States to be assured that no materials received from the Commission, and no materials derived as a result of the use of such material, would be used for military purposes. Therefore, strictly from the standpoint of meeting statutory requirements, the United States could cooperate with EURATOM, if EURATOM in fact took the steps necessary to guarantee that the materials furnished by the United States would not be used for military purposes.

However, it is the policy of the United States to make certain that no material, equipment or devices transferred to another country under an international arrangement, or material produced as a result of the foregoing, will be used for any military purpose. Accordingly, in our agreements for cooperation with other nations, we have sought various undertakings guaranteeing that materials so transferred or produced would be used only for peaceful purposes, with specific provisions relating to controls and safeguards. It should be noted that these provisions in our bilateral arrangements are consistent with those contained in Article XII of the approved Statute of the International Atomic Energy Agency. The possibility of military projects existing within EURATOM does raise problems for United States-EURATOM cooperation, and may call for some steps by the Community to assure a separation within EURATOM of materials derived as a result of any future arrangements with the United States. Thus there can be no flow of materials from the EURATOM facilities subject to the provisions of an arrangement with the United States or an arrangement with the International Agency, into the "military" facilities which may be accommodated under EURATOM, and any flow in the reverse direction would entail the control of such materials, to insure that they were not used for any military purpose. Based on our understanding of the treaty, we do not believe

that it would prevent the Community from accepting undertakings and provisions of present United States agreements for cooperation.

If EURATOM sets up a system under which materials obtained from the United States, and their derivatives, will be used exclusively for peaceful purposes, the Commission would not foresee that because of the weapon matter there would be any legal impediment to cooperation with EURATOM. Accordingly, if cooperation with EURATOM under these circumstances is, as we understand it to be, important in achieving this Government's foreign policy objective in Western Europe, the Commission would be willing to cooperate with EURATOM notwithstanding the weapons feature.

The Commission, however, is concerned that EURATOM is being set up in a manner that would permit the manufacture of nuclear weapons by Member States. We note in this connection that the proposed treaty goes beyond merely permitting a Member State to use uranium produced in its own country for weapons but in addition permits it to acquire materials from EURATOM for this purpose. Since the treaty itself provides that any restrictions on the use of materials from third parties shall be observed, the Commission is of the opinion that the United States should not only require that its material be used exclusively for peaceful purposes but should use all reasonable efforts to obtain agreement of other uranium supplying countries outside of EURATOM, such as Canada and South Africa, to do likewise. We understand that Canada has already initiated discussions with other producer-nations with the view of adopting uniform policies in regard to the control of uranium supply. The Commission is prepared to cooperate with the Department in every way possible in developing with Canada and other friendly ore supplying nations a common approach to this problem.

In this connection, there is a related point that should be considered. The bilateral agreement with Belgium (Article VII C.) provides that Belgium will not transfer to any country other than the United States or the United Kingdom any special nuclear materials produced in Belgium or its territories unless the Government of Belgium is given assurances that the material will not be used for military purposes. As we understand the proposed treaty provisions, Belgium's obligation to EURATOM would be inconsistent with this provision. The Commission would have no objection to relieving Belgium of its obligation in this matter to the United States, insofar as the EURATOM countries are concerned, to the extent the material is not subject to the applicable control provisions in an arrangement with the United States, since, for reasons we have already indicated, we are willing to cooperate with EURATOM despite the weapons feature.

Mr. Spaak indicated that he asked the question which we have just discussed for the purpose of assuring himself that the relations



between EURATOM and the United States will be at least as good as those which exist between the United States and those States with which the United States has bilateral agreements. The Commission does not foresee that EURATOM will put into effect a security system which would permit the exchange of Restricted Data. This is an example of an area in which the relationship with EURATOM might not be as extensive as that with an individual State. There may be others. This area may not be of great importance, however, in view of the fact that substantially all the technology of reactors for peaceful purposes of atomic energy is declassifiable. On the other hand, there may be opportunities for cooperation with EURATOM where it might not be practicable to cooperate with one state. Part of the answer as to whether relations with EURATOM will be as good as those with individual nations will, we believe, depend on whether the treaty would interfere with or make difficult the development of mutually beneficial relationships between industries in the United States and those within the Community. It is our understanding that the draft of the proposed treaty is not intended to inhibit normal commercial relationships.

We turn now to Mr. Spaak's questions relating to the matter of disposition of Belgian uranium. Mr. Spaak appears to be under the impression that an interpretation of the bilateral agreement with Belgium is all that is required to permit Belgium to transfer uranium ore produced in Belgium and its territories to EURATOM. Since Mr. Spaak states that this kind of disposition of material is an essential basis of the European Community, the Commission believes that it is important to forestall any possible misunderstanding concerning this matter. As you know, there are provisions in both the bilateral agreement between the United States and Belgium and an agreement between the United Kingdom and Belgium providing that the Combined Development Agency shall have an option to purchase a percentage, to be agreed, of the Belgian ores after 1960 and during the period of the agreement. These agreements must be amended in order to provide for the relinquishment of the option accorded to the Combined Development Agency; and, in the case of the United States, the amendment must be made in accordance with Section 123 of the Atomic Energy Act, including submission to the Joint Committee on Atomic Energy for thirty days. The Commission is not advised of the position the United Kingdom desires to take with respect to the Combined Development Agency's option.

Aside from these procedural points, the Commission has given consideration as to whether its requirements of uranium and other sources of supply would permit relinquishing this option on the Belgian ore after 1960. Based on previous estimates, it would appear that our uranium needs could be met from other sources. However,

our over-all requirements for uranium are again being reviewed in consideration of recent requirements, indicated by EURATOM representatives and other governments, which are in excess of previous projections on which planning and agreements with the Department of Defense on availability of special nuclear material for peaceful uses abroad are based. The Department of Defense has currently under review its projected military requirements. As soon as results of this review are received, consideration will be given to over-all requirements for uranium and to relinquishing our option on Belgian ore after 1960. In view of what we understand to be the importance of EURATOM to our foreign policy objectives it is believed that consideration on the United States side will be favorable. As to the immediate future, in response to a previous request by Mr. Robiliart of Union Minière, the Commission agreed recently to a deferral to a later date of contract deliveries of 550 tons  $U_3O_8$  starting on July 1, 1958, in order that this material may be made available to EURATOM with the understanding that the Belgian Government will assure us this material will be used only for peaceful purposes.

In his note Mr. Spaak also asked that there be confirmed his understanding that when the existing commercial contract with Union Minière is completed the remaining available material could be allocated to the European organization. In this connection we must reiterate that the modifications of the existing agreements as described in the preceding paragraph must be made in order to permit such an allocation.

We hope the foregoing will be helpful to the Department in responding to Mr. Spaak's questions. As we have indicated to you in the many discussions between our respective staffs during the last several months, we desire to be of every possible assistance in developing a means of cooperating with the Western European nations in the peaceful use of atomic energy in such a manner as to be of mutual benefit to those nations and the United States.

Sincerely yours,

Lewis Strauss

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## 229. Editorial Note

Delegations from the United States and the United Kingdom, led by President Eisenhower and Prime Minister Macmillan, respectively, met at Bermuda for a 3-day conference, March 21-23, in order to discuss matters of mutual concern. Extensive documentation on these

talks, which includes discussion of European integration, is scheduled for publication in a forthcoming *Foreign Relations* volume.

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230. Letter From the Secretary of State to Foreign Minister Spaak<sup>1</sup>

*Washington, March 22, 1957.*

DEAR MR. MINISTER: Admiral Strauss and I have been highly gratified by the results of the meetings on February 18th and 19th which resulted in basic agreement by the Six Nations in the EURATOM Treaty, as well as the Treaty on the Common Market. The decision taken at the meetings to vest the Community with authority to own special nuclear material establishes the foundation for effective control over the development of atomic energy.

The Department and the Atomic Energy Commission welcomed your invitation of February 11th to review the preliminary draft of the EURATOM Treaty in order to consider whether provisions of the draft would raise difficulties for eventual cooperative arrangements between EURATOM and the United States. Unfortunately, it was not possible for the two agencies to complete the necessary staff analysis and provide you with specific comments prior to your meeting with the heads of state and Foreign Ministers. I can now say on behalf of this Government, however, that we see nothing in the preliminary draft of the Treaty made available to us which would appear to preclude the subsequent negotiation of a fruitful cooperative arrangement between the United States and EURATOM.

Your visit to the United States last month and that of the "Wise Men" were especially helpful in identifying for this Government the imperatives which have led to the development of the EURATOM concept and now to broad agreement by the Six Nations in the draft Treaty. I believe that the small technical group which the Atomic Energy Commission will send to Luxembourg at the invitation of the "Wise Men" to be available for consultation in developing their report will be helpful. It is the first step in what we believe will be a

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<sup>1</sup>Source: Department of State, Central Files, 840.1901/3-2257. Confidential; Niact. This letter was transmitted for delivery to Spaak in telegram 1336 to Brussels, with the following instructions: "In presenting following letter to Minister Spaak advise him that CDA requirements of uranium ore are under review and that separate answer concerning his questions in regard this subject including the related provisions of the U.S.-Belgian bilateral agreement will be forthcoming soonest." This telegram was repeated for information to London, Paris, Rome, Bonn, The Hague, and Luxembourg (for Butterworth and the Embassy).

close and mutually beneficial association between the United States and the proposed European Atomic Energy Community.

Yours sincerely,

**John Foster Dulles**

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**231. Editorial Note**

On March 25 in Rome, representatives of Belgium, France, the Federal Republic of Germany, Italy, Luxembourg, and the Netherlands signed the treaties establishing a European Economic Community (Common Market) and a European Atomic Energy Community (EURATOM). The treaties, which had been drafted in final form by the Intergovernmental Committee in Brussels on March 9, would enter into force after they had been ratified by all six countries. The text of the treaties is printed in *American Foreign Policy: Current Documents, 1957*, pages 426-573.

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**232. Memorandum of a Conversation, Department of State, Washington, April 3, 1957<sup>1</sup>**

**SUBJECT**

Flotation of CSC Loan on American market; Euratom and Common Market Treaties

**PARTICIPANTS**

M. Rene Mayer, President of the High Authority of the European Coal and Steel Community  
The Secretary of State  
Mr. John Wesley Jones, EUR

M. Mayer, the President of the European Coal and Steel Community, called on the Secretary this morning during his two-day Washington visit.<sup>2</sup> He is in the United States to conclude negotia-

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<sup>1</sup>Source: Department of State, Central Files, 850.33/4-357. Confidential. Drafted by Jones.

<sup>2</sup>In a memorandum of March 19, Elbrick informed Dulles that Mayer intended to visit the United States in early April and recommended that the Secretary meet with him. (*Ibid.*, 850.33/3-1957)

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tions for the flotation by the High Authority of its first loan on the American market. In response to a question from the Secretary, M. Mayer said that the CSC loan totalling \$35 million was being underwritten by Kuhn, Loeb, First Boston and Lazard Freres, and that he was very pleased, after a week in New York, to see how efficiently they had prepared the ground. He felt that one of the advantages of floating a loan on the American market was the publicity which the CSC would receive in American financial circles. The Secretary agreed that this education of American banking circles regarding the CSC was an important by-product of the loan itself. Mayer expressed optimism with respect to the success of the loan here, noting that the present outstanding loan obligations of the CSC amounted to some \$125 million. Even with full subscription of the \$35 million loan, being floated in New York this month, the total loan obligations would not amount to more than approximately \$160 million.

Turning to the two new European community treaties which had recently been signed at Rome, the Secretary said that he was somewhat disappointed in the lukewarm attitude of the British toward the Common Market. M. Mayer replied that he was not surprised at British reluctance to see a true Common Market of the Six, plus their African colonies, come into being.

What did surprise him was the British were surprised that the African territories of France and Belgium should have been included. He went on to say that it should have been obvious from the beginning that any Western European Common Market would naturally have to include the pertinent African colonies. He added that undoubtedly the British realized that should the Common Market and Euratom, over a period of the next few years, become a reality they would have created a "second Commonwealth".

In response to the Secretary's question, M. Mayer replied that he had good hope for French ratification of the two new Community treaties before the summer recess. He said some very flattering things about the present French Premier, his ability to get things done and his greatly increased stature in French politics over the past few years. In further support of his optimism regarding ratification he added with a smile that, as an old hand at French politics he was aware that there were certain elements in the present government, hostile to Mollet but favorable to the two treaties, who would press for their early ratification in order to get on with the more serious business of bringing down Mollet himself. Finally, he cited the support of the French peasants for the Common Market, because of the increased market it will provide for agricultural products, as a favorable and entirely new element in support of a European community treaty.

M. Mayer reported to the Secretary on a recent decision by the CSC to undertake a study of all conventional fuels (not only coal) within the Community of Six. He said that this had passed by majority vote and over the opposition of the Germans who did not seem to like the High Authority looking into their private enterprises and fuel arrangements. He said that between Euratom, when it is finally established, and the Coal and Steel Community under its new authorization, it would be possible to prepare a comprehensive picture of European fuels both conventional and atomic which would provide a very useful projection of the community's needs for the years immediately ahead. He would hope to draw Austria and Switzerland, as the "water fortresses" of Europe, eventually into this cooperative effort.

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**233. Memorandum of a Conversation, Department of State, Washington, April 4, 1957<sup>1</sup>**

**SUBJECT**

Discussion with the President of the High Authority of the European Coal and Steel Community regarding CSC Matters, European Integration, etc.

**PARTICIPANTS**

The Under Secretary of State

Mr. B.E.L. Timmons, Director, EUR/RA

M. Rene Mayer, President of the High Authority of the European Coal and Steel Community

As arranged, M. Mayer called on the Under Secretary at 5 p.m. today.

M. Mayer expressed his pleasure at the opportunity to meet the Under Secretary and to discuss with him certain matters of mutual interest. The Under Secretary said that he had heard much of M. Mayer and the work of the High Authority, and was equally delighted to have this opportunity of meeting with M. Mayer.

M. Mayer spoke generally of the movement toward further European economic integration. He said that the Six are "taking hold again", as shown by the fact that the EURATOM and Common Market treaties were successfully negotiated and were signed on March 25 in Rome. He reaffirmed his own deep personal conviction of the need to carry forward the creation of a genuine economic

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<sup>1</sup>Source: Department of State, Central Files, 850.33/4-457. Confidential. Drafted by Timmons.

community in Western Europe. M. Mayer went on to speak of the work accomplished by the Coal and Steel Community, as demonstrated by the rapid expansion of steel output in the six countries, and the "transformation" of the coal industry. He said that the High Authority would be making a report on May 14 covering the progress made in the first four years of the Community's existence.

Turning to the projected new communities, he said that with respect to the Common Market, he foresaw the need for the greatest patience and the closest cooperation between the authorities of the Community itself and the governments of the countries making up the Community. He remarked on the fact that there will have to be more frequent meetings of Ministers as they are given more power under the Common Market and EURATOM treaties than they have been with respect to the CSC. In this connection, he observed that two of the most important practical problems that arise in the operation of a community like the CSC are the difficulties imposed by language differences and the limited time Foreign Ministers can spend in discussing and deciding questions affecting the Community. He said he did not believe that deputies could fulfill this role. For example, the High Authority of the CSC does practically all of the necessary staff work in presenting questions to the Foreign Ministers. What falls to the Ministers is the task of making political decisions, and in this role there can be no substitute for the Ministers themselves. He ended his discussion of the Common Market by saying he has no doubt it will come into being and operate effectively.

Turning to EURATOM, M. Mayer said he believed that the provision for a Commission of five members was preferable to the nine-member High Authority of the CSC. He expressed the opinion that there will have to be close and direct contacts between the High Authority of the CSC and the Commissions of EURATOM and the Common Market.

He went on to say that he had been invited to attend the signing of the Common Market and EURATOM treaties in Rome on March 25 but unfortunately had not been able to attend because of the pressure of work in connection with the High Authority's bond issue in the United States. He said that he had just learned that the Foreign Ministers of the Six had decided in Rome to ask the High Authority of the CSC to undertake a survey of how best to coordinate the policies of the six countries in the field of conventional energy—oil, coal, etc. EURATOM would of course be performing this same function in the field of atomic energy, and the cooperation of the two bodies would provide the means for coordinating the policies of the Six with respect to the entire field of energy. The Under Secretary remarked upon the rapid changes that are occurring in the economics of atomic power. M. Mayer agreed and said that of course

the utilization of atomic energy as a source of electric power on a large scale would come much sooner in Europe because of its higher cost of power derived from conventional energy sources. Mr. Timmons inquired whether M. Mayer had yet formulated any broad ideas as to how the CSC study of conventional energy might be carried out. M. Mayer replied that this subject had not yet been discussed in the High Authority. He indicated that earlier there had been some reluctance on the part of the six governments to entrust such a study to the CSC. He went on to say that the CSC would probably wish to add to its staff some qualified experts for the purpose of making the conventional energy study, and that he anticipated it would take a considerable period of time to complete such a study. He added that he would hope to associate Switzerland and Austria with the study, and the U.K. as well. He referred in this connection to the useful work already done in this field by the OEEC.

The Under Secretary referred to M. Mayer's discussion with Deputy Under Secretary Dillon April 2<sup>2</sup> and to the suggestion M. Mayer had made at that time that it might be well to hold the discussions on scrap exports from the U.S. to the CSC in two stages: first, a preliminary meeting in Luxembourg for two days prior to Easter, and then negotiations in Washington between representatives of the U.S. Government and the CSC. As M. Mayer had requested the Department had conveyed this suggestion through Ambassador Butterworth to the CSC High Authority.<sup>3</sup> We have now received a reply from Ambassador Butterworth, the Under Secretary continued, and he was glad to advise M. Mayer that the latter's colleagues on the High Authority fully approved the tentative plan that had been discussed. The High Authority had suggested that the pre-Easter meeting in Luxembourg take place on April 15 and 16 or April 16 and 17. The U.S. Government had also considered the matter and was prepared to send representatives to Luxembourg for the discussions M. Mayer suggested. Mr. Timmons said that we would be advising the High Authority through Ambassador Butterworth of the names of the U.S. representatives and the exact date on which we would be prepared to begin the talks, i.e. the 15th or 16th. M. Mayer expressed his appreciation for the very prompt response by the U.S. Government to his suggestion.

The Under Secretary then referred to the High Authority's forthcoming bond issue in the United States. M. Mayer said that he [was] extremely satisfied with the work of the American investment houses handling the issue, and thought one of the useful by-products

<sup>2</sup>A memorandum of this conversation, drafted by Moline, is *ibid.*, 850.33/4-257.

<sup>3</sup>This message was transmitted in Luxco 108 to Luxembourg, April 2. (*Ibid.*)



of the CSC loan in the U.S. would be a wider dissemination in the U.S. of information on the CSC and its financial operations.

In closing, M. Mayer said that he had seen the Secretary of State on April 3 and that among other subjects they had discussed the "reluctance" of the British to see a true common market, including the overseas territories of the six countries, come into being. M. Mayer said that he was surprised that the British were only now awakening to the fact that it was politically necessary to include the overseas territories of the six countries in the common market. He also remarked that neither France nor Italy could go into a common market that excluded agricultural products. He reverted to the prospects that such a common market would open up and said the result could be a "second commonwealth", an association between Europe and Africa that would hold out great promise for the future of both these regions of the world. Finally, he said that he was sure that the U.S. Government appreciated the paramount political importance of not allowing any rift to develop in GATT between the Six countries and the other members of GATT. Such a rift could create a very deep division in the Atlantic community, and he hoped that the U.S. Government would indicate to the U.K. the political importance the U.S. attaches to the Common Market and to the necessity of avoiding any such division.

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234. **Memorandum From the Deputy Under Secretary of State for Economic Affairs (Dillon) to the Chairman of the Council on Foreign Economic Policy (Randall)**<sup>1</sup>

CFEP 539/4

*Washington, April 11, 1957.*

SUBJECT

European Common Market Treaty

Enclosed is a *Report to the Council on Foreign Economic Policy Regarding the European Common Market* which was prepared by the Department of State to comply with the request by the CFEP for a further review when the proposals for the European Common Market had matured.

It is important that this Report be considered by the CFEP as soon as possible. This urgent treatment is requested because the Intersessional Committee of the Contracting Parties to the General Agreement on Tariffs and Trade is meeting in Geneva on April 24,

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<sup>1</sup>Source: Department of State, E-CFEP Files: Lot 61 D 282A, CFEP 539. Official Use Only.

1957 to determine when definitive GATT action on the Common Market Treaty will take place. At that time, the United States Delegation must be in a position to indicate United States views on the Common Market Treaty.

This Report represents the official views of the Department of State. While it has been discussed fully with other agencies at the working level and incorporates suggestions made by them it has not been officially cleared by them.

It is requested that you obtain CFEP approval of the recommendations contained in the Report by April 19, 1957.

Douglas Dillon

### Enclosure

## REPORT TO THE COUNCIL ON FOREIGN ECONOMIC POLICY REGARDING THE EUROPEAN COMMON MARKET

### *Statement of Problem:*

To determine whether the European Common Market Treaty is in accord with United States policy objectives and merits United States support.

### *Facts Bearing on Problem:*

It has been the policy of the United States to support Western European efforts towards closer economic and political integration within the framework of the Atlantic Alliance. This policy was expressed by the CFEP in its review of the common market proposal. At the same time it also expressed special interest in the arrangements that would be developed for agriculture, balance-of-payments controls, tariffs, restrictive business practices and the freedom of movement of labor and capital. The CFEP in its decision of November 20, 1956 indicated a desire to undertake a further review when the proposals for the European Common Market had matured.

President Eisenhower on January 5, 1957 in his State of the Union message and on February 28, 1957 in a joint statement with the French Premier reaffirmed the United States support of the Western European economic integration endeavors. In the February 28 statement the President also indicated his full accord with the historic importance of the objectives of the Six to associate the overseas territories with the common market.

The European Common Market Treaty was signed by the Six governments on March 25, 1957.

The Intersessional Committee of the Contracting Parties to the General Agreement on Tariffs and Trade is meeting in Geneva on April 24, 1957 to determine when definitive GATT action on the Common Market Treaty will take place. At that time the United States Delegation must be in a position to indicate United States views on the Common Market Treaty.

*Discussion:*

*Outline of the Treaty*

An essential feature of the "European Economic Community" will be the establishment of a customs union. The member states over a period of 12-15 years will progressively eliminate tariffs and quantitative restrictions on trade among themselves and will establish a common tariff and commercial policy toward non-member countries.

The Treaty also contains provisions for:

1. The elimination of restrictions on the movement of labor and capital among the member states;
2. The progressive harmonization of labor and other social legislation affecting competition among the members;
3. The elimination of restrictive business practices;
4. The establishment of a common agricultural policy involving, during the transitional period, a system of minimum prices and long-term purchase contracts;
5. The establishment of an escape clause for balance-of-payments difficulties;
6. The establishment of a readaptation fund to facilitate adjustments by labor to the removal of restrictions on trade among the member states;
7. The establishment of an Investment Bank responsible for financing public and private investment projects in the six countries which fulfill criteria set forth in the Treaty;
8. The economic development of the dependent overseas territories of the member states through a special fund, and the association of the territories with the Community under special conditions; and
9. The establishment of common institutions designed to assure attainment of the objectives of the Treaty.

*Action by the United States*

While the United States did not participate in the negotiation of the Treaty establishing the "European Economic Community", the Treaty was examined by the United States at various stages of its negotiation. During the negotiations the United States made several approaches to the Messina countries to influence the development of certain key provisions along the lines of the CFEP policy statement of November 20, 1956. While it is impossible to state precisely the effect on the negotiations of these representations, the treaty was modified during the negotiations and as a result came somewhat

nearer to the United States view with respect to such provisions. A broad recognition of the interests of third countries is contained in the provision that the Treaty does not affect obligations under other international agreements (such as the GATT and the IMF Agreement).

While this and other recognitions of the interests of non-member countries are included in the Treaty, some major difficult problems remain in the areas with which the CFEP was concerned in its policy statement of November 1956. Among these are the following:

1. The Treaty provisions relating to agriculture, and in particular those regarding the conclusion of long-term contracts among the members of the Community to promote trade among them in agricultural products and those with respect to minimum prices for such products;

2. The provisions of the Common Market Treaty and the intentions of the common market countries regarding the conditions under which restrictions would be imposed or relaxed on imports from non-member countries for balance-of-payments reasons;

3. The establishment of new tariff preferences favoring the Community members as a result of the arrangements affecting the overseas territories; and

4. The height of the external tariff of the Community which the United States will wish to study carefully, particularly with respect to agricultural products.

The question remains as to what further steps might be taken by the United States to obtain reasonable assurances that the establishment of the common market will not adversely affect the interests of third countries, including the United States. It is impracticable at this stage to obtain changes in the Common Market Treaty without jeopardizing the chances of the establishment of the Community. Extensive formal consideration of the Treaty by the Contracting Parties to the GATT prior to ratification could seriously interfere with favorable parliamentary action. Moreover, a more meaningful decision on the matters to be resolved would be possible in the better negotiating atmosphere that would exist after ratification of the Treaty. For these reasons, the United States has been proceeding on the assumption that the best time to have definitive consideration of the Treaty would be after its ratification. At the same time, the Six governments have been urged to avoid making commitments which would prejudice GATT consideration.

The best means of proceeding would be to have the Treaty considered by the Contracting Parties to the GATT in accordance with the provisions of the General Agreement which are designed to assure that a customs union will adequately take into account the trade interests of other Contracting Parties. It may well be that the

provisions relating to agriculture and to the dependent overseas territories will require a GATT waiver.

*Conclusions:*

1. The European Common Market Treaty is on balance in accord with the United States policy objectives in Western Europe and merits United States support.

2. However, certain important problems of a commercial policy nature particularly with respect to agriculture are posed by the Common Market Treaty and should be the subject of negotiations with the Messina countries within the framework of the GATT for the purpose of establishing safeguards for the commercial interests of third countries.

*Recommendations:*

That the United States position should be:

1. The European Common Market Treaty is on balance in accord with the United States policy objectives in Western Europe and merits United States support.

2. The important problems posed by the Common Market Treaty particularly with respect to agriculture should be the subject of the negotiations within the framework of the GATT.<sup>2</sup>

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<sup>2</sup>In a memorandum of April 18 to the CFEP, Paul Cullen noted that CFEP 539/4 had been distributed to the Council members on April 11, with the indication that a telephone poll would be conducted on April 16. As a result of that poll, Cullen stated, a consensus of the Council had been reached that the following should be the U.S. position on the European Common Market Treaty:

"a. The European Common Market Treaty is on balance in accord with the United States policy objectives in Western Europe and merits United States support.

"b. Important problems posed by the Common Market Treaty, including those with respect to agriculture, should be the subject of negotiations within the framework of the GATT." (Eisenhower Library, CFEP Records)

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**235. Telegram From the Secretary of State to the Embassy in Germany<sup>1</sup>**

*Washington, May 21, 1957—7:02 p.m.*

3295. "The Government of the United States has been particularly pleased by the progress that has been made by the Six Nations

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<sup>1</sup>Source: Department of State, Central Files, 611.4097/5-2157. Confidential. Drafted by Schaezel; approved by Murphy. Also sent to Paris, Rome, Brussels, Luxembourg.

*Continued*

both with respect to the Common Market and EURATOM, as evidenced by the signature of the Treaties in Rome on March 25, 1957. The account of the United States Atomic Energy Commission technical team, which has just returned from Luxembourg, on the report of the EURATOM Wise Men is equally encouraging. The Government of the United States hopes to continue to cooperate with the Six Nations individually in the atomic energy field in the immediate future, while anticipating even more extensive cooperation with EURATOM when the Community comes into being.

On February 1, 1957 the French and Italian Ambassadors and the Chargé d'Affaires ad interim of the Federal Republic of Germany advised the Department of State of the discussion of their Governments with the other Governments participating in the Brussels Conference and informed the Department of State of the consensus reached that the three nations should proceed to negotiate interim bilateral power reactor agreements with the Government of the United States, to cover the period prior to the establishment of EURATOM. The representatives indicated that nothing in the negotiations would prejudice EURATOM and that the bilateral agreements that resulted would be designed to come within the ambit of EURATOM when the Community came into being. The United States Government understands that a primary purpose of these agreements is to meet fuel requirements for reactors which would otherwise be delayed unless bilateral agreements were negotiated to cover the interim period.

Preliminary negotiations have been conducted by representatives of this Government with representatives of France, Germany, and Italy. The United States believes it to be consistent with the February 1, 1957 approach to continue joint consideration of the prospective bilateral agreements. The Government of the United States, therefore, is making available at this time essentially identical draft bilateral power agreements for further consideration by and negotiation with the three Governments.

In addition to welcoming any questions regarding the substantive provisions of these draft agreements, the United States would appreciate clarification of the intentions of the three Governments concerning these interim agreements. It is the understanding of the United States, on the basis of the meeting of February 1, 1957, that these agreements were intended to provide the fuel assurance for defined reactor projects which would otherwise be delayed during the transitional period pending the establishment of the Community, and the negotiation of an arrangement between EURATOM and the United States. However, in addition to covering such defined

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bourg, and The Hague. Luxembourg was instructed to pass it to Butterworth for information, and Paris was instructed to pass it to USRO for information.

projects, the fuel requests which have been received thus far from the three Governments appear to relate to some reactor projects that would be initiated after the time when it is expected that EURATOM would be in operation. For example, the tentative requests put forward would require an allocation by the United States on the basis of our preliminary analysis, of from 8,000 to 10,000 kilograms of U-235, and are based on the assumption that the bilateral agreements would run for a decade.

In conclusion, the Government of the United States wishes to express again its deep interest in furthering reactor projects during the interim period and particularly by providing through bilateral agreements assurances regarding the availability of necessary fissionable material. In further negotiations regarding the draft agreements made available today, the Government of the United States would welcome advice regarding interpretation of the proposal made by the three Governments on February 1, 1957 in order to facilitate the early conclusion of agreements for cooperation for the mutual benefit of the three nations and the United States. The United States Government is particularly anxious that these agreements be brought into force before the adjournment of the current session of the United States Congress."<sup>2</sup>

Dulles

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<sup>2</sup>On May 21, Deputy Under Secretary Murphy met with the German and Italian Ambassadors and the French Minister and gave them copies of a draft bilateral nuclear power agreement. He also handed them aides-mémoire identical to the text of telegram 3295. Murphy's presentation was summarized in telegram 3294 to Bonn, May 21, which was also sent to the Embassies in the other five ECSC countries. (*Ibid.*, 611.4097/5-2157)

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236. **Memorandum From the Deputy Director of the Office of International Trade and Resources (Frank) to the Under Secretary of State for Economic Affairs (Dillon)**<sup>1</sup>

*Washington, May 24, 1957.*

SUBJECT

Attitude of U.S. Business Toward Common Market and Free Trade Area

I attended a closed session in New York on this subject sponsored by Business International. The international divisions or affili-

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<sup>1</sup>Source: Department of State, RA Files: Lot 60 D 402, Common Market—U.S. Business Attitude. Official Use Only. Also addressed to Kalijarvi.

ates of some forty major American companies participated in the round-table discussion, including such firms as Borg-Warner International, The Chase Manhattan Bank, Dupont, Ford Motor, Standard Oil of New Jersey, Westinghouse, etc.

Two major conclusions emerged:

1. Practically all firms expected that the impact of the common market and free trade area, both short-run and long-run, would be to discourage rather than encourage U.S. exports of manufactured products to Europe. This view was based only in part on the discrimination against the U.S. inherent in these arrangements; mostly it was based on the expectation of a tremendous impetus to European productivity and a consequent lesser need to rely on manufactured goods from this country.

2. The group was virtually unanimous in the view that the common market and free trade area will encourage the trend already under way for U.S. manufacturers to invest abroad through branches and subsidiaries. Some planning is already under way on this basis. The representative for Ford International, for example, pointed out that of their one billion dollars of sales in Europe the vast bulk results from production by Ford in Europe. Apparently the long-term planners in the company are already thinking in terms of a tremendous increase in the potential demand for their products once the impact of the new developments has worked itself out. The prospect of a high income market of over 250 million people unimpeded by internal trade barriers and surrounded by barriers against outsiders is apparently looked upon as a juicy opportunity for direct investment abroad by U.S. manufacturers.

In a talk with Robert Marjolin yesterday, I mentioned the stimulus that the new developments have given to the long-range thinking of U.S. industry with respect to the establishment abroad of new branches and subsidiaries. Mr. Marjolin said he was quite unaware of the extent to which American industry was thinking in these terms and that such an accelerated flow of American capital to Europe (with its attendant technology and expansionist business policies) could well be one of the principal forces making for increases in European output and productivity. He said he was quite sure that the Europeans with whom he was closely associated in drafting the treaty did not adequately appreciate this point. While himself reacting enthusiastically to this prospect, he pleaded that we refrain from giving any publicity prior to French ratification to American industry's anticipations with regard to new investment in Europe. He was sure French business would be frightened by this prospect and that other groups in France would be convinced that American firms establishing new plants within the common market and free trade area would be apt to favor investments in countries other than France.



237. Memorandum of a Conversation, Department of State,  
Washington, May 26, 1957, 11:30 a.m.<sup>1</sup>

SUBJECT

European Integration

PARTICIPANTS

*German Side*

Chancellor Adenauer  
Foreign Minister von Brentano  
Ambassador Krekeler  
Dr. Grewe, Foreign Office

Mr. von Eckhardt  
Mr. von Hase  
Mr. von Baudissin  
Mr. von Lilienfeld  
Mr. Limbourg  
Mr. Schnippenkoetter

*U.S. Side*

Secretary Dulles  
Mr. Murphy  
Mr. Dillon  
Ambassador Bruce  
Mr. Elbrick  
Mr. Bowie  
Mr. Berding

Mr. Irwin, Deputy Assistant Secretary of  
Defense  
Col. Heasty, Defense Department  
Mr. Timmons  
Mr. Reinstein  
Mr. Walmsley  
Mr. Creel

The Secretary asked the Chancellor to speak on the fifth Agenda item, owing to his great interest in the subject and all that he had done on behalf of European integration.<sup>2</sup>

The Chancellor said there would be no difficulty as far as Germany was concerned and he was confident that EURATOM and the Common Markets would be ratified by the Bundestag in July before the summer recess. He was, however, concerned by the situation in Italy and France. In France, in particular, a prolongation of the government crisis could cause difficulties. No one could change this, however, and we must await developments. There was one case in which he felt the United States could help, namely, that of the Netherlands. The Dutch were planning to take up the ratification question only after the summer recess, and there was a danger that other countries might also wait for action of the Netherlands. If the Dutch could move faster it would benefit all of us. The Chancellor again affirmed that in Germany there was no problem and he was sure that the agreements would be ratified by a large majority.

The Secretary said he had found the statement on this subject in the communiqué on the Macmillan talks<sup>3</sup> very good and that it represented an advance over the position taken by the British earlier. He

<sup>1</sup>Source: Department of State, Central Files, 840.00/5-2657. Secret. Drafted by Creel on June 3.

<sup>2</sup>Adenauer was in the United States for an official 6-day visit, May 24-29.

<sup>3</sup>Macmillan and Adenauer held a series of discussions in Bonn between May 7 and 9.

was a bit surprised, however, over the Chancellor's concern regarding Italy. He inquired if this was because of the governmental crisis.

The Chancellor asked Foreign Minister von Brentano to comment on this point. Brentano said that as regards Italy he believed the new Italian government<sup>4</sup> if confirmed in office would try to secure ratification with the support of parties not in the government. He was more concerned about France, even though there presently appeared to be a majority in the French Parliament for the agreements. If the governmental crisis were drawn out, mounting disagreements and tensions over other problems, such as Algeria, could have an adverse effect on ratification. He was, nevertheless, still optimistic over the outlook. As for England the British position, as the Secretary had indicated, had been clarified in the Bonn talks with Prime Minister Macmillan and Foreign Minister Lloyd. The British had made it clear that they would no longer try to have the free trade area question settled prior to ratification of the common market; also that they were willing to postpone further discussion of the Grand Design, which could have interfered with ratification.

Brentano said that he hoped the United States would continue to be helpful in GATT when the Common Market plan was discussed there. It was expected other nations would cause difficulties with the Common Market plan. He referred to a similar tendency in OEEC to attack the EURATOM agreement. Brentano said the support of the United States Government would be welcomed in trying to get discussion of these questions deferred until after ratification.

The Secretary said that there was no doubt that the fall of the Mollet government<sup>5</sup> would have a bad effect on the attitude of other countries, such as Italy. Certainly the United States would do all it could in any quarter to assist this matter forward. He had repeatedly emphasized to the French his opinion that failure on their part to ratify the Common Market and EURATOM agreements, following on the defeat of EDC, would have a catastrophic effect on United States attitudes toward Europe. As for the Netherlands, he would be glad to look into the matter. He was aware that under Dutch constitutional requirements the ratification process was ponderous and slow-moving, and it might be hard to stir them into any speedier action.<sup>6</sup>

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<sup>4</sup>On May 6, Prime Minister Segni resigned; Adone Zoli formed a new government on May 19.

<sup>5</sup>Prime Minister Mollet resigned on May 21.

<sup>6</sup>On May 28, at the conclusion of their talks, Eisenhower and Adenauer issued a joint communiqué and declaration which expressed, among other matters, their strong support for European economic integration. The text of the communiqué is printed in Department of State *Bulletin*, June 17, 1957, pp. 955-956.

### 238. Telegram From the Secretary of State to the Embassy in the Netherlands<sup>1</sup>

*Washington, June 21, 1957—7:05 p.m.*

2128. Department seriously disturbed by report first para Embtel 1914<sup>2</sup> that Blaisse and parliamentary leaders proceeding on basis separate ratification EURATOM and Common Market Treaties to meet so-called US "parliamentary timetable." Our views this subject as follows:

1. Overriding objective from US viewpoint is ratification and entry into force both treaties soon as feasible. Any step which carries risk jeopardizing this objective should be strongly but discreetly opposed.

2. Evident, especially in light Paris Embtel 6468<sup>3</sup> (rptd The Hague unnumbered) and Colux 268<sup>4</sup> (rptd The Hague 135) that action along lines suggested by Patijn and Blaisse would entail serious risk. Common Market Treaty is one on which probably margin in French parliament is narrow and pro-Treaty elements have evidently concluded Common Market has better chance if coupled with EURATOM. Any talk of splitting them can only play into hands ele-

<sup>1</sup>Source: Department of State, Central Files, 440.002/6-1957. Confidential; Priority. Drafted by Cleveland and approved by Elbrick. Repeated for information to Brussels, Luxembourg, Rome, Paris, Bonn, and London. Paris was instructed to pass to USRO for information; the Luxembourg message was for the Embassy and Butterworth.

<sup>2</sup>The first paragraph of telegram 1914, June 19, reads as follows:

"June 17 Blaisse, Foreign Affairs specialist, Catholic Party, Second Chamber, and Chairman Second Chamber Committee for Rome Treaties, said Parliamentary leaders were well-advanced in making plans for separate and prior ratification Euratom Treaty, hoping thus to make contribution solution problem United States legislative timetable within which completion Euratom-United States arrangements must fit. Blaisse did not mention coordination with other countries of community or any other contingent aspects of plan, but quoted Luns as saying French and German ratification a certainty." (*Ibid.*)

<sup>3</sup>In telegram 6468, June 18, the Embassy pointed out that the separation of the EURATOM and Common Market treaties was a subject which should not be broached before the French had taken action on these treaties due to the delicate political situation in France. The present government in France, the Embassy noted, was "pro-European", but was "essentially minority one of fragile and perhaps transitory nature." The present majority in Parliament in favor of ratification of the treaties could diminish rapidly, the Embassy cautioned, if time was lost or if France's financial position deteriorated further. (*Ibid.*, 440.002/6-1857)

<sup>4</sup>In Colux 268, June 18, Ambassador Butterworth stated that the suggestion made by Dutch parliamentary leader C.L. Patijn "that US should make representations to end that BENELUX countries and Italy would separate common market treaty from Euratom treaty and accelerate ratification of latter at expense of former is, in light of past developments and present circumstances, a rare combination of dangerous nonsense and unmitigated folly. I trust we will do nothing of kind and that we even refrain from discussing such suggestion as possibility." (*Ibid.*)

ments in France who would prefer delay on Common Market and could we assume seriously jeopardize chances favorable final action.

3. Seems clear if Blaisse pursues his plan and obtains approval parliamentary leaders in Netherlands, plan will become public knowledge rapidly and much of damage in France will be done.

4. Re US interest EURATOM timing we would of course like be in position begin negotiate with EURATOM Commission on an agreement soon as feasible; however we have never considered possibility dissociation ratification EURATOM and Common Market Treaties and we are firmly opposed to such dissociation in present circumstances. Essential there be no misunderstanding in anyone's mind which could lead to false impression Blaisse-Patijn suggestion has US support or is even consistent US desires.

5. Further but subordinate point is that as result French and Italian crises and other developments (including second and third paras The Hague's reftel) now appears Dutch on present schedule will not be last to ratify. As no indication that splitting consideration of Treaties would have other than harmful effect in other countries seems clear Blaisse-Patijn move could in any case have no effect in terms expediting entry into force even EURATOM Treaty.

You should bring above points attention FonOff and also in your discretion appropriate parliamentary leaders with view heading off Blaisse's plans and in any case insuring that such plans are not presented as justified by US "considerations"

No action this subject to be taken by other addressee posts.<sup>5</sup>

**Dulles**

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<sup>5</sup>Telegram 2185 to The Hague, June 28, reads as follows:

"Department position explained informally Patijn. He said had not felt that procedure he suggested would involve danger for Common Market ratification. However, he appeared convinced following talk that very real danger existed and said he would not pursue suggestion. He described it as having been in any case very tentative idea which he had wished try out on Luns and US before acting upon. He did not however acknowledge awareness of any action by other parliamentarians (e.g., Blaisse) along same lines." (*Ibid.*, 1440.002/6-2757)

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## 239. Editorial Note

The United States concluded bilateral atomic energy agreements with France, Italy, and the Federal Republic of Germany on July 3. For texts of these agreements, signed in Washington, see 8 UST 1354, 9 UST 369, and 8 UST 1265, respectively.

## 240. Telegram From the Secretary of State to the Embassy in France<sup>1</sup>

*Washington, July 25, 1957—9:26 p.m.*

362. 1. For Ambassador Houghton: You should take early opportunity extend orally to Pineau Secretary's congratulations on French Parliament's ratification EURATOM and Common Market Treaties.<sup>2</sup> You may say Secretary aware vigorous stand taken by Prime Minister, Secretary of State for Foreign Affairs and Pineau himself during debate and personally admires masterful way in which Pineau has exercised effective leadership and guidance in obtaining such wide approval of Treaties.

2. For Ambassador Bruce: You should similarly take occasion extend orally Secretary's congratulations to Chancellor on Federal Republic's being first to complete parliamentary action on Rome Treaties.<sup>3</sup> You may convey to Chancellor and Von Brentano Secretary's warm congratulations for leading and constructive role both have played in evolution of these agreements, which should contribute in important measure to our common objective of building strong, free united Europe.

3. FYI. Do not desire any publicity on these messages which intended to be informal and confidential. End FYI.

Dulles

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<sup>1</sup>Source: Department of State, Central Files, 840.1901/7-2557. Confidential; Priority. Drafted by Cleveland, Creel, and Matthew J. Loomam of WE; approved by Dulles. Also sent priority to Bonn and repeated for information to Luxembourg.

<sup>2</sup>French parliamentary ratification of the Rome treaties was completed on July 24.

<sup>3</sup>German parliamentary approval of the Rome treaties was completed on July 19.

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## 241. Memorandum of a Conversation, Department of State, Washington, September 24, 1957<sup>1</sup>

### SUBJECT

European Cooperation and International Tensions

### PARTICIPANTS

The Secretary  
 Foreign Minister Luns, The Netherlands Foreign Minister  
 Ambassador van Roijen, The Netherlands Ambassador

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<sup>1</sup>Source: Department of State, Central Files, 840.1901/9-2457. Confidential. Drafted by Torbert.

Mr. C. Burke Elbrick, Assistant Secretary, EUR

Mr. H.G. Torbert, Jr., WE

The Foreign Minister opened the conversation by stating that he had to return in the near future to the Netherlands for the parliamentary debate on the ratification of the EURATOM and Common Market Treaties. He anticipated no difficulty in passage but there were certain rather tedious parliamentary forms which must be gone through. He expressed the gratitude of the six powers for the United States attitude on the Treaties, especially as some Europeans have been worried that the United States might oppose them. The Secretary acknowledged that some people in the United States have been worried about the possible effect of the treaty operation on United States exports. However, taking the long view, we feel that regardless of any temporary disadvantage to the United States the treaties give good prospect of increasing the standard of living in the treaty area and any raise in living standard in one area of the free world redounds to the benefit of that world as a whole. Mr. Luns characterized the treaties as more trade creating than trade diverting. He said the Dutch would make some sacrifices under the treaty provisions, however, they expected good results in the long run.

[Here follows discussion of international developments unrelated to European integration.]

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**242. Memorandum of a Conversation, Department of State,  
Washington, September 26, 1957<sup>1</sup>**

**SUBJECT**

Discussion with Sir David Eccles on the Common Market and Free Trade Area

**PARTICIPANTS**

Mr. Douglas Dillon—Deputy Under Secretary for Economic Affairs

Mr. John A. Birch—TAD

Sir David Eccles—President, British Board of Trade

Mr. I.P. Garran—Commercial Minister, British Embassy

Sir David Eccles and Mr. Garran called on Mr. Dillon to discuss informally certain issues relating to the Common Market and Free Trade Area. The following broadly summarizes the views expressed by Sir David in this connection:

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<sup>1</sup>Source: Department of State, Central Files, 440.002/9-2657. Confidential. Drafted by Birch.

*GATT and the Common Market*

Mr. Dillon emphasized our interest in supporting the development of the Common Market and mentioned the problem of finding a suitable way of relating the Common Market to GATT principles in order to prevent the creation of an inward-looking, protectionist trading area in Western Europe. He mentioned some of the difficulties involved in getting the Six to agree to a waiver under GATT (as they apparently feel there is nothing to be waived). Sir David felt that it might be possible for some form of "watch" committee to be formed within GATT to ensure that the Common Market develops in consonance with GATT principles. He suggested the desirability of our exchanging views on these issues with UK representatives prior to the GATT Session and mentioned Cyril Sanders as the man with whom these questions should be discussed. Mr. Dillon agreed that this would be useful and desirable.

Sir David said that he understood that there were serious issues emerging within the Six over the "German problem" (including the mark-franc relationship) which could conceivably delay the entry into force of the Common Market and remarked (with some humor) that because of this perhaps the FTA would come into being in advance of the Common Market. The fact that Germany is not behaving like a "good creditor" loomed as a large problem, he felt, and any conviction on the part of the French that they could "deal" with Germany on the side in the hope that this would result in bringing other members of the Six into conformity was unrealistic. He was much impressed, he continued, with the view of a Portuguese "elder statesman" that complete Franco-German harmony "is too violent for history".

Sir David doubted that the Six knew what was meant by an "organized agricultural market" and that in any event the UK could probably not participate in any such organized market because it would undoubtedly result in higher food prices to British consumers.

*Free Trade Area*

The UK is very much in favor of a Free Trade Area but cannot participate in it if injury to the Commonwealth is likely to result. The Commonwealth is very worried indeed over the question of the possible inclusion of agricultural products, just as the Latin American countries are concerned over the possible adverse effects of the Common Market on their export trade. In response to Mr. Dillon's question on timing, Sir David said that he thought that the FTA problem would ultimately have to go to the Prime Minister, possibly in November, and that the issues might be expected to be settled, one way or the other, by January 1958.

[Here follows a brief discussion of matters unrelated to the Common Market and Free Trade Area.]

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**243. Telegram From the Acting Secretary of State to the Embassy in France<sup>1</sup>**

*Washington, October 10, 1957—8:06 p.m.*

Topol 1019. This telegram summarizes for guidance and info addressees recommended US position for discussion proposed European Free Trade Area at OEEC Ministerial Meeting October 16 through 18. Additional detail and background included position paper being pouched USRO:<sup>2</sup>

1. Chief problem facing Ministers will be basic divergence between UK and Continental conceptions FTA (with some differences among Six on extent to which FTA should or must parallel Common Market Treaty).

2. Success of negotiations for FTA (to include the Common Market as a unit) would have important advantages for US policy in reinforcing European Unity and extending to wider area economic benefits expected from Common Market. Breakdown of negotiations could adversely affect European cohesiveness to detriment US political and possibly (through NATO) to US strategic objectives. Breakdown, by forcing recourse to bilateral deals, could also be detrimental to multilateral trading system which is objective US policy. On other hand problems posed by FTA are extremely complex and it is highly unlikely that they can be resolved in one meeting.

3. Should bear in mind, also, that in view of political importance of European integration looking to permanent solution of age old Franco-German problems, US firmly committed to success of European Common Market and wishes avoid any delay in its implementation because of possible divergences re FTA.

4. Proposed FTA is European initiative and major differences of view must at this stage be resolved by parties directly concerned.

5. Consistent foregoing, chief aim US delegation should be to prevent breakdown of negotiations on fundamental issues. "Taking

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<sup>1</sup>Source: Department of State, Central Files, 440.002/10-1057. Confidential; Priority. Drafted by Myerson and approved by Dillon. Repeated for information to Luxembourg (for the Embassy and Butterworth), Bonn, Brussels, The Hague, London, Rome, and Geneva (for USDel GATT); also passed to USRO for information.

<sup>2</sup>Reference is presumably to Topol 1034 to Paris, October 11, not printed. (*Ibid.*, 440.002/10-1157)



account our status as Associated Country, delegation should participate in limited manner only in actual discussions in open meeting. However, US Representative should reaffirm in meeting support of US for FTA which would provide multilateral framework of association between European Economic Community and other OEEC members . . ."<sup>3</sup> If necessary he may indicate US would be disappointed at failure meeting agree move forward on some commonly accepted basis, or at least provide procedures for so doing.

6. Improbable that US delegation will find it practicable or desirable make detailed comment on various specific issues which have arisen FTA working party deliberations. May however if appropriate comment in general terms re following:

a. FTA should promote achievement multilateralism and convertibility.

b. US hopes for satisfactory solution agricultural issue which will not result in discrimination against other free world nations beyond that incident removal internal barriers.

c. US hopes for equitable formula for including or associating less-developed OEEC countries with FTA.

d. US interested in workable arrangements re institutional and general economic matters "which will maximize benefits arising from removal of trade barriers within the Area."

Foregoing takes account Timmons-McCarthy telecon Oct. 9.<sup>4</sup> Dept. preparing draft statement for Burgess which will be cabled soonest.<sup>5</sup>

**Herter**

<sup>3</sup>Ellipsis in the source text.

<sup>4</sup>Not further identified.

<sup>5</sup>The text of Burgess' draft statement was transmitted in Topol 1034 to Paris, October 11. (Department of State, Central Files, 440.002/1-1157)

## 244. Editorial Note

British Prime Minister Macmillan, Foreign Secretary Lloyd, and a contingent of other British officials arrived in Washington on October 22 for a series of wide-ranging discussions with United States officials over a 3-day period. Extensive documentation on these talks, which included discussions relating to the proposed Common Market and European Free Trade Area, is scheduled for publication in a forthcoming *Foreign Relations* volume.

**245. Memorandum by the Scientific Representative of the Atomic Energy Commission at the Embassy in France (Bishop)<sup>1</sup>**

*Paris, November 27, 1957.*

SUBJECT

Discussion of a Joint Cooperative Program with EURATOM

The present memo constitutes a very brief summary of the topics covered in discussions held in Luxembourg on Saturday and Sunday, November 23-24. Those present were:

Ambassador W. Walton Butterworth  
Louis Boochever  
Max Kohnstamm  
Campbell Secord  
Rudolf Regul  
Allen J. Vander Weyden  
Amasa S. Bishop

The informal sessions were held in the home of Ambassador Butterworth.

*Purpose of Meeting*

The meeting was held at the request of Kohnstamm in order to discuss to what extent and in what way it might be possible, after the formation of EURATOM, to initiate a joint program of cooperation between the U.S. and EURATOM for speeding the development of nuclear power in Europe. Kohnstamm is anxious to ensure that EURATOM gets off to a flying start and does not become bogged down at its inception by numerous organizational and legal problems. Furthermore, he is concerned that, without outside stimulus from the U.S. there will be relatively few U.S.-type reactors constructed in Europe and the trend will be strongly toward the natural uranium-graphite type of reactor. He feels that, from the point of view both of diversification and of rapid development, it is critically important that there be a comparable development of water-type reactors in Europe. With this in mind, Kohnstamm has in recent weeks been forwarding the concept of a "joint demonstration program" whereby EURATOM and the United States might perhaps share (on a roughly equal basis) in the costs required to construct, say, four "demonstration power reactors" at the earliest possible date. The suggested reactors would include one of each of the major types of interest: i.e., a pressurized-water reactor, a boiling water reactor, a

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<sup>1</sup>Source: Department of State, Atomic Energy Files: Lot 57 D 688, Euratom—General. Official Use Only.

heavy-water natural-uranium reactor, and a gas-cooled natural-uranium reactor.

It was a concept of this type which Kohnstamm wished to consider at the Luxembourg meeting, and he brought to the meeting an agenda of discussion topics based around this idea.

In the discussions which ensued, there was general agreement on the basic principles—i.e., that the EURATOM programs get off to a strong start and that it have a diversified program. However, the method forwarded by Kohnstamm for achieving these goals was challenged from the outset.

The view was forwarded, particularly by Ambassador Butterworth, that the prime mover in the EURATOM program must be Europe itself, and that while the United States was ready and willing to assist and speed its development in every reasonable way, it was not appropriate to consider the United States as one of its two legs. Rather, the EURATOM program must stand on its own feet and develop its own program, albeit with the assurance of strong cooperation and assistance from the United States (and hopefully also from Great Britain and Canada).

In addition, as pointed out by Vander Weyden and Ambassador Butterworth, it is not reasonable to anticipate that the United States would be willing to provide substantial financial support toward the construction in Europe of "demonstration reactors" involving types not under active development in the U.S. In particular, it seems difficult to believe the U.S. would contribute substantial amounts to the construction in Europe of a British-type reactor, particularly if the British themselves are not sharing in the costs.

An intensive discussion then ensued, in an attempt to formulate a more suitable solution to this problem. Among others, the following topics were considered in some detail:

1. The fact that, in the case of British reactors, fuel elements costs and buy-back prices are underwritten by their government, with the result that reactor operating costs can be estimated with reasonable accuracy from the outset.

2. The rising capital costs of reactors in the United States.

3. The lack of adequate developmental work in the U.S. on fuel element fabrication and the consequent inability of industry to provide firm prices for this critically important component; the consequent inability of European groups to estimate operating costs of U.S.-type nuclear reactors.

4. As a result of the above points, the strong trend in Europe at the present time [is] in favor of the British-type reactors; the added incentive of being much more independent of the United States with regard to enriched uranium.

5. The desirability, both to Europe and the U.S., to see the initiative from the very outset of a diversified reactor program which would include the construction of a number of water-type reactors.

6. The strong probability that, without extensive and active participation on the part of the U.S., such a program will not develop; the benefits to be gained from a cooperative program of some sort toward this goal.

7. The recognition that any extensive program of cooperation would require the negotiation of a treaty and bilateral agreement with EURATOM and the appropriation by Congress of suitable funds for this purpose; the delays which these actions would involve.

8. The advantage, in order to get off to a rapid start, of reaching what might be called "agreement in principle" with the U.S. regarding the desirability of undertaking an active cooperative program of appreciable scope, subject to the passage of suitable legislation and the availability of adequate funds.

9. The convictions that U.S. assistance would necessarily have to be limited to those reactor types in which the U.S. is actively interested.

10. The type of assistance which the U.S. might be in a position to offer in the interim period *without* the need of any change in legislation, e.g.:

a. Availability of loans from the Export-Import Bank to cover capital costs and the sale of nuclear fuel (obtainable on an interim basis only through the bilateral agreements with individual EURATOM countries).

b. Training of students in U.S. schools, AEC laboratories, and possibly at some of the nuclear reactor sites.

c. Providing detailed information on reactor types of interest which have been developed by the AEC.

d. Technical assistance on the construction of a European chemical separation plant.

e. Technical guidance on such problems as reactor hazards, insurance and third-party liability problems, raw materials exploration, etc.

11. The type of assistance which the U.S. might later be in a position to offer *if* suitable legislation is passed, e.g.:

a. An "open-end" agreement to provide to EURATOM at a fixed price<sup>2</sup> an amount of fuel adequate to meet its peacetime requirements over a period of, say, twenty years, perhaps without the necessity of prior commitment as to the type of peacetime projects to be undertaken. (This material would presumably be made available only a sale basis and with assurance that it would be taken if it is requested.)

b. An agreement to repurchase, subject to the availability of funds, plutonium at a fixed price over a 7-year period.

12. The question as to whether it might in some way be possible for the U.S. to underwrite the cost of fabrication of fuel elements for a limited number of reactors, so that utility companies in Europe could be assured of operating costs in a predetermined range. (It is recognized that while such action would be highly desirable in order to place the U.S. on equal footing with the British, it is also exceed-

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<sup>2</sup>Subject to escalation. [Footnote in the source text.]

ingly difficult, particularly since the U.S. does not do this even for U.S. companies.)

13. The impact of active cooperation of the above type on those projects which are already well along in the stage of negotiation (e.g., the Italian projects of Edison Volta, SIMEA, and—to a lesser extent—SENN).

As a result of the discussion of these and many other points, it was generally concluded that it would be inappropriate for EURATOM, in its initial overtures to the U.S. for a cooperative program, to make any detailed proposal of the way in which the U.S. participation might occur. Rather, it would be better simply to stress the critical need for—and the joint benefits of—a cooperative program for the rather extensive development of U.S.-type reactors in Europe and to attempt to obtain “agreement in principle” of United States participation in such a program subject to the passage of suitable legislation and the availability of funds.

The question of the most appropriate method of participation in this effort (which might leave as a goal the immediate construction of, say, a million kilowatts of electrical power with U.S.-type reactors) could then be relegated to a joint AEC-EURATOM committee which would study the matter and make recommendations at an early date to both groups.

Kohnstamm stated that he would attempt the first draft of a formal proposal, based on the above ideas, which might eventually be transmitted from EURATOM to the Department of State. Simultaneously, Vander Weyden and Ambassador Butterworth indicated a willingness to explore the U.S. reaction to these ideas.

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## 246. Editorial Note

On January 1, 1958, the treaties establishing a European Economic Community (Common Market) and a European Atomic Energy Community (EURATOM) officially entered into force.



## AMBASSADORIAL MEETINGS

EUROPEAN CHIEFS OF MISSION MEETINGS: IN LONDON, SEPTEMBER 26-27, 1955; IN PARIS, MAY 6-8, 1957; AND IN LONDON, SEPTEMBER 19-21, 1957<sup>1</sup>

### 247. Telegram From the Ambassador in the United Kingdom (Aldrich) to the Secretary of State<sup>2</sup>

*London, September 27, 1955—6 p.m.*

1234. From Elbrick. Two-day conference Northern European Chiefs of Mission held here<sup>3</sup> produced imaginative constructive exchange of views highly beneficial to all concerned. Principal conclusions follow:

1. Soviet policies, notably Porkkala cession, have made deep impression on public opinion all Scandinavian countries which uncritically welcomes apparent lessening of war danger. Press and governmental leaders generally still skeptical of Soviet intentions and there is still no evidence they intend to support decreased scale of defense programs. . . . Combination of Geneva atmosphere, Soviet political and cultural offensive, economic pressures and reports of defense cuts in US and UK may eventually lead to irresistible pressures to reduce defense expenditures. Group felt best psychological counter in north to present Soviet campaign is to plug line real test Soviet intentions yet to come on important questions such as German reunification.

2. Public emphasis on basic Western strategy of main reliance on deterrent effect of nuclear weapons and capacity to deliver them makes domestic justification by these govts of their marginal military contributions increasingly difficult.

3. Pressures on Social Democratic govts to increase social-welfare expenditures are ever present and persuasive justification for mainte-

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<sup>1</sup> Documentation on the Eastern European Chiefs of Mission Meeting in Vienna, May 10-11, 1957, is scheduled for publication in a forthcoming *Foreign Relations* volume. Documentation on the Senior Economic Officers Meeting in Paris, September 19-21, 1955, is in Department of State, Central Files, 120.1451. Central File 120.1440 contains documentation on the Conference of labor attachés and labor-reporting officers in Europe held in Frankfurt, November 21-25, 1957.

<sup>2</sup>Source: Department of State, Central Files, 120.1441/9-2755. Confidential.

<sup>3</sup>Held September 26-27, 1955, in London.

nance of present level of ground forces and defense expenditures is required.

. . . . .

6. Norway has key position in relation to Iceland and Denmark, and latter are influenced by Norwegian advice or example. Any actions tending to weaken Norwegian support for NATO . . . would have adverse repercussions going beyond Norway.

7. Continued US defense aid and OSP are required in Norway on sufficient scale to prevent loss of defense production base so laboriously built up with substantial US investment. Despite Denmark's economic capacity to make larger defense expenditures, it should also be considered for defense aid on political grounds.

8. Development of non-military aspects of NATO, admittedly difficult, genuinely desired in Norway and Denmark and would contribute to offsetting adverse trends noted above.

9. UK has same objectives as US in Scandinavian area and we should work closely with UK representatives in area to achieve them.

10. Concern in Scandinavian countries over apparent protectionist trend in US trade policies led to recommendation by group that authoritative expositions of US policies and of actions which are in line with announced liberal trade policies would be useful in countering effects of recent isolated cases of apparent "back pedaling". Advance notice and explanation all such actions essential if missions and USIA are to exploit effectively and rebut criticism.

11. USIA should step up cultural activities with first-class US talent. USIA representation allowances are very low and make it impossible for its representatives to do their job effectively. Means should be found to continue Fulbright programs to Sweden and Denmark.

12. Application of fifty-fifty shipping clause to such programs as those under Title I of PL 480<sup>4</sup> works to serious detriment of immediate objectives of programs and of broader US interests in area.

**Aldrich**

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<sup>4</sup>For text of the Agricultural Trade Development and Assistance Act of 1954, enacted July 10, 1954, which provided for the disposal of U.S. agricultural surpluses abroad, see 68 Stat. 454.



248. Circular Telegram From the Acting Secretary of State to Certain Diplomatic Missions<sup>1</sup>

*Washington, April 12, 1957—3:39 p.m.*

820. For Chiefs of Mission. Paris 5202.<sup>2</sup> Major theme discussion forthcoming Western European COM Conference (Depcirtel 771 March 22<sup>3</sup>) will be preservation and strengthening Western alliance. Instead usual practice individual country report by each COM propose devote sessions to discussion following topics having direct bearing on major theme, and broad enough to permit extensive consideration such important specific subjects as German Reunification, European Security, and Disarmament:

1. National attitudes toward U.S. foreign policy, with regard (a) to East-West relations and (b) to immediate interests of country concerned.

2. National attitudes toward Soviet foreign policy, and relations with U.S.S.R. (including estimates of role of local Communist Party).

3. NATO: Military and political aspects: (a) national attitudes toward NATO strategy and defense requirements; and (b) non-military aspects of NATO, including particularly development of political consultation.

4. Prospects for European unity and cooperation, including: (a) Common Market and EURATOM; (b) free trade area, and (c) British relationships with the continent, and proposal for coordination of consultative assemblies ("Grand Design").

5. The colonial question and the UN.

Morning May 6 will be devoted to report on NAC Bonn meeting<sup>4</sup> and general discussion. While each five remaining sessions being tentatively allotted to each of the above topics, intend retain flexibility and vary amount time given each topic according interest discussion.

Suggest each addressee be prepared contribute to discussion each topic which we hope will take form free exchange views.

Department will welcome suggestions.

**Herter**

<sup>1</sup>Source: Department of State, Central Files, 120.1451/4-1257. Confidential. Drafted on April 11 by Tyler; approved by Elbrick. Sent to Bern, Bonn, Brussels, Lisbon, Luxembourg, LUXCO, Madrid, Moscow, Paris, Paris for USRO, Rome, The Hague, and Vienna.

<sup>2</sup>Telegram 5202, April 10, asked for the agenda for the Chiefs of Mission meeting. (*Ibid.*, 120.1451/4-1057)

<sup>3</sup>Telegram 771 invited the Chiefs of Mission at the Embassies listed in footnote 1 above to attend the meeting in Paris. (*Ibid.*, 120.1451/3-2257)

<sup>4</sup>Regarding the North Atlantic Council meeting at Bonn, May 2-4, 1957, see Document 56.

**249. Verbatim Minutes of the Western European Chiefs of Mission Conference, Paris, May 6, 1957<sup>1</sup>**

The following is verbatim text of the opening session of the Chiefs of Mission Conference, May 6, 1957, at 10:00 a.m.

Ambassador Houghton: Mr. Secretary and distinguished guests. I believe it says in the Bible that the first will be last and the last will be first, and this is ample evidence that the Ambassador will be first to talk. I assure you it will be very brief as we have a full agenda. What I do wish to say is that it is a great pleasure for me to welcome you all to Paris. All of us here in the Embassy hope that you will call on us if there is anything that we can do to make your stay here pleasant and we are hopeful, of course, that this meeting will be both rewarding and enjoyable.

We have the great honor of Secretary Dulles honoring us at the opening meeting. Without further ado, Mr. Secretary, I shall turn the meeting over to you.

Secretary of State Dulles: I am very happy indeed that this meeting coincided with the NATO Meeting so that I might be able to be here.<sup>2</sup> It is the first time in the last four years, I think, that I have attended any such meeting. Perhaps these meetings have not been held as frequently as it might be desirable. I hope that if this meeting proves useful there can be more of them. I will talk for a few minutes, if I may, and if you have some questions. If we don't finish the questions this morning, I will try to come back for a while this afternoon.

First of all, I want to refer to the foreign policy speech which I made on April 22 a couple of weeks ago.<sup>3</sup> I know that you all have a great deal of reading matter and are in the main kept busy by the particular problems of the day, but I do want to suggest that when occasionally speeches of that kind are made that you try to find the time to study them if you can rather carefully, because they are very carefully studied at home before they are made and deserve, I think, considerable study by our ambassadors as indicating the basic principles on which we try to operate our foreign policy. A speech like this, I suppose, goes through about 15 drafts. The speech had been gone over by the President in one of its early drafts and then he went over the next to final draft again. Every word in it was carefully weighed and there is, I think, more in it than is apparent in casual reading. I mention this not because I am the primary author of this

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<sup>1</sup>Source: Department of State, Central Files, 120.1440/5-857. Secret. Drafting officer is not identified.

<sup>2</sup>See footnote 4, *supra*.

<sup>3</sup>For text of Secretary Dulles' speech before the Associated Press at New York City, April 22, 1957, see Department of State *Bulletin*, May 6, 1957, pp. 715-719.

speech and am trying to develop a captive audience but, I think, from the standpoint of basic philosophy these things are occasionally useful.

There is one passage in the speech which I could perhaps elaborate on a little bit because for reasons of policy we did not elaborate quite as fully as we might have. That is the section which deals with the principle of the United Nations Charter and our Suez Policy.<sup>4</sup> We passed over somewhat lightly that section of the speech because we did not want to stir up certain differences which we hope will as quickly as possible be buried in the future cooperation. But there are some references there which perhaps can stand a little elaboration.

We said that our decision at that time was a hard decision, particularly the language which President Eisenhower chose to express that thought and, of course, he referred to his own communications with Prime Minister Eden and Prime Minister Mollet which made it emphatically clear in advance that the United States would not cooperate in the use of force, and he believed and he expressed very clearly the reason why he believed it would be a disastrous course for the British and the French to follow.<sup>5</sup> Then the next sentence goes on and I suppose it was not a popular decision. I originally elaborated on that a little bit. What I meant to say was this: it is rarely popular to show loyalty to a principle. A loyalty which deserves greater popularity is to its country and a loyalty to a principle is a kind of vague abstraction and does not attract the same type of loyalty which expresses itself in terms more to figures or to particular countries.

But I believe that a nation which has the world wide responsibilities of the United States cannot discharge them adequately unless it tries to be loyal to certain principles and not express its policies in terms of likes or dislikes of certain countries. Now it is certainly not popular in the United States to adopt a policy which at the same time antagonizes the friends of Britain, the friends of France and the

<sup>4</sup>Secretary Dulles said:

"Our dedication to the principles of the United Nations Charter was severely tested by the recent Middle East crisis. We were then faced with a distressing and unprecedented conflict of loyalties. Historic ties would have led us to acquiesce in the forcible action that was begun. But this would have involved disloyalty to the United Nations undertaking that all members renounce the use of force except in defense against armed attack. That same pledge is also embodied in all our treaties of alliance. We decided to be loyal to that commitment.

"This was a hard decision, although to those directly affected it was not an unexpected decision. It was not, I suppose, a popular decision. Yet it was imperative if the world was not to go as it went when the League Covenant was disregarded.

"But, as we have seen, the charter prescribes not merely peaceful settlement but settlement in conformity with justice and international law." (*Ibid.*, p. 718)

<sup>5</sup>For text of President Eisenhower's address to the Nation, October 31, 1956, see *ibid.*, November 12, 1956, pp. 743-745.

friends of Israel. Certainly, that was one of the hardest decisions that was ever made by a head of a government, to make that kind of decision. But it is basic in our Charter commitment and in our treaty commitments, our alliances, to make the first article of our treaties starting with NATO provide that none of the members will use force except in case of self-defense or in accordance with the principles of the United Nations Charter. Now when you have an alliance and you base it on that principle, it seems just as important if only for the standpoint of the dependability of the alliances that Article 1 of the alliance shall be lived up to, and if that one is not lived up to how are you going to depend on other members living up to the other articles of the treaty?

Then we have a problem outside of Europe which preoccupies us and where we have to invoke the same principles. For a long time and still today President Syngman Rhee has wanted to correct what he regards as a terrible injustice committed on the Koreans by Communist forces and we have had to exert the strongest kind of pressure on him not to invoke force. And he isn't even bound by the United Nations Charter in that respect.

We have similar problems with Chiang Kai-shek on Taiwan. We cannot have one principle for Europe and another for Asia. I am quite sure that the countries of Europe would be aghast if we should encourage the use of force.

The only principle we can hold them back with is the same principle expressed in the United Nations Charter, and in Article 1 of the North Atlantic Treaty. That illustrates what I mean when a country with world wide responsibilities has the necessity of being loyal to principles even though that is not nearly as attractive popularly as being popular and loyal to personal and international friendships.

When I was in Australia last month,<sup>6</sup> I think it was, I was talking to Menzies<sup>7</sup> about this question of loyalty. I was reminded of how we do recognize our standards of loyalty within our family. The first loyalty is the husband to the wife and wife to husband, and that is recognized by law as a husband and a wife cannot testify against each other. And I said to Menzies, you are so intimate and a part of the British family, so to speak, and I can understand your sticking along with the British. But, I said, a nation like the United States with a world wide responsibility has got to put its principles ahead of any one or more nations.

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<sup>6</sup>Secretary Dulles was in Canberra, Australia, to attend the SEATO Council meeting, March 10-13, 1957.

<sup>7</sup>Robert G. Menzies, Australian Prime Minister.

Now there is also a question I want to refer to here which I would like to elaborate a little bit more on and that is our attitude toward the United Nations. There is quite a general feeling I think in Western Europe that the United Nations has proved a failure and that it operates against the countries of Western Europe, and that the less success there is for the United Nations so much the better for the world or at least the countries of Western Europe. We do not share that view at all. We recognize the infirmities of the United Nations. Indeed, we have tried to correct those infirmities at an early stage and we were unable to get any support from our Western European friends at that time. It was a question of voting on the United Nations Assembly, a matter on which I expressed myself before I was Secretary of State. And we hope that we might develop some way or system of voting in the Assembly. We tried to get a new charter but we were blocked by a solid front who did not want to remedy. We were not in favor of bringing all these blocs of countries, sort of a package-deal, in as new members in the United Nations a couple of years ago. Each country ought to be appraised on its merits. And all the new countries ought not to be brought in before they had demonstrated that they had the ability to live up to the provisions of the Charter, and certainly the Soviet Bloc countries have not demonstrated that. Again enlarged membership is something about which they now complain but they were backing it and we were opposing, and we went along not only out of desire not to oppose but because they were all in favor of it.

Macmillan when he was in Bermuda talked about the desirability of using regional organizations more as a substitute to a certain extent for the United Nations.<sup>8</sup> I said that is in accord with the Charter and I believe that it should be done.

I recall when we had a little trouble with Guatemala it was the British in the Security Council which opposed our dealing with that matter in the OAS and who insisted that that should have been done through the United Nations, and I said to the greatest extent possible the disputes between members of regional alliances ought to be settled there. That is what the Charter says, to try to settle disputes according to regional procedures.

And we, of course, have long advocated the development of NATO in that respect more along the lines of the Organization of American States with more adequate machinery for dealing with disputes so that they will be dealt with in that context instead of being more or less automatically brought to the United Nations.

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<sup>8</sup>British Prime Minister Harold Macmillan met with President Eisenhower at Bermuda, March 20-23, 1957. A memorandum of their discussion on the United Nations is scheduled for publication in a forthcoming *Foreign Relations* volume.

Now we still, despite the difficulties of the United Nations, have faith in the United Nations and I do not believe that there is in fact a "pat" vote against the countries of Western Europe. Certainly, there was no pat vote on the Hungarian issue. We got almost an overwhelming vote except for the Soviet Bloc.<sup>9</sup>

On the two issues of Cyprus and Algeria, which perhaps afforded a good test of that, it was possible to end up this last assembly with resolutions which were unanimously adopted and accepted by the colonial powers and so-called Afro-Asian bloc. And while it is somewhat anomalous to have simply one vote for a nation, I feel there is still a judgment exercised. There is no automatic voting by regional blocs.

The Italians suggested that the NATO countries have a caucus in the UN. I suggested that that ought to be approached with the greatest possible caution because if the Western European countries organize a bloc, it will become even more difficult to influence the views of some of the new members.

And on the question of what I said on April 22, it has been charged that it is not a foreign policy merely to dump something in the United Nations. Of course I recognize the fact that we have never done that. The United States has never followed that policy. As far as the Suez matter is concerned, the resolution to cease fire<sup>10</sup> was a resolution based on U.S. policy, drafted by us on the airplane going up—it was a U.S. policy. To use the United Nations and its Charter as a means of effectuating a policy is not an abdication by any means of foreign policy. I have taken perhaps some time to discuss this matter but it does reflect an area where there is a sharp divergence between the views of the Western European countries and the United States and perhaps deserves more attention.

Now I will go on to the NATO meeting at Bonn. It was a good meeting and in many respects the best meeting we have had in recent times. I have personally attended every such meeting for the last four and a half years and there was a total of about 13 ministerial meetings, I think. And I think we came nearer to having a really informal exchange of views of important matters than there has been before. As one Minister put it, in the past there has been a tendency to bringing pre-digested speeches which were directed at each other. Even the matter of Cyprus for the first time was talked about. It was

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<sup>9</sup>Reference is to the uprising in Hungary, October–November 1956 and related U.N. resolutions.

<sup>10</sup>For text of Resolution 997 (ES-1) calling for a cease-fire in Egypt and the withdrawal of British, French, and Israeli forces, adopted by the first Emergency Session of the U.N. General Assembly on November 2, 1956, see *American Foreign Policy: Current Documents, 1956* (Department of State Publication 6811, Washington: Government Printing Office, 1959), pp. 657–658.

sort of an unwritten law that nobody would mention Cyprus, that nobody mentions the word. This time there was an exchange of views between the Greeks and the Turks and the British and we got to work without the roof being blown off.

The most interesting aspect of the meeting, I think, from our standpoint was the view expressed there on the question of limitation of armaments. There seemed to be a sentiment which, as far as we could judge, was shared by the Western European countries other than the Federal Republic that we should go very slowly about any limitation of nuclear weapons. And we should not accept any limitation of nuclear weapons unless it was 100% fool-proof, and in any event not do it until we could be certain at the same time there would be a corresponding limitation of conventional weapons. Now it seems to be assumed in some quarters that it is easier to limit conventional weapons than it is nuclear weapons. I doubt very much if that is the case. I think it is the other way around. The striking of a balance in respect to conventional weapons is a more difficult and complicated proceeding. As demonstrated by the years following the first world war, there were allies who really had a good deal of confidence with each other, worked in good faith and intensity for several years to work out and measure and equate conventional armaments, and that effort proved unavailing.

The simple tendency today is to talk of manpower. That is the most meaningless thing to talk about. You take people and have them trained, take them out, and you might at one time have two and one-half million men under arms but you may have seven or eight or ten million standing by thoroughly trained and ready; if they have the arms to pick up, they can at once convert an army of two and one-half million to an army of ten million. As was recognized when we drew the limitations, when we drew up the Brussels Treaty, the only limitation is of weapons rather than men. When it says the Germans shall not have more than 12 divisions, the implication is that the arms for more divisions shall be denied. So it is recognized that if you don't have arms for 12 divisions it doesn't do much good to have more men trained for military service. So the emphasis is on the armaments and not on the men.

When you try to get this question of manpower and arms figured down, it is an almost impossible task and I do not feel optimistic about the ability to arrive at an acceptable agreement about conventional weapons. Perhaps something could be arrived at governing where and how they could be stationed. But it is an immensely difficult thing.

When you get into the field of nuclear weapons, at least we have the fact that only three nations have these weapons, and while it is true that present scientific data does not enable you to account

for and therefore control all of the fissionable material which has been produced in the past, it is more possible to control the means for the delivery of that material in weapons form, in terms of missiles, in terms of long range bombers and in terms of submarines. Those things cannot be concealed as would be possible in the case of conventional weapons. It would be possible to have a considerable control over the new use at least of fissionable material for weapons and possible for a much more complete control of delivery of those at a distance.

I emphasize "at a distance" as being a principal factor because we do not think the Soviets would start an atomic war unless they felt there was a good possibility of knocking out the United States to a considerable extent in the first phase of such an attack. I do not think the Soviets would start an atomic war against its neighbors which left the United States undamaged and its military potential undiminished. It is extremely unlikely they would do that.

I pointed out there at the meeting that, of course, we are dealing with a risk, and it is not possible to find a course totally free of risk. The question of the effect of atomic war on populations is not a question of millions but of tens of millions. Life on the northern half of the globe would be totally extinct. When you think of that you can't contemplate the continued existence of that threat as other than a risk. And to say you will not tackle the problem unless you can solve all related problems at the same time seems to me an error of judgment, and as I said there the thing that seems for us to do is try to control what is controllable and not try to control everything when everything cannot be controlled.

I suspect that although they didn't admit it in concrete terms, the Western Europeans rather like the protection afforded by the nuclear power of the United States partly because in conventional armaments the greatest dependence of Western Europe for security against the USSR would automatically be on the West Germans, both because of their geographic position and because of their potential.

So it looks as though there would be some opportunity for agreement and although for the moment the disarmament talks do not show prospects of settling all the differences between us, to the extent they exist, they have a practical importance.

We talked in Bonn about political cooperation, of course, and indeed our meeting exhibited the greater political aspects which we think are possible and desirable within the NATO Council. We hope perhaps that when Mr. Spaak assumes the post of Secretary General<sup>11</sup> he may be entrusted with the responsibility of looking into the

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<sup>11</sup>Paul-Henri Spaak became Secretary General of NATO on May 16, 1957.



Cyprus matter which really cries out for a solution at the present time. It is an extremely disruptive element. I think the UK is now in a mood where it would accept any solution which the Greeks and the Turks would take. And the decision is now primarily between the Greeks and the Turks. I think somebody will have to lay the law down and say this is it and put pressure on it.

The Greeks indicated to me that they were disposed to let Spaak study this matter, although they were anxious that he should study it privately until he should be able to satisfy himself that he could find some solution. My guess is that Spaak given his temperament would be rather disposed to get into this problem. Perhaps it is just as well to have someone like him get into it.

I talked at considerable length at the Council meeting about developments in the Middle East, and perhaps that might be of interest to you. I can speak even a little more frankly here than I did at the NATO Council. The United States had abstained from having any positive policy in that area of its own because it had accepted that that is an area where the UK had the primary role. We have not been filled with admiration with the way the British have played that role in recent years. It seems to us to have been characteristic of a nation which, realizing that it was weak, felt it had to act as though it was strong, and its actions, for instance, in seizing the Buraimi Oasis, the step taken to try to force Jordan into the Baghdad Pact,<sup>12</sup> have had an impact on the area which made the situation worse rather than better. When the abortive Suez action pretty much brought the British influence in the area for the time being to a rather low level, we felt that the United States should have a more definite positive policy for the area and that view was reflected in the Middle East resolution which followed the Suez crisis and which after some debate in Congress was finally adopted.<sup>13</sup> We believe that the very considerable Soviet Communist influence which has gotten a hold in Syria and Egypt can be combatted through other Arab states and that it should not be allowed to break out in the disguise of extreme Arab nationalism which Nasser has put forward in his speeches. It seemed to us that King Saud was a natural rival for Nasser in this role of Arab leadership and the head in a sense of the Moslem religion, having the custody of the holy places of Islam, and that the new orientation of the Arab world might be found through King Saud who himself is anti-Communist. That view is reflected by the invitation to King Saud to come to Washington to visit President

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<sup>12</sup>Reference is to the mission of British Field Marshal Sir Gerald Templer, Chief of the Imperial General Staff, to Jordan in December 1955.

<sup>13</sup>House Joint Resolution 117 (71 Stat. 5), March 9, 1957, authorized the President to use U.S. Armed Forces to preserve the independence of Middle East nations if necessary (the "Eisenhower Doctrine").

Eisenhower and that visit was a very considerable success.<sup>14</sup> We know, not just by what King Saud said to us but by what he said to others, that President Eisenhower made a very great personal impression on him and that to a considerable extent what he learned on this visit has revealed the hand of communism in a good many of the activities which were being conducted under the guise of Nasser's Arab nationalism.

The situation in Jordan developed in an extremely acute way because there was a well organized plot conducted primarily under Communist influence, by utilizing Egyptian and Syrian agents, to overthrow King Hussein and take over Jordan.<sup>15</sup> If that had occurred probably the tide of that movement would have swept on and would have dethroned King Hussein whose entourage has been deeply infiltrated by agents. Probably the whole Arab world would have fallen under the domination of the Soviet Union working through the disguise of extreme form of nationalism as reflected by Nasser and Syria. And King Hussein showed very extraordinary and almost unexpected qualities at this juncture. He is a young man, barely 22 years old. He perceived the nature of the plot and told us of his plans for dealing with it on the assumption that he could get certain amount of help and support from the United States. . . . He wanted to be sure that if there was overt Soviet intervention we would meet it, . . .

We ourselves did not have the slightest idea that the Soviet Union was prepared to move overtly in the area. The fact of the matter was that King Hussein felt that there was a danger and it was necessary to reassure him that we would be prepared to cope with that danger.

Where Israel was concerned we had exchange of views with that government.<sup>16</sup> The Alsop story that we sent the Sixth Fleet, as Alsop said, against Israel, is not so.<sup>17</sup> Israel quite sympathises with the general policy which we are assuming here and has cooperated, and there was never a question of our using a display of force to frighten Israel.

King Hussein then was reinforced by getting that response together with some indication on our part of readiness to give him fi-

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<sup>14</sup>King Saud visited Washington, January 30-February 8, 1957.

<sup>15</sup>Reference is to the April 1957 internal crisis in Jordan and the decision to send the U.S. Sixth Fleet to the Eastern Mediterranean on April 24.

<sup>16</sup>A memorandum of Secretary Dulles' conversation with Abba Eban, the Israeli Ambassador, on April 24, 1957, on the situation in Jordan, is scheduled for publication in a forthcoming *Foreign Relations* volume.

<sup>17</sup>Reference is to an article by Joseph Alsop, "Action by U.S. Not Aimed at Syria, Russia, Alsop Reports" in the *Washington Post*, April 28, 1957, p. 1.

nancial assistance. . . . Loyalty of armies depends to some extent on pay, and it helps out in that respect.

The result has been that instead of the Communist Egyptian and Syrian element gaining a complete victory in Jordan there has been a complete set back and a drawing together of other Arab countries because in the course of this King Saud has recognized that Iraq was a more dependable friend than Egypt or Syria, and there is improvement in the relations between King Saud and Lebanon and Iraq and Jordan, so that there is a considerable isolation at the moment of Egypt and Syria. And the North African Arab countries also are aligned more closely in the anti-Egyptian element.

The United States, as you know, indicated in an early stage that we would be prepared to identify ourselves with the military committee of the Baghdad Pact and that invitation will probably come forward at the meeting which is scheduled to be held in Karachi at the end of this month, I think, and we will be represented at that meeting.<sup>18</sup>

. . . . .

I referred in my speech on the 22nd of last month to the fact that war often looks as though it offers a short cut but it actually gets you into more trouble. We don't believe in the efficacy of trying to solve these problems by the idea of cutting the Gordian Knot. I doubt it works these days. We can, as I say, redeem a situation which was pretty far gone last December and certainly we have been fortunate, I think. I don't know that we have had more than an interim success, and of course, the great credit goes not to the United States but it goes to King Hussein. You can't have a good policy without good people. But this king took a tremendous risk, risk of his own life, and I believe that people like that are to be found in this country and with good sound policies we can gradually develop an Arab sentiment which is more friendly to the West and which is not responsive to the Soviet Union. The latter would be an immediate disaster for Western Europe because we cannot—there is no way in the world in which you can at the present time make Europe comfortably independent of oil in the Middle East and the transit facilities of the Middle East Canal and the pipelines.

I would like to say one other thing on this point. We do believe that alternatives to the Suez and the pipelines through Syria should be developed as rapidly as possible. We do not think that the Eryp-

<sup>18</sup>The United States announced on March 22, 1957, that it would join the Baghdad Pact Military Committee. The Council of Ministers of the Pact met in Karachi, June 3-6.

tian declaration on the Suez Canal is a very valuable document<sup>19</sup> and, indeed, we don't think that any document which Egypt would produce would be very dependable. And there is no way that I know of to make the Suez a dependable waterway unless it goes back to the original where it was run by the British and the French. And I think the time is past when it can be done. It was the suggestion of the British that they withdraw from the base, because they couldn't afford to stay on.

I was out there four years ago and at that time talked to the British General.<sup>20</sup> They had 80,000 people on his military establishment. They brought more from Cyprus to protect the 80,000. They were beginning at that time to move out. Well, they decided then and I think rightly that you can't successfully operate that way any more and therefore I don't think anybody contemplates going back to that status. Therefore, you have got to accept the fact that passage through the Suez is not going to be dependable for the Western European countries, and that there is no form of words which you can devise which is going to make it really dependable. I think it will probably be useful under reasonable conditions at this time to concentrate on developing alternatives. Already it has been demonstrated without Suez and with the pipeline cut off that Europe survived through the efforts of the U.S. shipping more oil. It was costly in terms of oil and terms of dollars. It can be done through perhaps new pipelines, new and bigger tankers going around the Cape, new sources of supplies which can be developed. I think within a few years, the Arab world will be more dependent on Europe as a market than Europe will be dependent on Middle East sources of oil so that the upper hand may have passed away from people like Nasser.

I am always impressed by the importance of cooperation between the nations in the area. We have problems such as one which came up under active discussion in Bonn, the so-called Four Power Working Group.<sup>21</sup> That is an important working group and we should all try to cooperate with it, to stimulate more interest in constantly playing up the inhumanity and so forth of the division of Germany. The United States always tries to do that. President Eisenhower and I in our speeches always try to bring that up, the cruelty and injustice of the division of Germany. This working group is, of

<sup>19</sup>For text of the memorandum of the Egyptian Government on the principles governing the operation of the Suez Canal, delivered to foreign diplomatic missions at Cairo, March 17, 1957, see *American Foreign Policy: Current Documents, 1957* (Department of State Publication 7101, Washington: Government Printing Office, 1961), pp. 954-955.

<sup>20</sup>Regarding the Secretary's conversation in Cairo with General Sir Brian H. Robertson, Commander-in-Chief of British Middle East Land Forces, May 13, 1953, see telegram 2421 from Cairo, *Foreign Relations, 1952-1954*, vol. ix, Part 1, p. 25.

<sup>21</sup>Reference is to the Working Group which considered the problem of German reunification in Washington, March 6-15, 1957.

course, made up of the three Western countries which have the special responsibility for the reunification of Germany, and the Federal Republic itself.

The reunification of Germany cannot be dealt with adequately without dealing with European security and disarmament. The Italians are concerned there may develop a political standing group in NATO. Martino talked to me a great deal about that.<sup>22</sup> First thing on landing he came to see me and I made a prearranged statement at the meeting which I cleared with the countries involved indicating there was no such purpose on our mind. I talked with Adenauer<sup>23</sup> on that, in an interesting three hour meeting with him on Saturday, and I said let's think of ways to bring the Italians in on this. I don't think he was very keen on it but I think it is important we do so occasionally. I think that illustrates that many times there are cooperative ways to help out the general picture. I think if there is cooperation here in this respect, Ambassador Zellerbach and Ambassador Bruce, maybe you will have some ideas on how to make this thing on the one hand practical, to bring countries in from time to time so that they don't feel left out.

One final word on the home situation. We are in the throes of a very strong economy wave on the part of Congress. The House treated the State Department budget very badly and I made a very strong plea before the Senate Committee for the reinstatement of some of the sums that were cut out,<sup>24</sup> but it was done the day I left Washington. I did not feel that the atmosphere was very friendly—it was friendly to me personally, but not friendly to our increased budget. And if we don't get some increase, I think we will have to take some cuts. Our needs are increasing; the whole African continent is opening up. If we can't get additional money for some countries, it will have to come out of some other countries. We are also engaged in planning the mutual security legislation. In fact, we are working very actively on that. As soon as I get back there is a meeting with both leaderships at the White House. The President is planning to send up a message and after that make a radio and television speech to the American public.<sup>25</sup> And there are citizens' groups which we hope

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<sup>22</sup>A memorandum of conversation between Secretary Dulles and Italian Foreign Minister Gaetano Martino at Bonn, May 1, 1957, is scheduled for publication in a forthcoming *Foreign Relations* volume.

<sup>23</sup>Reference is to a conversation between Konrad Adenauer, German Chancellor, and Secretary Dulles at Bonn on Saturday, May 4, 1957. A memorandum of conversation is scheduled for publication in a forthcoming *Foreign Relations* volume.

<sup>24</sup>For text of Secretary Dulles' statement before a subcommittee of the Senate Committee on Appropriations, April 30, 1957, see Department of State *Bulletin*, May 20, 1957, pp. 795-799.

<sup>25</sup>For text of President Eisenhower's Address to the Nation, May 21, 1957, and his message to Congress on the Mutual Security Program for 1958, see *ibid.*, pp. 915-931.

will support this, but these things will have particularly hard sledding this year. It is impossible to predict the outcome. But all of us will have to pay particular attention to having a smaller amount of money accomplishing a greater amount of work. It is possible to economize if you spend more time on the problems of economy. The trouble is we have so many more important problems than trying to save a few cents here and there. I told Congress I spent a lot of time striking out unnecessary words in telegrams to cut down, and I don't know if that is the best way a Secretary of State should spend his time saving money on that. I say it is an expensive way of economizing. But I am afraid we will all have to tighten our belts.

Questions, if you have any? (11:05 a.m.)

Q. Can you tell us anything, Mr. Secretary, about the recent publicity on a revival of the so-called Eden plan for an inspected demilitarized zone on either side of the present German demarcation line?<sup>26</sup>

A. Stassen, when he came back to Washington, told me that there were some elements in Britain that weren't too keen about having Germany reunified, and it makes it a rather dangerous campaign from our standpoint. But I would say we do not favor any plan which takes as its premise the present division of Germany, nor do we favor a plan which particularly would manifest itself by displacing American forces from Germany. The Soviets can go back gradually and we can't. It is all or nothing with us. For both of those reasons we are not sympathetic toward it.

Q. I would say, Mr. Secretary, that the Gaitskell Plan for neutralizing Germany would result in just what you say.<sup>27</sup> If the American forces left Germany they would probably go all the way back to the United States. It is a fact which Gaitskell has not pointed out.

A. The Soviets are carrying on a most intensive letter-writing campaign. I don't think it is known yet because it is a rather long letter, but a new letter was brought in when I was talking with Adenauer.<sup>28</sup> They must really have engaged a letter-writing service, I think, to turn out letters as fast as that.

<sup>26</sup>Eden's plan was proposed at the Geneva Heads of Government meeting, July 18, 1955.

<sup>27</sup>A report of the speech of Hugh Gaitskell, leader of the British Labour Party, at the Free University of Berlin, March 18, 1957, in which he called for the establishment of a neutral zone in Europe, is in telegram 5060 from London, March 21. (Department of State, Central Files, 740.5/3-2157)

<sup>28</sup>For text of the Soviet note to the Federal Republic of Germany, April 27, 1957, alleging that the Federal Republic was being turned into a NATO atomic base, see *Documents on Germany, 1944-1985* (Department of State Publication 9446, Washington: Government Printing Office, 1985), p. 496. The Soviet Government had sent letters to Adenauer on February 5, 1957, to the Prime Ministers of Denmark and Norway on March 27, and to the British Prime Minister on April 20, 1957. See footnote 43 below.

Q. Mr. Secretary, you speak of the possibility of danger of communist domination through Syria and Egypt, of the Middle East area. What form would that take, communist domination of the masses, or of Arab nationalism?

A. I think for a considerable time at least the communist character of the movement would have to be masked because I think there is a religious background there which leads the Moslems not to want to be dominated by anything which would show very openly. I will say, however, that the Communists have come out pretty openly in some respects in Syria and I am not sure that we can count only on religion as a safeguard. We must take also in the fact of the Palestinian refugees and Israel. The refugee camps are infiltrated by much Communist propaganda.

Q. I merely wanted to comment apropos the Soviet notes. They have made great progress in atomic bomb tests and it is a rather serious matter.

A. One thing of interest to you, I might comment on, is the strong concern that Adenauer showed that the British tried to block Euratom at some point, and he feels that at least some elements are trying to do it. Sometimes the British Ambassador in Paris tries to play his hand alone. I said to Adenauer, and I did say to Mollet when he was in Washington,<sup>29</sup> that in my opinion if this Common Market treaty<sup>30</sup> does not get ratified, it will be great discouragement on the part of the American people for any future for Europe. Here you have enough people and resources so that they can be a real force in the world. They shouldn't be intimidated by the Soviet Union if they depend on us for support. We have been bolstering them up for 50 years. Just because they choose to preserve the luxury of independence it keeps them weak. Now hope has been transferred to the Common Market. If that collapses there will be a great feeling against Europe in the United States. And I don't know what the future would be. I can't exaggerate the importance in carrying it through—the question of these two treaties.<sup>31</sup>

Q. You mentioned, Mr. Secretary, that the countries of Europe are very grateful to us and lean on us for nuclear strength.

A. I don't think I used the word gratitude.

Q. But they are glad we have it.

A. Yes.

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<sup>29</sup>Prime Minister Guy Mollet visited Washington, February 25–28, 1957.

<sup>30</sup>For text of the Treaty establishing the European Economic Community, signed at Rome, March 25, 1957, see *American Foreign Policy: Current Documents, 1957*, pp. 426–518.

<sup>31</sup>Reference is to the Treaty of Rome (see footnote 30 above) and to the Treaty Establishing the European Atomic Energy Community, also signed at Rome, March 25, 1957. For text of the latter, see *ibid.*, pp. 518–573.

Q. But, at the same time, it seems that it is very important for these countries, politically, to seem to be moving towards independent development and ownership of nuclear strength. Was that discussed in Bonn under the Fourth Country question?

A. Yes. There was a certain contradiction I would think, in that they say that unless there is a definite movement to eliminate atomic weapons for everybody they want them too. At the same time, they don't want these movements on general elimination of nuclear weapons to proceed unless it can be done in a foolproof way and unless it can be done at the same time by a reduction of conventional weapons, which would be extremely difficult to negotiate. They say that the answer is that they want to produce nuclear weapons themselves. I don't think they are so keen about it, but from a political standpoint they have got to have something to show their people, and the only reason they can show their people they are not going into this game is because it is being called off. From a military standpoint they will be concerned with the prospect of nuclear disarmament. I do think that there is an inconsistency there.

Q. Our observation is that as far as the United Kingdom is concerned, anyway, I think the Russians may be in the market for a new letter-writing service. They are not making an impression as far as the government is concerned.

Mr. Ronhovde, Netherlands: In connection with the canal, I gather from the statement that you made that the countries have pretty well agreed to accept the situation as it is and try to perhaps work out something over a longer period of time.

A. I think so. The situation is this. We were part of the select company, otherwise composed of the Soviet Union and India and Syria, which was given an advance copy of the Egyptian memorandum,<sup>32</sup> and we were invited to make comments upon it. We did so and we made perfectly clear that we were not negotiating on behalf of any other country. We did make certain suggestions which we thought might make it more acceptable. At that point the United Kingdom said that they felt with the canal opening up there would be such pressure, economic pressure, to use it that they did not want the talks to be continued any longer but wanted the talks brought to an end. They recommended that whatever we announced be accepted on a de facto, provisional basis. We said to them, do you want to try to organize a boycott of the Canal until you get something better? If you want that, we will go along. They said no. We can't stand it from an economic standpoint, and we will have to take the best we can get. So, to meet the British position, we just continued our talks in Cairo with the Egyptians to produce this declaration, called the

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<sup>32</sup>See footnote 19 above.



Council meeting,<sup>33</sup> said precisely what the British had asked us to say and what we thought the British would also say, that though this was unsatisfactory, inadequate, it would be accepted on a de facto basis. Well, then, after the meeting had been called and we had made our statement, the British, under strong political pressure at home, felt they could not go along, and we were to some extent left exposed as though we were the nation wanting to use the Canal under Nasser's terms. In the interest of trying to be cooperative and helpful we don't get many thanks for it. Then the British wanted to try and defer this thing a little bit longer, largely because they were caught on the sterling exchange aspect of this matter. They are afraid sterling is not acceptable. The actual rule is not so important as the prestige factor which is involved, and they were having a meeting yesterday in Basle with representatives of Egypt in an effort to get the Egyptians to accept sterling. I don't know what happened. Does anyone know what happened?

Mr. Fraser Wilkins:<sup>34</sup> No reply has come in yet. We are expecting to get some word.

A. (cont.) and they indicated they wanted to get another meeting in the Security Council and rehash this to some extent. But they had this further meeting at which every other country but France said they saw no alternative but accepting these terms, and I think that will mean, of course, that it will be followed.

Ambassador Zellerbach, Italy: I would like to come back to this neutral buildup question. On this point, if the United States would withdraw from Germany we would withdraw all the way back to the United States. Is this a point which we can make in our discussions with government people of various countries to which we are accredited? It would be very useful. You know, in Italy right now, there is a development on the part of Gronchi as against the Foreign Office, which follows our policy right along and Gronchi is trying to lead it the other way, and this kind of argument would be very useful to me.

A. I think it can be used. One has to be always careful that it doesn't sound like a threat. It isn't a threat of course. It is a practical situation. There isn't room to relocate these people and there is no money—you have the problems of barracks, facilities which are a very expensive operation. You can't be just doing this every few miles and doing it all over again. There is also the fact—I don't know if you want to use it or not—that we have very strong elements in the United States who want to get our troops out of Europe and

<sup>33</sup>Reference is to the 776th meeting of the U.N. Security Council, April 26, 1957, 10:30 a.m.

<sup>34</sup>Director, Office of Near Eastern Affairs.

want to rely only on a deterrent of nuclear weapons. We have the same elements in the United States that prevailed in the United Kingdom. So far, those elements have not prevailed in the United States but they are there. They feel the only way you can bring your defense budget down to reasonable size is to rely wholly upon these nuclear deterrents which you have to pay for anyway and to cut out these armed forces. And I feel very certain of the fact that if any such situation developed and there was dislodging of U.S. forces, they would go right back to the United States. You have got to be careful to expound it and not as I say use as a threat. That is a fact. I made a statement at the NATO meeting on U.S. forces there. It was somewhat inaccurately reported to the press. I made it at General Norstad's request and on the President's authority. The United States position remains the same as I had described it last December.<sup>35</sup> That was short-cut by the press which says I said there would be no reduction of U.S. forces in Europe. What I said was we had no present plans of reducing our units here. There is some streamlining. We are making an effort to cut down on members of support troops which were not of military value. Also our forces are here under a formula described at the time as a "fair-share" formula.<sup>36</sup> I don't think the people of Europe should assume that when they cut down there is nobody in the United States, no where in the Congress or the Pentagon, anywhere else, who says if the Europeans cut down their contribution we do too.

Mr. Ronhovde, Netherlands: I want to say in Holland they could foresee no worse disaster to Western Europe than the withdrawal of forces from Western Germany. Because of that Gaitskell and his party are very seriously attacked.

A. I think you are right on that.

Ambassador Bonbright, Portugal: In talking about the budget's increased emphasis on Africa, we have also the report on the Vice President's trip.<sup>37</sup> I wonder if there was any special significance about all this which goes beyond the natural concern about an area which has, perhaps, been neglected in the past and which we are simply trying to get caught up with.

A. No, I don't think anything more than that. There are, of course, European projects which go beyond that such as this thing

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<sup>35</sup>For documentation on the North Atlantic Council meeting in Paris, December 11-14, 1956, see Documents 40 ff.

<sup>36</sup>In a statement of April 15, 1954, President Eisenhower pledged that the United States would continue to maintain in Europe "its fair share of the forces needed for the joint defense of the North Atlantic area". For the full text of the statement, see *American Foreign Policy, 1950-1955: Basic Documents*, vol. 1, pp. 1198-1200.

<sup>37</sup>Reference is to Vice President Richard M. Nixon's 22-day tour of Morocco, Ethiopia, the Sudan, Libya, Tunisia, Ghana, and Uganda, in March 1957.

called Eur-Africa and, of course, there are the colonies of members of Common Market being brought in which creates a problem. Some belated adjustment is in prospect of our diplomatic service and foreign aid program toward a continent which is moving forward very rapidly. And we do feel the need for greater effort. You know, the Congress has created the authorization of a new Assistant Secretary of State for Africa, which area will be lifted up in that respect.

Ambassador Bonbright: Our negotiation on the Azores base has been horribly slow. For once though the ball is on our side of the net, but I hope by the time I get back at the end of the week we will have more instructions on it.

The Secretary: I have a feeling that the people of Portugal would not want to give Goa up to Nehru.

Ambassador Bonbright: It's the only weapon they have got and a very nice one. I would be very surprised if they would give it up.

Ambassador Lodge: Mr. Secretary, there is a growing feeling in Spain that the mutuality of interest is beginning to fade. They think they are doing more for us than we are doing for them. The press is full of propaganda, controlled by the government, comparing the aid received from us with the Marshall Plan aid. They are not acceptable by NATO, they are always under attack. They are hoping we would be able to push them in after Congress went into action. They have been trying to do what we asked them to do on the whole. And I believe it is quite vital that we provide the extra \$25 million that we have recommended. We are engaged in large build-up on our bases. An additional 12,000 men have been requested which will mean about 25,000 more Americans including dependents. So I would just like to provide the hope that something could be done because I think the Spanish situation which has been going on rather nicely is getting into heavy seas at this point. They have also been scared by the atomic bomb and the new British defense posture has led them to discuss this with me. The question of missile sites in Spain also. They have been neutral in two world wars and they are worried about this without being in NATO. You probably know all that, Mr. Secretary.

The Secretary: Well, I wish myself we could get them into NATO but we seem to be in considerable difficulty. I wish they would develop better relations with the French. It would help quite a lot. With the French policy in North Africa they figure they have something to trade with, but it doesn't seem to work very well.

Ambassador Lodge, Spain: I believe there's fault on both sides.

Ambassador Willis, Norway: I have not been serving in a NATO country (Switzerland) and there is a large question on my mind. Have these various developments, British changes in the British de-

fense progress, are those things leading to a review of the NATO force goals?

The Secretary: Yes. That is in the process. When this thing came up, they put a series of questions to SACEUR and he is working on the answers to them, and those will be coming up, George, (turning to Amb. Perkins), next December?

Ambassador Perkins, NATO: I think it will come up before that. The British would like to settle that in October but the final review will be in December.

The Secretary: But there is a new reevaluation going on. I doubt it will be as searching as some people hope it will be. It is hard to get absolute answers. You just can't get them. As I was saying to the Chancellor on Saturday,<sup>38</sup> we have had to rely on the deterrent of massive retaliation. We did not have tactical nuclear weapons. The only thing we had was the big bang. Now we have in prospect tactical nuclear weapons. Now those we should not treat as little scratches on the surface, because even tactical nuclear weapons do a lot of damage but it is a totally different effect from an atomic bomb on the centers. You are in an area in which a rather new development is coming up so rapidly that it is not possible to tell in terms of absolutes in any of these matters, and we don't really encourage the effort to make a very exhaustive view of this subject. Whether or not this British 5,000 man reserve force is going to be located in the continent or in England—I know that Norstad is very persistent and very hopeful that it should be located on the continent.

Ambassador Willis: Have we any information or indication as to whether the Russians are also introducing their army tactical defense weapons?

A. Our information is not perhaps very complete and dependable. We are pretty well satisfied that they nearly are as far advanced as we are. In other words, we think they are trying to develop it. They are moving in that direction. I think they have quite a ways to go before catching up with us.

I think that is all the time I have this morning.

(The Secretary left the conference room at 11:45 a.m.)

#### Afternoon Session

May 6, 3:00-5:45 p.m.

Ambassador Perkins: Mr. Secretary, I would like to ask a question a little outside of my area, that is, concerning the Arab refugees in the Middle East. Has any noticeable progress been made toward

<sup>38</sup>See footnote 23 above.

finding a means of handling this situation? Are there any new thoughts on this problem?

The Secretary: I don't think any progress has been made in dealing with the refugees. The Arab Governments seem to feel that the only possible solution is to send them back into Israel. They don't want to see them absorbed into their own land. If they accept them, it would appear that they had renounced their claim that the refugees have a right to go back into Israel. This is not very susceptible of solution at the moment. If the Israelis had stayed in the Gaza Strip, they would have had to take some of the refugees back, and that would have been useful as far as the refugee group was concerned. Now there is no absorption of the refugees by Israel.

Mr. Fraser Wilkins: The Israeli invasion of Egypt foreclosed any possibility of movement of refugees under the Johnston Plan,<sup>39</sup> under which we could have foreseen a possibility of resettling some of the refugees in the Jordan area or even beyond that, some repatriation to Israel itself.

Mr. Richard Davis,<sup>40</sup> USSR: In regard to the Soviet Middle East proposals,<sup>41</sup> France and the U.S. seem to think we should turn them down and stop all correspondence. The U.K. seems to think we should not totally reject them. Is it likely that we will be having further talks with the Soviets on any aspect of the Middle East?

The Secretary: I don't see any purpose to be served by that. It would be widely interpreted in the Arab world as acceptance of the Soviet position and give the Soviets an aura of respectability which they now lack—the lack of which is one of our principal assets in this area. If we tell the Arabs on the one hand that these people are infidels—atheistic and Godless—and then have dealings with them, we would hurt our main argument. When we were at London for the first Suez Conference, Mr. Shepilov, then Foreign Minister, made it quite clear to me they would be prepared to settle this Middle East business and the Suez problem on pretty satisfactory terms to the West if we would make it a joint Soviet-U.S. operation.<sup>42</sup> If the Soviets could get the two of us together on the Middle East, that would achieve one of their great ambitions. This we reject. We can always make a good deal with the Russians on that basis. However, we will

<sup>39</sup>Reference is to the proposals of Eric Johnston, personal representative of President Eisenhower to the Middle East, for the Jordan River water development.

<sup>40</sup>Richard H. Davis, Minister-Counselor in the Soviet Union.

<sup>41</sup>Reference is to a Note from the Soviet Foreign Ministry to the American Embassy in Moscow, April 19, 1957. For text, see *United States Policy in the Middle East, September 1956–June 1957: Documents*, pp. 81–85.

<sup>42</sup>A memorandum of the conversation between Dimitri Shepilov and Secretary Dulles, August 18, 1956, which took place during the conference of 22 nations in London, August 16–23, 1956, is scheduled for publication in a forthcoming *Foreign Relations* volume.

deal with this problem only on the basis of collaboration with our allies and our friends. Now, the Soviets are trying to play it the other way and get the British and French to talk with them and leave us out. The Soviet note to the U.K. says as much.<sup>43</sup> I doubt whether that is a profitable line for anyone to pursue. I don't see any gain, only loss, in having official talks with the Soviets.

Ambassador Whitney, London: Did Selwyn Lloyd bring up this matter at the Bonn Conference?

The Secretary: No. There was no indication of U.K. desire to discuss the Soviet-Middle East situation at Bonn.

Ambassador Whitney: In the context of Anglo-American relations, I have had several talks with Selwyn Lloyd. There is tremendous pressure to talk. Lloyd has suggested that we could take up the Arab-Israeli problems in the UN framework. This is a place where I wonder if it could easily be brought up. Was this mentioned at the Bonn Conference?

The Secretary: I think it is being dealt with to some extent between Washington and London at the present time. I noticed no desire on the part of the British to have talks regarding the Russian-Middle East situation.

Mr. Richard Davis: There are reflections of this in Moscow.

The Secretary: Of course, there are always opportunities to talk informally at the Security Council meetings. I don't think that would satisfy the Soviets. They want to be publicly accepted as one of the powers which must be taken into account in dealing with the Middle East. By way of background the main part of which you may recall, at the time when Hitler, Stalin and Japan were trying to divide up the world on a tripartite basis, they had pretty well agreed to a division. Who would be dominant in the Middle East was the only stumbling block. The Hitler paper pushed the Soviets further to the East and gave them the Indian Ocean zone, but Stalin insisted on the Persian Gulf area. That was one of the reasons, at least superficially, why the talks failed. Soviet ambitions in the Middle East are well known. At the first meeting of Foreign Ministers in London in 1945 with Secretary Byrnes, Molotov made clear his demand for a trusteeship of Tripolitania and the Greek Islands. They will not be satisfied just by back-stage talks at the Security Council.

The Secretary: Are there any other questions? I would be glad to answer as well as I can.

Ambassador Thompson, Austria: Could you give us an indication of what our line should be with respect to the satellite coun-

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<sup>43</sup>For text of the letter from Bulganin to Macmillan, April 20, 1957, see Noble Frankland, ed., *Documents on International Affairs* (London: Oxford University Press, 1960), pp. 2-11.

tries? The Austrian Foreign Office has asked whether we could give any indication as to what the Austrian position should be. For example, on the UN Report on Hungary,<sup>44</sup> what should be our attitude? We would not want them to renormalize their relations. What they really have in mind is that they hope we might use them in some way in our approach to the satellites.

The Secretary: Well, I don't think of anything at the moment that would be profitable on that line. It is important to keep alive in our minds a degree of Soviet condemnation in regard to Hungary and East Germany. The Russian rulers are not impervious to open public ostracism. They are extremely anxious to be accepted. The only way to make them give in is if we keep hammering away. An example of this was the Austrian treaty. And in some other aspects they have given into world opinion; for example on Atoms for Peace and aerial inspection.<sup>45</sup> On aerial inspections the Soviets first rejected, then accepted it. I hope we're not going to reject it now that the Soviets have accepted it. Now in the debate concerning aerial inspections, the question is not whether will it take place, but where will it take place.

We should not let relations with the Soviets become normalized to the point where we have to draw the veil over things of this sort.

Mr. Philip Sprouse, Belgium: What is the general policy regarding resumption of contacts which were broken off after the Hungarian affair? I have a feeling that the Belgians would be willing to continue these relations.

The Secretary: Our policy is not to exclude totally any such relations. We do feel that that relationship, if it is done skillfully, can do much to help advance the development of liberal elements and forces which the leaders would have to bend to. We are making definite progress along that line. You cannot have an industrial state without a good deal of education. You cannot have education without developing inquiring minds. There are reports that among the students in the USSR all sorts of illegal publications are being circulated. How strong the liberal movement is or when it will be effective, no one knows. I believe that to some extent these contacts, exchange of leaders, etc., all help to promote this movement. Therefore, we do not wish to exclude them entirely. We do not want them to achieve such a volume as to imply that we recognize them as moral equals. It is hard to know just where to strike the balance between the two

<sup>44</sup>The Special U.N. Committee on Hungary, which was established on January 10, 1957, by Resolution 1137 (XI), reported on June 20, 1957. Its conclusions are printed in *American Foreign Policy: Current Documents, 1957*, pp. 680-685.

<sup>45</sup>Documentation on President Eisenhower's proposals, made before the U.N. General Assembly, December 8, 1953, for the sharing of atomic information, is in *Foreign Relations, 1952-1954*, vol. II, Part 2, pp. 845 ff.

factors. We are trying to follow an ad hoc basis where no rules are laid down. We have ended the total curtailment which went into force immediately after Hungary and are now on a limited basis. For the satellites other than Hungary, we are doing a little bit more. We hope to work out something on an economic arrangement with the Polish delegation now in Washington.<sup>46</sup> The Poles have shown a degree of independence. As there is a movement toward independence, we respond. However, their independence is not so spectacular as all that; it would take a powerful microscope to see it sometimes. As a general principle, to the extent these countries give evidence of greater independence, we will give them better treatment.

Ambassador Willis: Is there any prospect of our being able to take more Hungarian refugees?

The Secretary: I find it very hard to be optimistic about that. During the period when public emotion and sympathy was running high the Department of Justice was liberal in regard to the parole system. Now that Congress is back in session and emotions have calmed down, Justice does not find it possible to use this system to the same extent. It is the same with the Jews in Egypt. The committees which are responsible for working this out are not liberal.

Mr. C. Burke Elbrick, Assistant Secretary for European Affairs: I realize how difficult the Swiss problem is, but we see little chance of taking more of these refugees into the U.S.

Ambassador Willis: There are now two refugees per 1,000 Swiss people.

Mr. Elbrick: The Yugoslavs have a similar problem. I don't see any chance of increasing the number to be admitted to the U.S. by legislation.

Mr. Andrew Berding, Assistant Secretary for Public Affairs: We could take 3,000 more up to July 1.

Mr. Elbrick: This was a last effort during this fiscal year. The Swiss and Yugoslav problems are difficult ones. They are not covered by the parole procedures. They are in third countries. The parole system has not applied to Hungarian refugees other than in Austria.

Mr. Julius Holmes:<sup>47</sup> Regarding Algeria, was any light thrown on this problem in your talk with Mollet?

The Secretary: There was no light, just gloom. Mollet sees no prospect of holding elections. While some local elections might be held, Mollet is not sure that even these elections would give them a responsible group of leaders. The vision of elections has pretty well

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<sup>46</sup>Reference is to the agreements signed by the United States and Poland on June 7 and August 14, 1957, by which the United States agreed to provide Poland with \$95 million in economic aid.

<sup>47</sup>Special Assistant to the Secretary of State.



faded into the background. The picture he showed today was one of complete discouragement. The French are trying to organize the country on the basis of local communities and villages. It might be possible to hold some local elections, but there is no possibility of these elections producing any leadership.

Mr. Elbrick: Elections for the French Assembly depend on bringing about a cease fire. Right now, there are no real leaders with whom to negotiate to bring about such a cease fire.

The Secretary: For example, when the French ask the local "leaders" to demonstrate their authority in some way, they would suggest that authority be shown by 24 hours during which time no one is killed. Instead the local "leaders" will kill twice as many people during the 24 hours to prove their authority.

Ambassador Bruce, Germany: I don't like to plunge you into the morass of Germany again. Russian experts here believe that the Soviet Government will not seriously consider reunification of Germany until after some sort of negotiations between Eastern Germany and the Federal Republic. Are there any conceivable circumstances under which we could recognize the Government of East Germany without the consent of West Germany?

The Secretary: I can see no circumstances which would lead us to recognize East Germany, unless that was desired by the Federal Republic, and it would take a great deal of persuading on the part of the Federal Republic. We don't recognize the People's Republics of Vietnam and Korea, and would be extremely reluctant to do so in East Germany. As far as I can now foresee, the future of East Germany is pretty well linked up with the satellite question. Of course, the Soviets might be willing to accept the reunification of Germany if it took place under circumstances which would give Communist elements in East Germany a good chance eventually to take over the whole of Germany. I do not think they will accept any reunification which did not have that as a considerable prospect. Furthermore, I do not think they would accept reunification until they arrive at the conclusion that their entire satellite policy is wrong—that they are willing to be surrounded by countries which have a considerable measure of independence and operate on a friendly basis, such as Finland. The impact of any degree of sovereignty in East Germany would multiply problems in other satellites, particularly Poland.

Therefore, I think East Germany is really a part of the entire satellite problem, assuming, of course, that the West Germans are not willing to take reunification on terms whereby the Communists could take over the whole business. The situation in Laos where you also have two provinces, which it was promised would be restored to the Government of Laos and to those controlling the provisions of

the armistice agreement.<sup>48</sup> But, in fact, the Communists are not allowing this to happen, unless they can set up conditions which could give them an important place in the central government where they could take it over, such as the Ministry of the Interior, etc. The Government of Laos is not as strong and vigorous as the Federal Republic and is tending to base reunification on those terms. So far they have refused to do so. The situation in Laos is very similar to the political situation in Germany.

Ambassador Whitney: One thing we hear often in England today is that, no matter what happens with respect to the Suez Canal and the regime, the story will really be told when the first Israeli ship does not go through the canal. If it does not go through, could you discuss with us what our possible action would be at that time?

The Secretary: I think it can be assumed with a high degree of probability that no Israeli ship will go through for the time being.

Ambassador Whitney: Will one try to?

The Secretary: It will try to. I have suggested to them that they not push that issue quickly because we did not want it to arise during the crisis in Jordan. I think that within the next few weeks an Israeli flag ship will try to get through the canal. I don't think it will get through the canal, and that will raise a very serious problem. The procedure which would be appropriate would be to try to take the matter to the World Court. But, the procedures for getting it to the World Court are not at all clear. The UN Security Council or the General Assembly could request an advisory opinion from the World Court; but the question would be vetoed by the Soviet Union in the Security Council, and it would be difficult to get a two-thirds vote. I do not think that Egypt will consent to its going there as a contested case. I am not entirely sure that Israel is very keen about its going there. Israel is more concerned about transiting the Straits of Tiran than they are the Canal. Egypt would probably base their refusal on the provisions of the 1888 Treaty, Article 10, which says that the provision in the preceding articles which give the right of transit to all countries would be without prejudice to the right of Egypt to maintain public order. The Egyptian case would be that in the interest of maintaining public order, you cannot have an Israeli ship going through the Canal at the present time, since emotions of the people would run so high on the banks of the Canal that the situation would be entirely uncontrollable. That is a very plausible argument. They do not have to face up to the question of the principle of whether Israel has the right to go through; they can say that in the

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<sup>48</sup>Reference is to provisions of the Geneva Agreement on Laos of July 1954; for documentation on the agreement, see *Foreign Relations, 1952-1954*, volume xvi, pp. 397 ff.

interests of maintaining public order, they are delaying or suspending the right of a particular ship to go through. That sounds very plausible.

I am not sure that the Israelis would want to take such a case to the World Court because it is not clear what the decision might be. It would depend upon how strong a factual case the Egyptians can develop. I think that we are likely to be confronted for the time being with the likelihood that Israeli ships will not go through the Canal.

The question of passage of Israeli cargoes through the Canal is a little different since it is more difficult to prevent passage. I would have said a few days ago that the Egyptians would have let them go through. In view of the Jordan developments, I am not so sure they would. We should remember that the Israelis attach far more importance to access through the Tiran Straits and the Gulf of Aqaba than through the Suez Canal. In the Ben Gurion notes to Eisenhower<sup>49</sup> in connection with the Israeli withdrawal from the Gaza Strip, Ben Gurion specified two points on which the Israeli wanted some sort of satisfaction: one was the right to go through the Straits of Tiran and the other related to the Gaza Strip. He did not mention the rights of Israeli to go through the Suez Canal. That was a rather conspicuous omission.

(The Secretary departed at 3:50 p.m.)

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<sup>49</sup>David Ben Gurion, Israeli Prime Minister.

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## 250. Editorial Note

Secretary of State Dulles left Paris on May 6, 1957. The Ambassadors continued their discussions until May 8, but no record of their meetings has been found in Department of State files.

**251. Western European Chiefs of Mission Conference, Paris, May 6-8, 1957: Summary Conclusions and Recommendations<sup>1</sup>**

[Paris, May 8, 1957.]

*I. NATO: Military and Political Aspects.*

A. National Attitudes Toward NATO Strategy and Defense Requirements; and

B. Non-military Aspects of NATO, Including Particularly Development of Political Consultation.

1. NATO is and remains under present circumstances the indispensable basis of U.S. policy in Western Europe. In spite of the difficulties that NATO has experienced, faith in NATO remains high on the part of the Western European member countries, who feel that collective defense is the only possible defense.

2. It is felt that from the political point of view, NATO strategy is well adapted to the requirements of the situation. It places primary emphasis upon deterring aggression. It is vital that one of the fundamental political bases of the Alliance—that in event of aggression the territory of all the members will be defended—be maintained. An adequate shield of ground, air and sea forces, including an American contribution, with flexible capability, is necessary. Anything less than an adequate shield would have grave effects on NATO unity.

3. The member countries of NATO have a need for the clearest and most convincing exposition possible of the NATO strategic concept and the nature of the forces required to implement this concept, in order to strengthen domestic support for NATO and the military expenditures entailed in meeting NATO goals. Considerable confusion has arisen from recent discussion of nuclear defense versus conventional defense needs. The studies on those subjects that SACEUR has put in hand at the request of the North Atlantic Council should be extremely helpful.

4. A German contribution to NATO remains vital. In this connection, it was noted that the neutralization of Germany in connection with reunification, or otherwise, might be fatal to the Alliance, not only because NATO could not produce sufficient shield forces without a German contribution but also because German territory is itself essential to the conduct of NATO strategy. Having in mind the bearing which the forthcoming election<sup>2</sup> will have on the future atti-

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<sup>1</sup>Source: Department of State, Central Files, 120.1451/5-857. Secret. Transmitted to the Department of State in an unnumbered despatch from Paris, May 8.

<sup>2</sup>A general election took place in the Federal Republic of Germany on September 15.

tude of Germany towards NATO, it is important that Western European countries exercise extreme care in their pronouncements affecting Germany.

5. The steady increase in political consultation in the North Atlantic Council was welcomed as a major contribution to cohesion in the Alliance and, in particular, as an important means of gaining understanding of and support for U.S. policies. Increased consultation can be used as a means of giving support to friendly governments. It was recognized that further efforts are required to develop procedures whereby member countries can increase the scope, depth and timeliness of political consultation in NATO.

*IIA. National Attitudes Toward United States Foreign Policy With Regard to East-West Relations.*

1. Reactions of the Western European countries represented at the Conference to United States policies with regard to East-West relations fall, in general, under three broad headings: (1) reaction to overall United States attitudes, (2) reaction to cultural and other exchanges and (3) reactions to East-West trade problems.

2. It was the consensus of the meeting that there is fundamental support and sympathy for overall United States attitudes in regard to the Soviet threat to the extent that it is generally believed that they will be effective in opposing the expansion of Soviet Communism. This feeling has been generally sharpened and focused by the recent events in Hungary which once more put into perspective the true nature of Soviet Communism.

3. Events in Hungary also dampened previous enthusiasms for cultural and other exchanges, although there remains cautious interest in the subject of cultural exchanges, particularly with the satellites, in certain of the countries of Western Europe. It was the sense of the Conference that the countries of Western Europe should be encouraged to be selective in their cultural exchanges with the satellites. Less showy exchanges are more advantageous to the West, and particularly student exchanges provided that the students are carefully selected.

4. There is, however, an almost universal lack of sympathy in Western Europe for United States policies regarding East-West trade controls with a correspondingly widespread interest in the possibilities of trade with the Eastern European bloc and with Communist China. With the possible exception of Spain, there is an overwhelming desire to suppress the China trade control differential<sup>3</sup> and a

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<sup>3</sup>Reference is to the difference between trade controls as applied to the People's Republic of China and as applied to the Soviet Union and its Eastern European satellites.

feeling that United States policies in this regard tend to continue to be too rigid. Interest in increased trade with China does not yet, however, go so far at the present time as to dispose the countries of Western Europe to pay the political price for this supposed benefit currently being demanded by the Chinese Communists.

*IIB. National Attitudes Toward United States Foreign Policy With Regard to the Immediate Interests of the Country Concerned.*

1. It was evident from the discussions among the Chiefs of Mission present at the Conference that the fundamental bases of the Western Alliance and of the Western community of interest remain firm and sound. Where it is evident that United States policies serve to further the welfare and interests of the Western community as a whole, there is, generally speaking, support and sympathy for those policies. This is particularly true in the case of the smaller countries, such as the Netherlands, who, however, do not hesitate to criticize sharply the manner in which those policies are carried out should they feel inclined to do so. United States policies are inevitably viewed from the perspective of the particular national interests of each country and the reactions of these countries are conditioned to a large extent by their own vital concerns. Austria, for example, while basically in sympathy with United States objectives, is affected by its exposed and vulnerable position and its status of neutrality and thus from time to time is inhibited from espousing openly United States courses of action which might be embarrassing to it. The reactions of Germany, as another example, are conditioned among other things by the great desire for German reunification.

2. Although the bases of the Western community of interest remain sound, there are points of friction where United States policies have been in conflict with what are regarded to be the vital national interests of individual countries. The policy of the United States in regard to the Suez crisis has left deep and sensitive scars in France and in the United Kingdom. There is widespread dissatisfaction in Western Europe with what is regarded as United States relative inaction in the Hungarian crisis, although no very specific alternatives were suggested by the critics. A certain resentment was reported as existing in a number of countries that the United States treats its friends worse than it treats its enemies. There is some criticism of United States policies in varying degrees in every country of Western Europe depending upon the impact of those policies on specific national interests. Some representatives reported that there was criticism of American foreign economic policy, particularly in con-

nection with resort to the escape clause.<sup>4</sup> There is considerable reservation on the part of a number of Western European countries concerning United States policies insofar as they appear to be based upon a reliance on the United Nations which many believe to be weighted against their interests. Most of these points of friction are not, however, considered to be acute and appear to be susceptible to amelioration with time, understanding, and patience. It was the consensus of the Conference that many points of friction can be avoided or diminished by a concerted and continued effort on the part of the United States to carry out a policy of prior consultation with its allies, wherever possible or of keeping them informed of the grounds for American actions which affect their individual interests.

### *III. National Attitudes Toward Soviet Foreign Policy and Relations With the USSR, Including Estimates of Role of Local Communist Party.*

1. It was the consensus of the meeting that all countries of Western Europe are now displaying a firm attitude towards Soviet foreign policy. In the case of such countries as Spain and the Netherlands, this firmness has been constant, the Spanish regarding their civil war as a war against the Reds, and the Dutch having been concerned over what they considered to be past British and French softness and fear of possible American softness towards the Soviet Union. Everywhere, firmness has been increased by the impact of the Hungarian revolution. Soviet penetration of the Middle East induced a further stiffening of the British and French attitudes. In Italy, if a Gronchi-dominated government is formed, there may be some relaxation in its strong pro-Western orientation. Neutral Switzerland interprets its neutrality in a manner permitting flourishing relations with West Germany, but no relations with East Germany. Swiss neutrality, which bears no resemblance to neutralism, is combined with a sense of identity with the West.

2. On the question of cultural exchanges with the East, it was pointed out that while the Austrian government was split on the issue of exchanges with the Soviet Union, it favored exchanges with the satellites, particularly with Poland and Yugoslavia. Embassy Vienna is inclined to favor these exchanges with the satellites since the Austrians know the countries and would be unlikely to be impressed by what they saw, as they might be in the Soviet Union. Moreover, it is believed there is a role Austria could play. The French, who cut off cultural exchanges after the Hungarian Revolu-

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<sup>4</sup>Section 6 of the Trade Agreements Extension Act of 1951, popularly known as the "escape clause", provided that whenever an imported product threatened to cause serious injury to domestic manufacturers, all tariff concessions on that product would be withdrawn. For text, see 65 Stat. 74.

tion, are resuming them, but on a restricted and controlled basis. They also are interested primarily in encouraging such relations with the satellites, where they feel the historical role of French culture gives them a special advantage. The Dutch, on the other hand, have had very few cultural exchanges, and the Swiss have cut down sharply, largely because individual organizations that are invited to the Soviet Union have simply refused the invitations. It was pointed that the Secretary had indicated that the Department's policy is to resume a modest program of exchanges with the Soviet Union, but to concentrate largely on the satellites. It is understood, however, that other countries, such as Austria, may be in a different situation. Embassy Moscow warned that the type of exchange favored by the Soviets, spectacular mass exchanges, are of greater advantage to the Soviet Union than to us, since they tend to make people think there is an identity of views between the U.S. and the USSR. On the other hand, smaller, less spectacular exchanges are of benefit to both countries.

3. The Communist parties of Austria, Belgium, Germany, Luxembourg, the Netherlands, Portugal and Switzerland were described as small and with virtually no influence. The British Communist Party, while small in itself, has probably infiltrated through trade unions into industry to a greater extent than is generally admitted but the British tend to believe they can control the situation in their own way, without sacrificing civil liberties. While there is limited clandestine Communist activity in Spain, it is probably of little significance, and in general anarchism fits the Spanish temperament better. Italy has the largest Communist Party outside the Iron Curtain. There seems to have been a recent reduction in party strength, however, and there has been a definite weakening of Communist control over the labor movement. The Party remains Stalinist, but less so than the French Party. The French Communist Party is one of the largest and most powerful CPs. It has been in gradual decline since the war, but remains important. Hungary represented a serious blow to it, but affected the Party's fringes more than its central core. It has lost many of the leftist intellectuals who gave it its aura of respectability, but its apparatus has not been affected. It remains thoroughly Stalinist and most loyal to the Soviet Union. Its working class support has been shaken by the Hungarian Revolution, but we can probably expect the Party to recoup by concentration on day-to-day economic issues which affect the French worker much more directly than do events in Hungary.

#### *IV. Prospects for European Unity and Cooperation.*

1. The concept of European integration is the most constructive idea to be developed in European political philosophy in the 20th



Century and perhaps during an even longer period of time. It is in the U.S. interest not only that the two current projects, the Common Market and Euratom, be carried through, but—of far greater importance—that the momentum be maintained until a political and economic community has been developed in Europe which will enable that area to play the important role in world affairs for which it is so well equipped by its talents and resources. The attainment of this goal depends in large measures upon the British outlook. Without the United Kingdom as an active associate, there might be a reappearance of political rivalries among the major Continental participants—particularly between France and Germany—that have proved so disruptive in past European history.

2. The political consensus within the Community of Six is that the Common Market and Euratom treaties will be ratified by all the signatories. The ratification process will get under way in all countries before the various national Parliaments recess for their summer vacations, and a number of observers predict that in some countries full approval will be obtained by July. However, it appears likely that the ratification process will not be completed in all countries until some time in the autumn.

3. In discussing the ratification time table with responsible government officials in the six countries, U.S. representatives should informally urge as appropriate the desirability of early action. Formal negotiations on the terms of the contemplated U.S. association with Euratom cannot begin until the Euratom Treaty has been put into effect.

4. The continued progress of the Six towards integration will constitute an important pole of attraction for other European countries. Denmark has already felt these influences, because of its dependence on CSC steel and its competition with the Netherlands in the field of agriculture. Austria and Switzerland are faced with a special problem in this respect because of their neutral status. The Swiss are confident of their ability to work out arrangements with the European Community on a practical basis, similar in character to their arrangements with the ECSC.

5. At the present time the policy of the United Kingdom towards European unity and cooperation is in a state of flux. One part of the U.K. Government, including Macmillan and Thorneycroft,<sup>5</sup> appear genuinely interested in European integration and hope to work out British association with this movement through the Free Trade Area. Other parts, including the Foreign Office and the Treasury Officials, are not as clearly enthusiastic about such an association.

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<sup>5</sup>Peter Thorneycroft, British Chancellor of the Exchequer.

6. The Grand Design seems to be a project launched by the Foreign Office in an effort to redress British prestige in Europe. It was not well thought out, and by proposing an amalgamation of several parliamentary bodies of diverse powers and purposes, is open to serious questions.

*V. The Colonial Question and the United Nations.*

1. The colonial question is a particularly important one. The colonial areas and former colonial areas of Africa and Asia have become a major battle-ground of the cold war. The economy of Europe is heavily dependent on commercial ties with the colonies and former colonies, and colonial problems frequently complicate the relations of the United States with its friends and allies in Western Europe.

2. Major considerations which influence U.S. policy on colonial issues are: a) public opinion in the United States; b) the conclusion or judgment by the U.S. Government that the anti-colonial tide is irresistible; c) concern for the interests and sensitivities of our allies; and d) concern for the strength, well-being and long-range political orientation of the emerging, newly independent states. The recent rapid acceleration in the pace, timing, and schedule of movement toward independence, combined with the tendency to extremism on the part of the new states, has reached a point which we consider sometimes to be dangerous to the interests of our allies and to the future of the emerging states themselves.

3. From the point of view of many of the countries of Western Europe, there was reported to be a widespread feeling that the United States tends to be too moralistic in its attitude toward colonial problems and toward the United Nations. There is anxiety and concern that the United States is inclined to be precipitous in supporting the aspirations for independence of newly emerging states before they are in a position to fulfill all their obligations, that we push too hard and expect too much of the emerging states, and that we are over-ready to accept as full and equal members of the United Nations states which have not yet demonstrated beyond all reasonable doubt their ability to govern themselves and to discharge their international responsibilities.

4. In this connection, it was pointed out that several of the Western European colonial powers, such as Belgium and France, as well as the United Kingdom, are making heartening progress in preparing their African territories for eventual self-government and independence. A delicate problem lay in the task of encouraging these powers to stay ahead of the tide of nationalism without appearing in their eyes to be advocating the premature granting of independence to areas not yet ready for it.

5. The recent admission to the United Nations of many newly emerged states as full and equal members has caused disquiet and alarm among many of the nations of Western Europe. This alarm has been intensified by what has appeared to them to be a tendency on the part of the United States, especially in recent months, to subordinate its independence of action in foreign policy to a world organization which we no longer control. To some of the countries of Western Europe, the U.S. has appeared to be abdicating the making of foreign policy to the UN when we have no firm policy of our own to cover the situation. They are fearful that we may be in the process of losing our freedom of action to an organization which no longer represents Western civilization and in which, in the absence of a system of weighted voting, small and inexperienced nations may decide grave issues the consequences of which they themselves do not have to bear.

6. It was the feeling of the Conference that the United States should faithfully maintain its support of the United Nations. We and other countries should continue to use the United Nations for the settlement of disputes where such a procedure would serve a useful purpose. This reliance on the United Nations should not be exclusive; however, an emphasis should be placed on the possibilities of the use of regional organizations for the settlement of disputes wherever appropriate, a procedure envisaged by the United Nations Charter.

7. In regard to the colonial question, it was the view of the Conference that the United States should not support the creation of independent states until it has become satisfied of their capacity for self-government. Nor should the U.S. support the candidacy for membership in the United Nations of a newly independent state until such a state has demonstrated its ability to fulfill beyond any reasonable doubt the requirements for membership in that organization.

*(Note: Because of lack of time, the Summary Conclusions and Recommendations concerning Agenda Item V, The Colonial Question and the United Nations, were not formally cleared and approved by the Chiefs of Mission Conference.)*

**252. Northern European Chiefs of Mission Conference, London,  
September 19-21, 1957: Summary of Proceedings<sup>1</sup>**

**Participants**

American Embassy, London—

Ambassador John Hay Whitney  
Minister Walworth Barbour

American Embassy, Reykjavik—

Ambassador John J. Muccio  
Joseph Carwell, Counselor

USRO, Paris—

Ambassador George W. Perkins

American Embassy, Helsinki—

Ambassador John D. Hickerson  
Mose L. Harvey, Counselor

American Embassy, Ottawa—

Ambassador Livingston T. Merchant

American Embassy, Dublin—

Ambassador Scott McLeod  
Arthur B. Emmons III, Counselor

American Embassy, Oslo—

Ambassador Frances E. Willis  
G. Hayden Raynor, Counselor

American Embassy, Moscow—

Ambassador Llewellyn E. Thompson

American Embassy, Stockholm—

Ambassador Francis White  
William Cochran, Counselor

American Embassy, Copenhagen—

Ambassador Val Peterson  
Ward Allen, Counselor

Hon. Clarence Randall

Special Assistant to the President

U.S.I.A., Washington—

Mr. William Clark, Assistant Director (Europe)

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<sup>1</sup>Source: Department of State, Central Files, 120.1440/9-2357. Secret. Transmitted as an enclosure to despatch 712 from London, September 23.

Department of State, Washington—

Hon. John Wesley Jones, Deputy Assistant Secretary of State

Mr. William Sanders, Special Assistant to the Under Secretary of State

Hon. W.N. Walmsley, Jr., Deputy Assistant Secretary of State for International Organization Affairs

Department of State, Washington—

Benson E.L. Timmons, Director, Office of Regional Affairs

Marselis C. Parsons, Jr., Director British Commonwealth and Northern European Affairs

### *Welcome*

The Honorable John Hay Whitney, as host Ambassador, opened the Conference with a few words of welcome, and then turned the meeting over to Mr. Jones, as Chairman of the Conference.

### *Opening Remarks*

Mr. Jones, speaking on behalf of the participants in the Conference, expressed high satisfaction with the arrangements which had been made and his deep appreciation to Ambassador Whitney and members of his staff. He said that the Secretary regretted being unable to attend the Conference but had sent the following message:

I regret very much that I am unable to attend your meeting in London. I have found in the past that Conferences of this type are very useful, not only to me personally, but also to the participants and the Department as a whole. I am sure that your consultations will be fruitful and your meeting successful.

John Foster Dulles

Mr. Elbrick, who had taken an active part in the preparations for the Conference, also regretted his inability to be present. Mr. Jones in reviewing the purposes of the Conference said that it was hoped that it would provide an opportunity for the exchange of ideas on significant developments and trends and for the discussion of the problems common to the NATO countries. The Conference would provide an opportunity to consider Soviet policy with respect to the countries to which the Chiefs of Mission attending were accredited. He suggested that while two days had been allotted for the Conference, it would be possible to continue, if necessary, on Saturday morning but that it was hoped the Conference could be completed at least by noon on Saturday.

Mr. Jones proceeded to outline current United States policies with respect to the Northern European countries, the Soviet Union and the Middle East. He said that the special relationship with the

United Kingdom and France growing out of World War II had been based on the assumption that the foreign policy objectives of the three countries were parallel. Within the framework of this tripartite relationship an even closer tie had been developed with the United Kingdom. The United States-United Kingdom relationship is at the core of the NATO alliance and is an important element in SEATO and the Baghdad Pact. Indicative of the attitude of the United States toward this special relationship is the fact that there is no NSC policy paper on the United Kingdom.

The Suez Affair caused the United States to review its relationship with United Kingdom and with France and as a consequence tripartite consultation was quietly abandoned and replaced by bilateral consultation within the NATO framework.

The United States has the following objectives with respect to the United Kingdom:

1. To encourage the United Kingdom to maintain a substantial military effort.
2. The United States would expect prompt assistance from the United Kingdom in the event of war with the Soviet Union.
3. We expect continued support from the United Kingdom in our dealings with the Soviet Union and the Communist bloc.
4. We expect British support on such questions as Disarmament, Europe security and German reunification.
5. We would like to see British support for European integration and some association with the organizations developing on the continent in the field of integration.
6. We support the maintenance of the British position in the Persian Gulf, but we would hope that they would refrain from the use of force.
7. We seek continued British support for the UN Moratorium on the question of Chinese representation.
8. In the event of a resumption of Communist aggression in Korea or elsewhere in the Far East, we would hope for British support.
9. The United States continues to support the Commonwealth and the United Kingdom position within it.

With respect to Scandinavia we support the preservation of the independence of the Scandinavian countries and we seek to encourage the development of their will and capacity to resist Communist aggression. . . . The United States needs defense facilities in Greenland and this need is increasing. We will avoid any steps threatening the balance in the relationship between Finland and the Soviet Union while at the same time endeavoring to strengthen the ability of Finland to maintain its independence. We wish to keep United States forces in Iceland and to retain the availability of our bases there. Our objective is to encourage Iceland to remain an active NATO partner

and reduce Soviet economic and political influence within the country.

We wish to take advantage of Irish antipathy toward Communism and would welcome Ireland as a member of NATO if the partition question were settled. Our objective is to ensure the collaboration of Ireland in any future conflict, including the use of its territory for military purposes. With respect to Canada we seek to maintain the most intimate relationship possible and the continuation by Canada of its active role in North American defense and in NATO.

There are two aspects of our policy concerning the Soviet Union:

1. The maintenance of the strength and independence of the Free World and

2. A reduction of the influence of Communist parties in the non-Communist world.

We wish, through our regional alliances, through controlled disarmament, and through the exploitation of contradictions in the Soviet Union and in the Satellites, to reduce and eliminate the Soviet potential for aggression.

Mr. Jones listed a number of recent developments which, in the opinion of the Department, indicated a conscious effort on the part of the Soviet Union to intensify the Cold War. Among these developments he mentioned the rejection by Ambassador Zorin of the Western Disarmament proposals,<sup>2</sup> the Soviet ICBM announcement,<sup>3</sup> Syria, the recent Soviet note to Western Germany,<sup>4</sup> and the unusually offensive notes to the United States, United Kingdom and France on the Middle East.<sup>5</sup> In addition he mentioned the threat to Turkey,<sup>6</sup> Soviet Naval activity in the Mediterranean and the Arctic as well as Gromyko's press statement of last week.<sup>7</sup> Mr. Jones said that the Department viewed the present situation as the most dangerous we

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<sup>2</sup>For text of the Soviet statement, read by Valerian Aleksandrovich Zorin, Soviet Representative on the U.N. Subcommittee of the Disarmament Commission, August 27, 1957, see *Documents on Disarmament, 1945-1959*, vol. I (Washington, 1960), pp. 849-868.

<sup>3</sup>For text of the communiqué issued by the Soviet News Agency TASS, August 26, 1957, announcing the successful testing by the Soviet Union of an intercontinental ballistic missile, see *American Foreign Policy: Current Documents, 1957*, p. 1311.

<sup>4</sup>See footnote 28, *supra*.

<sup>5</sup>Reference is to the Notes from the Soviet Foreign Ministry to the United States, British, and French Embassies at Moscow, April 19, 1957, proposing a Four-Power statement condemning the use of force to settle disputes in the Middle East; for text, see *United States Policy in the Middle East, September 1956-June 1957: Documents*, pp. 81-85.

<sup>6</sup>Excerpts from a letter from Bulganin to the Turkish Prime Minister, September 11, 1957, warning Turkey not to attack Syria, are printed in *American Foreign Policy: Current Documents, 1957*, pp. 1041-1043.

<sup>7</sup>For text of the statement on the situation in Syria by Andrey Gromyko, Soviet Foreign Minister, September 10, 1957, see *ibid.*, pp. 1038-1039.

have faced since Korea. The Department was particularly concerned because of the emotional and impetuous character of Khrushchev.

Finally Mr. Jones reviewed developments in the Middle East crisis and reported on U.S. policy decisions and actions flowing therefrom.

### *NATO*

Ambassador Perkins in a review of the situation in NATO said that the alliance had survived quite well the shocks of the past year. He mentioned in this connection Suez, the German desire to reduce military service and place increased reliance on regular and voluntary forces and the British White Paper.<sup>8</sup> Mr. Perkins said that the prospects of solution of the Cyprus question appeared better than in the past and there were indications that the debate in the United Nations this year would be on a more reasonable plane. General Norstad on September 18 had made a preliminary presentation to the NATO Chiefs of Staff at SHAPE on the implications of the British troop reductions on the continent and the initial reception of the report had been satisfactory. There appeared some hope of working out adjustments in the original British plans which would be satisfactory to the other Allies. Ambassador Perkins said that any acceleration of the German defense program had been impossible before the German elections but that he had been encouraged by Chancellor Adenauer's post-election statements.

In the past there had been little political consultation except in the Ministerial meetings in NATO but now an increasing number of problems were being discussed in NATO. He said that it was noteworthy NATO had been able to deal expeditiously with various questions raised during the recent disarmament negotiations.<sup>9</sup>

Mr. Perkins said that for considerable time there had been little in the way of economic consultation in NATO. This situation was now changing and he mentioned consultation in NATO on Iceland's economic difficulties and on the Sudanese cotton problem as examples.

In conclusion, however, Mr. Perkins expressed the opinion that the recent United States decision to further reduce its military forces by 100,000 men would cause difficulties in NATO. He said that he was fearful that this United States decision would cause repercussions in Germany endangering the chances of persuading the Germans to accelerate their effort. He was also concerned at the possible

<sup>8</sup>A copy of the Defence White Paper "Outline of Future Policy" (Cmd. 124), April 4, 1957, is in Department of State, Central Files, 741.5/4-557.

<sup>9</sup>The Subcommittee of the U.N. Disarmament Commission met in London, March 18-September 6, 1957.



difficulties which the United States announcement could cause in the current negotiations with the British on the subject of reduction of their forces on the continent. Mr. Perkins said that there had been no reaction yesterday when he explained to the NATO representatives the United States decision.<sup>10</sup>

### USSR

Ambassador Thompson<sup>11</sup> said that there are a number of things we do not know about the June plenum in Moscow which resulted in the demotion of Molotov and Company.<sup>12</sup> We do not know who started the crisis involving the changes in the top leadership nor do we know just what role Zhukov played. It seemed to him, however, that the American press had considerably exaggerated Zhukov's role and there is some evidence to support this view. He believed that the reports that Bulganin will replace Voroshilov, who will retire, might be true but it is questionable if this is likely to take place before upcoming anniversary celebrations. Khrushchev, however, has certainly emerged as "much more equal" than the others. He operates through the Party and it is noteworthy that 7 of the 8 Party Secretaries are full members of the Praesidium and the 8th a candidate member.

Khrushchev must watch his step. It could be argued that he has largely adopted his opponents' program on foreign relations as indicated by the various developments in foreign affairs since June. Khrushchev's main interest is in internal politics, particularly the decentralization of industry and the new lands program and on those he is going ahead. He has also packed the Praesidium and Central Committee with his own men and may endeavor to carry this further.

Khrushchev is probably not now in a position to overrule the army on any question that directly affects its interests. He has greatly reduced the power of the police with a corresponding increase in the influence of the army. If any of his policies were to have a dramatic failure he might be eliminated but it is too soon to tell just how he is going to operate.

In his three speeches to the intellectuals he turned the clock back and reasserted the role of the Party and it is hard to see how any creative writer can operate in Russia today.

<sup>10</sup>The text of Ambassador Perkins' remarks at the North Atlantic Council meeting on September 18, 1957, is in Polto 612 from Paris, September 17. (Department of State, Central Files, 740.5/9-1757)

<sup>11</sup>The Ambassador's remarks were extracted and sent by Jones (EUR) to Secretary Dulles and Under Secretary Herter in memoranda of October 14. (*Ibid.*, 120.1440/10-1457) Herter initialed his memorandum; the handwritten note "Sec saw" appears on the Secretary's memorandum.

<sup>12</sup>Reference is to the results of the meeting of the Presidium of the Supreme Soviet of the Soviet Union on June 18, 1957.

In general the changes in leadership have not had a good reception and contemptuous opinions of Khrushchev are often expressed, sometimes coupled with favorable remarks about Malenkov. People are concerned about current uncertainties and the danger of guessing wrong about which way the cat will jump. Khrushchev seems to have appealed to the provinces against the interests opposing him in Moscow, particularly to party officials and factory managers outside Moscow. Ambassador Thompson thought that in the long run Soviet internal policies are the most important both to them and to us and that decentralization carries some element of democracy and could if carried through have a great influence on Soviet foreign policy. From their point of view it is much needed and probably wise if it can be carried out properly. However, Khrushchev's reliance on the Party which is to a considerable extent a prisoner of ideology is necessarily disturbing.

Ambassador Thompson thought that the Department's views as outlined by Mr. Jones exaggerate the dangers. Khrushchev has very sensitive antennae and is aware of many of the difficulties of Marxism as indicated by his statement that it goes better with butter. It would be to our advantage if he takes greater account of what the people want. While he is impetuous, he cannot operate alone and if he fails it will be most serious for him. The results of decentralization are being closely watched and the desperate effort to overcome the failure of collective agriculture and the gamble of the new lands program are still uncertain. Production of new lands falls off rapidly after the first year and the big harvest of last year will not be repeated this year. Moreover the Soviet Union is going into a period of reduced labor forces. The law against the parasites is an illustration of this and incidentally strikes at the dissident university groups which have gone the furthest in questioning the Soviet system as indicated at the recent Youth Festival.<sup>13</sup>

Ambassador Thompson listed the following elements as weaknesses in the Soviet system:

1. The shock of de-Stalinization.
2. Effects of the fight in the June Praesidium.
3. The near revolt of the intellectuals and youth groups.
4. The problem of agricultural production.
5. The drop in manpower.
6. The doctrine of separate roads to socialism, Mao's "1000 flowers"<sup>14</sup> and Tito's continued success.

<sup>13</sup>The World Youth Festival, sponsored by the Young Communist League, was held in Moscow in August 1957.

<sup>14</sup>Reference is to a speech by Mao Tse-tung, Chairman of the People's Republic of China, delivered on February 27, 1957, in which he advocated tolerance of diverse views.

7. The problems of Poland and East Germany.
8. The sterility of Communist ideology.

So far as could be judged from Moscow the crisis in the Syrian situation appeared to have been brought on more by the Syrians than the Soviets. He believes that over the long range, Khrushchev really wants and is almost forced to a détente in relations with the West. He must find incentives to make up for the manpower drop which requires releasing both resources and personnel. There are therefore many restraints against Khrushchev acting even as a sane dictator, much less as a Stalin. The army would not allow him to build up the police unless the position of the regime was at stake. Ambassador Thompson is optimistic in the long range about Soviet seriousness in the disarmament situation.

With respect to the students who went to China<sup>15</sup> he thought that the Chinese had been much cleverer than the Soviets. Moreover the very fact that the Festival was so highly organized by the Soviets had aroused contrary reactions among the students. He thought that our disarmament proposals were too loaded against the Soviets from their point of view to give them a chance to be accepted but he believed that the Soviets would be ready to talk later. He thought that the Soviets had less fear than we have of small countries getting atomic weapons (except West Germany) since they can control their allies better than we.

In conclusion he said that their main current objectives are to weaken the ring around them and to devote their resources to building up their standard of living.

A ten-minute coffee break then took place.

Mr. Jones then asked Ambassador Whitney for a statement on the current political situation in Great Britain.

#### *United Kingdom*

Ambassador Whitney said that as a result of the Suez experience, Britain's position in the world and her relations with the U.S. have been the subject of much discussion. The British are disposed to be more realistic than before about their weakened world position and to cut their coat to fit a relatively smaller piece of cloth, e.g., the new defense policy and the withdrawal of forces from the Continent. At the same time they have a more favorable attitude toward the Continent and European integration, e.g., the Free Trade Area proposal. The Macmillan Government has also shown a keen desire to re-establish Anglo-American relations, with good progress to be noted, particularly in the Middle East, despite considerable anti-

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<sup>15</sup>Reference is to the American students who attended the World Youth Festival.

Americanism in this country. But the British are sensitive on the subject of consultation and from time to time go out of their way to assert their independence, e.g., China trade controls.

In spite of her reduced power Britain is still an important ally, sharing our democratic principles, and still exercises considerable world influence. The Macmillan Government has been firmer in dealing with the Soviet bloc than Eden. The British have been disappointed with their experiences in the U.N. and are anxious to restore the role of the Security Council with its built-in veto to protect the great powers.

Britain is having difficulty providing development capital needed for the Commonwealth, which is increasingly becoming an association of under-developed, dark-skinned, new nations. British appreciation of the importance of this relationship is highlighted by Macmillan's decision to visit five Commonwealth countries next January, the first time a British head of government has ever done so while in office.

The internal situation is comparatively simple and stable. The Government's present majority should enable it to prevent a General Election until 1959 or 1960. While Macmillan has gone far to reunite the Tory Party, he has still not sold himself to the general public and if new elections were held tomorrow the Labor Party would have a larger majority than the Conservatives now have. A Labor Government would present the U.S. with certain problems although many who know Bevan<sup>16</sup> best maintain that as Foreign Secretary he would be much more reasonable than he has been in opposition. The Labor Party is far from united, particularly on such issues as nationalization, the H-bomb and the Soviet bloc.

Economic considerations have a decisive effect on British policy and problems both internal and external. Britain must "export or die" and this adds considerably to their determination to release manpower from the armed forces for productive work. The need to economize has become a continually more dominant consideration. Thus when the new defense policy has been carried out their overall strategic reserve will be smaller than the troops now in Cyprus. The problem of inflation is also a growing concern and the Government has so far been unable to control or halt it. This issue may well determine the results of the next General Election.

In sum, while Britain is beset by grave economic problems her internal situation is stable. Her foreign policy has been shaken by Suez and her relations with the U.S. are not what they were before, but Britain is moving toward more realistic policies which although

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<sup>16</sup>Aneurin Bevan, British Labour M.P.; Minister of Health, 1945-1951.

they confront us with certain problems may result ultimately in a more effective ally.

### *Canada*

After brief discussion, Mr. Jones asked Ambassador Merchant for a statement on the current situation in Canada. Ambassador Merchant pointed out that Canada constitutes our most important market with about 25 per cent of both imports and exports and that we are in this respect even more important to Canada, having about two-thirds of their imports and exports. Our trade with Canada exceeds that with Western Europe and also that with Latin America. In the post-war diplomacy Canada occupied a unique position as a member of the Commonwealth and a neighbor without a colonial past or geographical pretensions whose influence has been exercised mostly in support of U.S. objectives. Her territory and resources are essential to our military defense.

We have major and growing problems with Canada stemming in large part from our economic relations and partly from the recent change in Government.<sup>17</sup> The Conservatives are more nationalistic than the Liberals and more pro-Canadian which can merge into anti-Americanism. They are more protectionist and will try to direct more of the trade and commercial relations, if possible, to the United Kingdom. The diversion of 15 per cent of their trade with us to United Kingdom as mentioned by Diefenbaker, would however, more than double their trade with Great Britain and is hardly a realistic objective. They will, however, try hard to reduce their dependence on us. They will give us less support in the U.N. and will be less articulate and influential. The Conservatives by no means shared the Liberals' attitude about Suez. While their Cabinet is totally inexperienced in Government, there is a strong civil service and with six to eight months more experience the new individuals in the Government should be on top of their respective jobs and then may well realize the difficulty of their many problems and that the range of choices for solution is limited. If they can avoid committing themselves too far by published statements in the meantime, they may be more responsible people with whom to deal.

Our principal economic policy which gives them concern is what they call our "give-away policy" on wheat<sup>18</sup> which is illustrated by

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<sup>17</sup>In a general election held on June 10, 1957, the Liberal government lost its majority in Parliament, and resigned on June 17; it was succeeded by a Conservative Cabinet with John Diefenbaker as Prime Minister.

<sup>18</sup>Reference is to the disposal of U.S. agricultural surpluses abroad under the terms of the Agricultural Trade Development and Assistance Act of 1954 (P.L. 480, 68 Stat. 454).

the fact that the hundred million bushel reduction in our wheat surplus in the year ended July 1st was matched by an equal increase in the Canadian wheat surplus. Wheat affects their economy more than ours and this situation has literally hit people where they live since the grain elevators are full and the farmers cannot get paid until the grain is delivered.

The next most important problem is the adverse trade balance with the U.S. (almost 1-1/2 billion dollars last year). The Canadian dollar has gone to its highest premium since 1868 because of the huge influx of capital investment funds from American sources which although it has benefited them locally, causes much disquiet because of a feeling that control of their economy is slipping away from them. They complain that they are not allowed the opportunity to buy stock in the Canadian subsidiaries which are set up by American firms and that too many decisions affecting them are taken by the parent companies in America.

While the Norman case was a transitory factor it was the outlet for universal and sometimes bitter anti-American feeling, although after Norman's suicide there were indications of second thoughts.<sup>19</sup> The case is symptomatic of a latent but basic resentment against the power and wealth of the U.S.

While the new government will probably not abandon its obligations under GATT there is likely to be a gradual yielding to various protectionist pressures and this has already begun. Finally, the boom has begun to taper off. Unemployment has risen, residential and industrial construction are down and interest rates are high.

In the future Canada's participation in international affairs will probably be less imaginative, constructive, active and helpful to the U.S. They will show greater sensitivity toward us. There are indications anti-Americanism will be exploited by the Liberals as well as by the Conservatives. It seems likely that this Government will arrange another election next spring or early summer and may well come back with a majority. Many who opposed the Conservatives at the last election now find them acceptable. We must be prepared to see them in power for at least five years.

Nevertheless they will continue as a sound and reliable ally. Support for NATO is truly non-partisan. In general they tend to see the world through our eyes and they appreciate the geographical realities of their defense situation. They believe in free enterprise and we need have no fear that they will abandon us.

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<sup>19</sup>E. Herbert Norman, Canadian Ambassador in Egypt, committed suicide on April 4, 1957, after the U.S. Senate Internal Security Subcommittee released testimony linking him with Communism.

In subsequent discussion Ambassador Merchant expressed the opinion that the Canadians might undertake a limited PL 480 type of arrangement for the disposal of surplus wheat through the Colombo plan,<sup>20</sup> particularly to Pakistan and India but did not believe they would compete with us for the disposal of surpluses.

He thought the principal reason for the Liberal election defeat was that there was a general sense that the time had come for a change and the Liberals had run a stupid campaign. Moreover, Diefenbaker struck a profitable issue when he criticized the Liberal contempt of Parliament as underlined by the fact that one-half of the Cabinet members has lost their seats.

The luncheon break then took place.

### *Finland*

Ambassador Hickerson stated that the survival of Finland as a free nation is a near miracle. Despite a long history of Russian rule (for more than a hundred years before 1917, Finland was a Russian Grand Duchy), the Finns have retained their national characteristics. Russian cultural influences, including even architectural styles, are notably lacking in Finland.

As a result of its defeat in two wars with the Soviet Union Finland lost 10 per cent of its territory. Rather than live under Soviet rule virtually the entire population of the ceded areas (also approximately 10 per cent of the national total) moved across the new borders into Finland. As a consequence Finland in the post-war period was burdened with the resettlement of these people at the same time that it was faced with reconstruction of war damaged areas and was having to pay heavy reparations to the Soviet Union. Reparation payments were completed in 1952.

There are only 30 to 40,000 hard core communists in the country, but nevertheless the communist controlled SKDL Party polled nearly 20 per cent of the total vote in the last elections. In the immediate post-war years the Finns moved cautiously in dealing with the communists, but in 1948 they ousted the last communist member of the Government.

There are six parties represented in Parliament and none of them has a majority. As a consequence Finland has had a series of coalition governments including usually the two largest parties, the Social Democrats and the Agrarians. Governments are generally weak and this fact, along with the effects of war and the burden of reparations, explains the economic difficulties which Finland has been experiencing. The Finn mark was devaluated by 39% this week in an effort to

<sup>20</sup>Reference is to the plan for Cooperative Economic Development in South and Southeast Asia, established under the aegis of the British Commonwealth in 1950.

ease the country's financial crisis. This action was preceded by a price freeze and the imposition of an export tax. Ambassador Hicker-son said that while Finland has serious economic problems these problems can be solved. The next twelve months, however, will be difficult.

With respect to foreign affairs Ambassador Hickerson said that the biggest influence in Finnish foreign policy is the fact that Finland has a 700-mile frontier with the Soviet Union. He expressed the opinion that the Russians will respect Finnish independence to the extent of refraining from using physical forces. Finland for its part is bound by the non-aggression pact not to permit its territory to be used as a base for an attack on the Soviet Union. Finland, therefore, pursues a policy of neutrality and avoids involvement in disputes between the great powers. Ambassador Hickerson said that the Soviets rather than using force would attempt to seduce the Finns. This effort would take at least two generations and by that time the character of the Soviet Union itself might well have changed. At the present time, the Finns regard the Russian people rather than Communism as the real menace.

Finnish armed forces are severely limited by the peace treaty.<sup>21</sup> For prestige reasons Finland would like to have these limitations lifted. It is probable that it will raise the questions eventually, even though at the moment economic circumstances preclude an expansion of the army.

Ambassador Hickerson said that one of the most serious developments in Finland has been the split in the Social Democratic party, a split that initially involved personalities rather than fundamental principles. It is essential that the Social Democrats get together, but so far there is no evident that the communists have gained voting strength as a result of the split.

Communist propoganda is active and is carried on through a Helsinki newspaper with a circulation of 50,000 and in a half dozen smaller papers in other cities. The Soviets also arrange and largely finance a very extensive exchange of persons.

### *Iceland*

Ambassador Muccio stressed the importance of Iceland from a military strategic point of view to the United States Air Force and to SACLANT. The Soviet Union also recognizes the importance of Iceland to NATO defense and has made a sustained effort to split Iceland from its NATO partners.

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<sup>21</sup>Reference is to the Treaty of Peace with Finland, signed at Paris, February 10, 1947.



Ambassador Muccio said that the United States has three basic objectives with respect to Iceland: 1) to maintain United States forces and facilities in the country, . . . and 3) to reduce Soviet economic and political influences. The Ambassador reviewed developments since the break up of the Independent-Progressive Government in March 1956 leading up to the national elections of June and the request for withdrawal of United States forces. The United States-Icelandic negotiations of last November resulted in the withdrawal of this request. He said that the United States position in Iceland is better today than before the crisis. Four-fifths of the population is on the side of the West and hard core communists have dropped in the last year from 1,000 to approximately 500-600. The communists have also suffered some losses in the labor movement.

Iceland was the first NATO country to admit communists to government. At first we felt that we could not deal with such a Government. This policy was later altered. . . . The communist influence in Iceland is based on their control of the Icelandic Federation of Labor which they took over in 1954. Furthermore they have complete control, and have had for twenty years, of the largest union in Iceland, the non-skilled. During the past years there has been less friction among the three democratic unions which has resulted in an improvement in the position of the democratic trade unionist vis-à-vis the communists.

Ambassador Muccio said that the United States should take a firm but understanding position toward Iceland. It was the Icelandic Government which took the initiative of raising in NATO the question of trade with the Soviet bloc. The Democratic ministers in the government have proved in the past year that they can control the communists in government on security and foreign policy matters.

In the discussion which followed Ambassador Muccio's remarks, Ambassador Perkins said that there was a fair chance of the NATO countries giving assistance to Iceland, particularly if the United States were to do so. He also mentioned the possibility of Germany alone providing the required assistance. Ambassador Muccio said that an assurance that the West would help if the Russians abruptly cut off taking Icelandic fish would be of great value to Iceland.

#### *Norway*

Ambassador Willis stressed the strategic importance of Norway with its numerous protected harbors and its airfields close to the Soviet Union. Furthermore there is a close relationship between the security of North America and Norway since a Soviet air attack by the shortest route would pass over Norwegian territory. Norway thus takes on importance as a part of the early warning system. Finally

Norway, though a small country from the point of view of population, nevertheless has the third largest merchant marine in the world.

Ambassador Willis said that it is important to remember that Norway as an independent country dates only from 1905. As a consequence it retains the strong feeling of nationalism characteristic of young countries. We must be careful in our relations with Norway to respect these sensitivities, remembering that this nationalism stiffens the Norwegians in resisting Soviet pressures. Nationalism was one factor in the Norwegian decision not to permit the establishment of foreign bases or the stationing of foreign armed forces on her territory except in the event Norway was attacked or an attack was imminent. In addition to this factor there is a strong Norwegian pacifist-neutralist tradition. The experiences of World War II dislodged the country from its neutralism and caused Norway to accept membership in NATO. Nevertheless neutralism and pacifism remain latent in the country. Ambassador Willis said that approximately 20% of the membership of the Labor Party is tinged with pacifist views. This explains in part the strong support in Norway for disarmament. There is also real concern about the danger of atomic fall out. It is also worth noting that the Labor movement in Norway was originally strongly leftist and many of the early leaders were communists, but having been disillusioned are staunchly anti-communist. The Norwegian Labor Party is now probably farther to the right than the British Labor Party. It is not doctrinaire and advocates no further nationalization. It believes rather in planned economy and the welfare state.

Norway is bound to the West by strong traditional ties enhanced by its position as a trading nation. Furthermore the emigration of many Norwegians in the past to the United States has strengthened these ties. At the same time the geographic proximity of Norway to the Soviet Union obliges Norway to seek to maintain as good relations as possible with the Soviet Government. The Soviet Union regards Norway as a key country and has employed blandishments and threats in an effort to separate Norway from its NATO partners.

Norwegian foreign policy is based on strong support for the UN and NATO. Most Norwegians recognize the necessity of NATO membership, but they are unenthusiastic about defense expenditures. With a weaker government it might be difficult to maintain the current level of expenditures on defense in competition with the demands of the welfare state. The Defence Committee of Parliament supports the idea that defense should continue to receive a constant share of the increasing GNP, but the full Storting has not indicated its accord. Norway must continue to look to the United States for military assistance if she is to maintain modern armed forces.

Ambassador Willis pointed out that Norway is a small country with a population of only 3 1/2 million and a gross national product of \$4.1 billion. To judge by election results since 1935 Norway prefers a mild form of Socialism to outright Capitalism. In spite of the differences in political philosophies and our relative strength if we exercise wise leadership in the UN and NATO we can continue to expect close cooperation from Norway.

#### *Denmark*

Ambassador Peterson stated that the hard-working and proud Danish people have a high level of culture and education and by their own efforts have made themselves reasonably prosperous. They have learned the uses of patience in their foreign relations. In view of the strong trait of neutralism after the Napoleonic Wars it was an important step for them to join NATO. The five democratic parties are pledged to support NATO in the UN although there is still some neutralism in the radical Liberal party. All but the Communists are pro-Western and sympathetic to the U.S.

Danish defense expenditures will be about the same next year as last but reduction in the future must be anticipated as other countries reduce their expenditures. In spite of the many parties there is an underlying homogeneity in the country which makes the country stable. As a small country without ambition the Danes are relaxed and objective in their world views and could well serve as a sort of conscience for us, being as democratic as we are. The Arkansas situation has caused much discussion in Denmark.<sup>22</sup> A still outstanding issue is our failure to pay the five or six million dollars involved in their claim for ships taken over early in the war. They are also critical of the 50-50 requirement of PL 480<sup>23</sup> (shipping is an entirely private industry). They have also shown a sensitivity on our quota system on cheese imports.

Denmark is a welfare state. It remains very short on housing and there is some unemployment. In order to protect reserves they have recently provided for the limitation of dividends and for forced purchases of bonds. They join in our dislike of Communism but feel that we sometimes reflect an immaturity in our approach to the problem.

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<sup>22</sup>Reference is to the September 1957 crisis in Little Rock, Arkansas, surrounding the desegregation of the Central High School there.

<sup>23</sup>P.L. 480 required that one-half of agricultural surplus sent to a particular country be carried in American bottoms; see footnote 18 above.

*Sweden*

Ambassador White stated that the Swedish people are anti-Russian *qua* Russian, and feel the threat is from Russian imperialism rather than Communist theory. They do not consider themselves neutralist but say that their policy is one of non-alliance. They would have joined a Nordic alliance if the other members had stayed out of NATO. Swedish politics are very stable. They have a coalition government with social democratic leadership. There is a possibility that the forthcoming referendum on pensions<sup>24</sup> may cause a break-up of the coalition if the social democrats win, by a withdrawal of the Agrarian Party. The Swedes do not wish to antagonize the Soviets. Their relations with the Finns are close. One of the reasons that they do not wish for too close ties with the West is their fear that the Soviets might move into Finland and thus put the Soviets on the Swedish border. Their dislike of the Soviets has been increased by the recent spy trials and the Wallenberg case.<sup>25</sup>

They have an excellent air force, high in the percent of combat officers and planes and considerable armament for a nation of their size.

Their economy is sound although the debt has gone up recently.

Their relations with the U.S. are cordial and close and at the presentation of his credentials the King told Ambassador White there were no problems between the two countries and relations could not be better.

Ambassador White then asked Mr. Cochran if he had any supplementary remarks. Mr. Cochran pointed out that the Swedes had been greatly upset by the Hungarian episode. They have taken proportionately more refugees and contributed proportionately more in relief than the U.S. While no return visit<sup>26</sup> by Khrushchev is likely there will be no changes in their policy toward the Soviet Union.

They are now debating whether they should undertake to produce the atomic arms which they are technically able to produce. The costs would be heavy. Their economy is socialistic with emphasis on welfare rather than nationalization, the only exceptions being railroads, telephone and telegraph and some iron ore. They do not welcome foreign investment. There is overemployment and there is

<sup>24</sup>On October 13, 1957, a referendum was held in which the electorate was asked to vote on three different contributory pension plans, each plan having been drawn up by a different party or parties. Ambassador White's prediction as to the results of the referendum was correct.

<sup>25</sup>The Soviet Government informed the Swedish Government on February 7, 1957, that Raoul Wallenberg, a Swedish diplomat who had been missing since the Red Army entered Budapest in January 1945, had died in a Soviet prison in 1947.

<sup>26</sup>The Swedish Prime Minister, Tage Erlander, visited the Soviet Union, March 29-April 3, 1956.

also a difficult housing problem. Sweden's greatest difficulty is that after 30 years of the welfare state there seems to be a lack of incentive to work and save. They are emotional about our treatment of the negro problem and the 50-50 Public Law 480 shipping clause. They also resent our hiring away of some of their technical brains.

Mr. Cochran saw our problem of relations with Sweden as largely a holding operation.

### *Ireland*

Ambassador McLeod pointed out that the economy of Ireland is almost entirely agricultural. There has been some increase in industry and there are some hopes for tourism. Ireland lacks capital and is about to amend its law to reduce the requirement of Irish ownership from 51% to 25%. Their currency is tied to the pound.

Partition is a strong emotional issue which pervades the country. Ambassador McLeod also alluded to Foreign Minister Aiken's ill-timed and ill-conceived maiden speech in the U.N. General Assembly.<sup>27</sup>

He concluded by remarking that the Irish hate socialism but are forced to socialist methods since their lack of capital and absence of savings forces most initiative to be undertaken by the Government.

### *Soviet Attitude Toward the Scandinavian Countries*

Mr. Jones then asked Ambassador Thompson to present the Soviet attitude toward the Scandinavian countries. Ambassador Thompson pointed out that Soviet policies have, in general, remained principally the following:

1. Maintaining the security of the regime.
2. Retaining Soviet control of the Satellites and solidifying the Sino-Soviet bloc.
3. Disrupting the Western Alliance and forcing withdrawal of U.S. forces.
4. Extend Soviet diplomatic and political influence, especially in uncommitted areas.

Ambassador Thompson pointed out that objective 4 is particularly relevant in relation to the U.K., which is a prime target and symbol in its colonialism for Soviet attack.

Objective 3 is particularly relevant with respect to the Scandinavian countries. The Soviets would probably maintain the policy of "carrot and stick" but threats are likely to increase and the Soviets will hammer away at neutralist sentiments.

<sup>27</sup>Reference is to a speech by Frank Aiken, Irish Minister for External Affairs, on September 20, 1957; for text, see U.N. Doc. A/PV.682

They have shown great resentment at the NATO agreement to set up a Baltic command and the "sea of peace" project<sup>28</sup> is a counter to this. Since their determination to maintain the division of Germany has not abated they will in this connection continue to seek the recognition of East Germany and will maintain pressure against the Northern countries to this end. They may also be influenced by military and strategic considerations which are not entirely clear, possibly including fear of missile-carrying subs in the Baltic. So far their threats against the Northern countries would seem to have been a miscalculation.

Mr. Jones then adjourned the meeting until the following morning at 9:30 a.m.

### *USIS*

Mr. Jones opened the meeting on September 20 and called upon Mr. Clark to speak on the agenda item concerning the USIS.

Mr. Clark said that there is a trend in Congress to de-emphasize USIS activities in countries considered friendly toward the United States. The severe budget cut by the last session of Congress is evidence of this fact. Mr. Clark questioned the idea that friendly countries will remain friendly if we do nothing about it. He expressed the strong conviction that the activities now performed by USIS are and will continue to be an integral part of Embassy functions.

In the discussion of the U.S. Information Service programs in the area which followed, it was the consensus that there is a continuing need for adequate information and cultural programs in the so-called friendly countries, which include all of Northern Europe. It was agreed that USIS is an essential and integral part of the official representation of the United States abroad and that these operations have been fully integrated into the respective Embassies. It was agreed that the recent budget cuts affecting the USIS programs in Northern Europe had been serious. Fear was expressed that any further reductions would result in cutbacks beyond the minimum level considered necessary, and would mean that the regular Embassy staffs would be forced to assume certain responsibilities in the press and cultural fields which normally should be discharged by USIS. This would create a further burden on their own staffs and would interfere with essential political reporting.

The meeting considered of particular importance:

1. The continued operation of USIS libraries which are the symbol of American interest in the cultural life of Northern Europe-

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<sup>28</sup>Reference is to the campaign by the German Democratic Republic and Poland for the neutralization of the Baltic.

an countries and reach important elements of the population which cannot be reached otherwise.

2. Urged immediate reconsideration of the decision not to continue presentation subscriptions of the *New York Herald-Tribune* and *New York Times* to leaders in political, cultural and trade union circles. The sudden closing out of this activity denies access of this unofficial window of the U.S. to the very people with whom the Embassies are in closest touch. It was agreed that foreign leaders would not purchase these papers but would read them if they were presented.

3. The maintenance of an adequate and stabilized USIS program.

Ambassador Thompson emphasized the need to increase the number of hours of English-language broadcasting to the USSR, pointing out that these programs would have a major influence on very important target groups. He also outlined the need for informational material for distribution to selected members of the Diplomatic Corps, particularly Asian and Middle East, who are cut off from access to almost all Western materials while in Moscow.

Ambassador McLeod emphasized the need to have at least one cultural or Public Affairs Officer assigned to Dublin to meet the essential needs of his mission.

Ambassador Merchant cited the special circumstances in Canada which make it undesirable to have an information program.

After a discussion of exchanges with the Soviet Union and the Satellites, it was agreed that it would be most helpful to the Chiefs of Mission to have a policy statement from the Department on East-West exchanges, since Foreign Governments were constantly asking about our position in this respect.

There was unanimous agreement on the value of the U.S. Exchange of Persons programs in the various countries. Certain Fulbright programs were drawing to an end and it was recommended that ways and means be explored to continue these essential programs either through appropriated funds or through sales of surplus commodities on which the foreign currencies would be earmarked for exchange financing.

#### *Conference on the Law of the Sea*

At the request of Mr. Jones, Mr. Sanders then gave an outline of the situation with respect to the forthcoming conference on the Law of the Sea in Geneva on February 24, 1958. Mr. Sanders explained that the policy decisions upon which instruction would be based had not yet received final clearance although the U.S. position in most respects has been fairly well established. He went on to say that 89 countries had been invited to the conference which was being held under a U.N. General Assembly resolution which was sponsored by the U.S. and 22 other countries. In addition to certain broad political considerations, our motive in sponsoring the conference was to get

the discussions out of the political forum and before a properly equipped scientific and technical meetings.

The conference will consider a report prepared by the International Law Commission covering the law of the sea in time of peace and containing 73 articles. It will involve not only legal considerations but biological, scientific, technical and political elements.

The principal fields to be covered are the Continental Shelf, International Fishing Rights and the Problems of the High Seas and the Territorial Waters.

As to the Continental Shelf, it will be necessary to define the submarine areas covered by it and to define what constitutes a natural resource of the shelf. For example, we are in conflict with Mexico which claims shrimps as a natural resource while we have maintained that natural resources must be permanently attached to the shelf.

With respect to the High Seas, we may anticipate difficulty with the Soviets on the subject of privacy based on the activities of the Chinese Nationalists' Government blockading Chinese Communist ports. It also involves the question of pollution from radio-active waste and the use of large areas of the High Seas for weapons experiments.

The question of International Fishing Rights is linked to Territorial Waters. A small extremist group, including Chile, Peru and Ecuador which do not possess a continental shelf claim a zone two hundred miles in width. This group bases its claim principally on alleged concern for the conservation of the resources of the sea. On the other hand, Argentina claims the waters above the shelf, which extends five hundred miles to sea. In general the moderate group is moved by economic considerations and demands special or exclusive to stand on the three mile limit without contiguous zones for fisheries. The U.S. supports in general the articles proposed by the ILC on fishing and conservation which give the coastal state certain qualifying rights which enable it to take unilateral action for conservation purposes when there is a failure to agree with other states but then only on basis of scientific and technical evidence and of a prior agreement to arbitrate disputes as to the facts. It is anticipated that the U.S. will submit certain additions to the ILC articles concerning the principle of abstention and the arbitral procedure. While the Commission's proposals represent a concession to the claims of the coastal states, they would be unacceptable to the extremists and do nothing to meet the claims of the moderates based on economic considerations. The principal dangers to the U.S. position would come at the conference from a joining of forces between the extremists and the moderates in terms of a modest extension of the territorial sea with the recognition of broad contiguous zones for fisheries or conservation. The traditional position of the U.S. on this question is being reviewed in the



light of this possibility. However no decision has been reached. It has been suggested that discreet inquiries be undertaken to ascertain the acceptability by enough states to ensure majority support of a formula which would maintain the territorial sea at three miles but recognize six, nine or twelve miles of contiguous zones for fisheries. Should this suggestion be approved the inquiry would be made on a highly selective basis. Every effort would need to be made to avoid giving the impression that the U.S. is contemplating a change in its traditional position.

In the ensuing discussion Mr. Sanders pointed out that our insistence on the three mile limit is based in large part on security considerations. A look at the basic difference between U.S. and U.S.S.R. naval power gave the key to the issues at stake. The U.S. wishes the maximum area of operation for its carrier-based aircraft. An extension of the three mile limit will diminish this area, and at the same time increase the area in which Soviet submarines could operate. It was also pointed out that an extension of the three mile limit would convert certain waters, such as the Aegean Sea, into virtually enclosed lakes. There were a number of such considerations and these would be developed in the instructions to the field now being prepared.

Mr. Sanders pointed out that as a very rough estimate it appeared that only 18 out of 89 countries could be counted on to stand firm on the three mile limit and there was even some variation of attitude among them.

Mr. Barbour pointed out that any extension of the three mile limit would undoubtedly reopen the difficulties with respect to British trawlers fishing in Icelandic waters.

Mr. Sanders expressed the hope that the conference would agree to confine itself to seeking multilateral agreement on basic principles and rules and would exclude the airing of bilateral controversies, including such matters as the Gulf of Aqaba.

Mr. Sanders concluded by pointing out that it is basic to our position that conservation can be achieved only by international cooperation and not by unilateral action. The reasons for our position on this and other issues have a complex scientific and technical basis and it is therefore important to get the full statement of our views with supporting data circulated among the particular countries without delay.

#### *Foreign Economic Policy*

Mr. Randall outlined the organization of the White House and described the responsibilities and functioning of the Committee [Council] on Foreign Economic Policy of which he is chairman. In brief he said that the Council is concerned with problems which cross De-

partmental or Agency lines. The chairman may initiate study of a particular subject or a study may be requested by an individual Department of Agency.

At the moment legislation to replace the expiring Trade Agreements Act<sup>29</sup> is under consideration in the Committee. In this connection Mr. Randall mentioned the strong resurgence of protectionist sentiment in the United States. The rapid industrialization of the South has meant an increase of protectionism in an area which traditionally has supported liberal trade policies. The Administration has not abandoned the effort to obtain ratification of the OTC, notwithstanding the difficulties experienced in the last session of Congress.

In discussing the Mutual Security Act Mr. Randall stressed the importance of approval for the first time by Congress of an aid appropriation which does not have to be committed during the year for which it has been appropriated. The \$300 million Development Fund appropriation for fiscal year 1958 need not be re-appropriated if not committed this fiscal year. The Congress also authorized \$625 million for fiscal years 1959 and 1960. It is difficult to forecast how the Development Fund will be administered and its relation with the IBRD and the Eximbank are still to be worked out. Loans by the Development Fund may be made to countries which are not members of the IBRD. The loans of the Fund will not be subject to the Buy American restrictions which apply to Eximbank loans.

The Mutual Security Act further provides \$200 million for emergencies which gives the aids program additional flexibility. While the Battle Act<sup>30</sup> applies to the \$300 million Development Fund, up to \$200 million other aid funds are free of the Battle Act restrictions. The Administration was unsuccessful in securing a transfer of defense support costs to the defense budget as recommended by the Fairless Committee.<sup>31</sup>

East-West trade is another subject which has engaged the attention of the Committee on Foreign Economic Policy. Present United States policy is based on recognition that on the multilateral side the Chinese differential has disappeared. We will not endeavor to restore the differential multilaterally, but we will attempt on a bilateral basis to encourage the maintenance of a differential on trade with Com-

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<sup>29</sup>The Trade Agreements Extension Act of 1951.

<sup>30</sup>Reference is to the Mutual Defense Assistance Control Act of 1951, commonly called the Battle Act after Representative Laurie C. Battle of Alabama. The act established controls on strategic trade and stipulated that U.S. aid would be cut off to any country which traded contraband items to Communist countries; for text, see 65 Stat. 644.

<sup>31</sup>Benjamin F. Fairless was coordinator of the President Citizen Advisers on Mutual Security. Extracts for the Advisers' Report, submitted March 1, 1957, are in *American Foreign Policy: Current Documents, 1957*, pp. 1514-1523.

munist China. On a unilateral basis we will continue the trade embargo.

Mr. Randall in discussing PL 480 emphasized that it is a temporary expedient to reduce surpluses, and the Administration is committed to an early termination of the program. The Committee on Foreign Economic Policy will consider the question of a further extension of PL 480 and in what amount. Mr. Randall said that despite the publicity given in the press to Mr. Hollister's recent statement on United States aid policies there had been no change in these policies.<sup>32</sup> The press comment had been misleading. Granting loans to foreign nations presented problems of selection and as a consequence we have in the past given funds to Governments which have then determined the recipients.

The Committee on Foreign Economic Policy has been studying the problems presented by Soviet economic penetration in the under-developed countries. The Committee meets every three months in a session devoted exclusively to this subject. Mr. Randall said that so far the American business community is not generally aware of the danger to our future markets which Soviet technicians and the trade promotion in which they are engaging constitute.

In the discussion which followed Mr. Randall's remarks it was suggested that a greater effort should be made to explain to the American public the need for foreign aid. This suggestion was prompted by evidence of growing opposition to foreign aid, based on a lack of understanding of the objectives and purposes which it serves.

Ambassador Thompson mentioned the suggestion made in Austria that the OEEC be employed for provision of aid to Poland and to the under-developed countries. Mr. Thompson said that this suggestion appeared to have merit. The Soviet Union has an advantage over the United States in being able to supply a market for the products of these countries. Through the OEEC markets might be supplied to a country such as Poland thus counterbalancing this Soviet advantage. Mr. Randall said that this question was not under current study but he mentioned United States objections to the provision of aid through multilateral channels. Ambassador Perkins commented that there were many cases where our objectives can be better served by employment of a multilateral method.

At the conclusion of Mr. Randall's remarks there was a luncheon break.

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<sup>32</sup>For text of the statement by John B. Hollister, Director of the International Cooperation Administration, made in support of the appropriation request for the fiscal year 1958 Mutual Security programs before the Senate Appropriations Committee, August 19, 1957, see Department of State *Bulletin*, September 9, 1957, pp. 414-418.

*United Nations*

Mr. Walmsley opened his discussion of national attitudes toward the U.N. and the U.S. role therein by exhibiting a number of slides graphically representing the voting in the U.N. General Assembly on the Hungarian issue, French Togoland, Middle Eastern cease fire and withdrawal, the resolution deploring Israeli non-compliance, the stationing of U.N.E.F., Chinese representation and the Soviet complaint against alleged U.S. intervention in Eastern Europe.

Mr. Walmsley discussed the voting pattern indicated by the slides and pointed out the variations in them.

He then noted certain additional questions confronting the U.N. General Assembly in the 12th session including the question whether the French can terminate their trusteeship of the Togoland and the refusal of Portugal and Spain to respond to the request for reports on their colonies. He went on to say that elections will take place for three new members of the Security Council, one European, one Latin American, one formerly "Eastern European" which it is now hoped will be Japanese. He pointed out that the disarmament item will also come up; it is hoped this year to obtain a 2/3 endorsement of the Western proposals. Other items are the question of Palestinian refugees and the repayment of advances for the clearance of the Suez Canal. The latter item is complicated by the British and French claim for work done before their withdrawal. It was noted that progress is being made toward a compromise proposal for the solution of this problem which is now before the Secretary General whereby their claims for work done before General Wheeler<sup>33</sup> took charge of the clearance would be deferred. The question remains of suitable arrangements for the collection of a voluntary surcharge.

Mr. Walmsley said that the U.S. delegation would put forward a compromise proposal with respect to SUNFED.<sup>34</sup>

He stated that British representative on I.L.O. is about to retire and that the hope has been expressed that it would be possible for the U.S. to arrange Government representation on I.L.O. which will be both at a high level and give assurance of continuity, and it is hoped that the Department is giving consideration to this.

Mr. Walmsley drew attention to public opinion polls taken last winter, which indicated a high degree of support in the U.S. generally, and also among college students, for the U.N. He pointed out that the only serious cut in appropriations by Congress for U.N. purposes had resulted indirectly from the 40% cut in appropriations for inter-

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<sup>33</sup>Lieutenant General Raymond A. Wheeler, formerly of the U.S. Army Engineers, was employed to assist U.N. Secretary-General Hammarskjöld in organizing the technical aspects of clearing the Suez Canal.

<sup>34</sup>Special United Nations Fund for Economic Development.

national contingencies. On the other hand the Congress permitted us to phase the scaling down of our contribution ceilings to U.N. agencies to the statutory level of 33-1/3%.

He said the membership of the U.N. is now 82. The most serious result of this is that the Asians and Africans, with 35-1/3% of the membership of the General Assembly, now have a veto on all substantive resolutions. The Africans and Asians plus any 14 Latin Americans can muster a clear majority. The Africans and Asians, together with all the Latin Americans and the Soviet bloc, can adopt any substantive resolution by 2/3 majority.

He concluded by pointing out that despite the many overwhelming votes against the Soviet bloc, the Soviet Union shows no signs of withdrawing from the U.N. and in fact they and their satellites are increasing their participation in the specialized agencies. However distasteful the new voting pattern may be, we must recognize that events have forced us to attempt to do things in the General Assembly that the Charter did not originally contemplate, and that we will have to live with the U.N. which is here to stay.

In the discussion which followed, Ambassador Merchant and Mr. Barbour both emphasized the disillusionment in Canada and Britain with the U.N. Ambassador Merchant pointed out that our veto power has now gone or is at best unreliable. Mr. Barbour pointed out that the British feel that in a showdown the U.S., out of its desire to placate the Asians and Africans, cannot be counted upon.

Mr. Jones expressed the belief that, with the exception of the U.K., the U.S. has few outstanding political problems involving the U.N. with the countries of Northern Europe. It was noted that the question of Chinese representation is an exception to this general situation.

Ambassador Willis pointed out that it is damaging to the prestige of the U.S. to seek to change the established position of countries such as those of Scandinavia in the hope of obtaining majorities on all issues before the U.N. It was suggested that less emphasis should be placed on getting majorities for their own sake, that we sometimes show too much fear of being out-voted and that it is damaging to our interests to seek to change the vote of a country which has an established position which we know it will not change.

It was brought out that an effort should be made to get information to American Missions about the performance of delegates to the U.N. General Assembly from the countries to which they are accredited. It would be preferable if such information could be received as currently as possible while the General Assembly is in session but would be useful even at the end of a session.

Ambassador Willis pointed out the importance of receiving from the Department adequate material to enable our Missions to present

and explain in simple terms our position on disarmament, since the Soviet position is made to appear simple and ours complicated.

*European Integration*

Mr. Timmons summarized the current situation with respect to European integration and the national attitudes of interested countries with respect to it. He pointed out that a 10-year cycle has now been completed since the beginning of the work of the OEEC toward trade liberalization and the multilateralization of credits. During this period the feeling developed among the six countries of Benelux, West Germany, France and Italy that cooperation between governments is not enough and has resulted in establishment of the Coal and Steel Community and the treaties soon to come into force creating EURATOM and the Common Market. These have the effect of associating Germany with the West on a basis of equality. He pointed out that the Six are, in a sense, ambivalent toward the British whose motives they have suspected but whom they also wish to have in the closest possible participation. A revolutionary change, however, has taken place in British thinking, as indicated by the FTA proposals of July 1956, even though the British cannot accept supranational institutions and wish to exclude agriculture from the FTA and protect their trade with the Commonwealth.

The United States favors the development of the Six and the integration of Germany by organic ties to the West in such fashion to prevent the revival of the French-German conflict. We expect to give all appropriate support to the communities of the Six, which we regard as the key to the developing unity of Europe. He stressed the deep personal interest of the President and the Secretary of State in these developments.

In spite of rumors to the contrary, we also strongly support the OEEC which is a framework and a transmission belt for associating the Six with the other OEEC countries of Western Europe.

He summarized the present situation with respect to ratification and noted that the treaties are likely to go into force on January 1, 1958. There may be a meeting of Ministers of the Six toward the end of this year to decide on the location of the various bodies of EURATOM and the Common Market and the personnel which will make up their commissions. Ambassador Butterworth thinks that the resignation of Mayer as Chairman of the High Authority of the Coal and Steel Community may well mean that a German will succeed to this post with a Frenchman as Chairman of EURATOM and a national of one of the Benelux countries as Chairman of the Common Market.

The United States would like to see the executive agencies of the three communities of the Six located in one place, such as Luxembourg. There is opposition, from the Germans and others, to their

being in Paris. It seems likely, however, that at least one of the communities may be set up in a separate location, such as Brussels.

The Common Market will constitute a real customs union with the complete elimination of internal trade barriers (except for agriculture), a common external tariff, and a common commercial policy toward the outside world, as well as harmonized social charges to be established by the end of the "transition period", which is 12 to 15 years. There are also provisions that will, by European standards, go quite far for the elimination of restraints on trade. Goods from overseas territories will move freely into the Common Market but not, as matters now stand, to the Free Trade Area.

While EURATOM and the Common Market authorities have less supranational powers than the Coal and Steel Community they nevertheless represent important progress. Their assemblies lack general legislative power but will have the power to censure officials of the executive bodies and force their resignation.

With respect to the Free Trade Area, it was pointed out that the British wish agriculture to be excluded while the Six wish it included, but that there seems to be room for eventual compromise. Another difficult problem will be the "definition of origin" of goods, with problems arising out of the French high tariffs on raw materials, the general British absence of tariffs on raw materials and the fact that such countries as the Netherlands have agreed to forego the advantages they would derive from their present low tariffs on raw materials by moving to a common external tariff. Another problem is the problem of how to associate the less-developed countries (Greece, etc.) with the Free Trade Area.

In conclusion Mr. Timmons said that our attitude toward the Free Trade Area was similar to that toward the Common Market and EURATOM. We are optimistic that these developments will result in a stronger Europe, politically and economically, and hope that they will result in no increase and even a decrease in protectionism.

Mr. Barbour commented that Embassy London is now convinced that Britain is behind the Free Trade Area and prepared to give it leadership and is acting in good faith. Divisions that existed in the British Government initially now seem to be overcome. While the problems of agriculture and trade with the Commonwealth still remain, there are hints of growing flexibility.

A discussion then took place of a proposal for a Nordic Common Market and it was the consensus that the Scandinavian countries preferred to organize a Nordic Common Market first before considering their entry into the Free Trade Area.

Ambassador Merchant pointed out that the new Canadian Government is much more cool toward these developments than its predecessor and would regard British entry into a Free Trade Area with

alarm and disappointment if this trend were to go farther, but would probably accept the situation if agriculture is excluded.

Ambassador Perkins pointed out that Turkey, Greece, Portugal, Iceland and Denmark do not see how they will be able to participate in the Free Trade Area, at least without assistance. But if the Free Trade Area should be set up with four or five countries around the Common Market joining it, and the above-mentioned countries not joining it, the result might well be to wreck the OEEC.

Mr. Jones then announced that the substantive work of the conference had concluded and that a further short meeting would be held the next morning to consider the conclusions and recommendations.

At the following day's meeting, after agreeing to the conclusion and recommendations (under separate cover<sup>35</sup>), the Chiefs of Mission, on the motion of Ambassador Peterson, expressed their appreciation to Ambassador and Mrs. Whitney and Minister Barbour for their hospitality, to the Embassy Staff for their assistance, and to the secretarial staff for their work in preparing the record of the conference.

It was agreed that the Conference had been most valuable and that it would be in the interest both of the participating Mission and the Department to hold such conferences once a year.

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<sup>35</sup>See Conclusions and Recommendations, *infra*.

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### 253. Northern European Chiefs of Mission Conference, London September 19-21, 1957: Conclusions and Recommendations<sup>1</sup>

#### *Country Conclusions and Recommendations*

##### *Norway*

1. Norway continues to attach major importance to its membership in NATO and recognizes the need for a sustained defense effort.

2. At the same time pacifism and neutralism remain a latent force in Norway, particularly in the Labor Party. These sentiments reinforce Norwegian support for disarmament and enhance the concern felt at the dangers of atomic fall-out.

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<sup>1</sup>Source: Department of State, Central Files, 120.1440/9-2357. Secret. Transmitted to the Department of State in despatch 713 from London, September 23.



3. American military assistance is necessary if Norway is to maintain modern defense forces at the present level.

*Iceland*

1. The overwhelming majority of the Icelandic people supports of West and membership by Iceland in NATO.

2. A firm but understanding position on the part of the United States will assist Iceland in reducing communist influence within the country.

3. An effort should be made within NATO to assist Iceland in counteracting its growing dependence on trade with the Soviet Union.

*Finland*

1. There is no question about Finland's sympathy for the West and will to maintain its freedom and independence.

2. We should avoid any action in our relations with Finland which would increase its difficulties in maintaining the delicate balance of Finnish-Soviet relations.

*Sweden*

1. The Swedish people are anti-Russian and prepared to resist communist aggression against their country.

2. Sweden regards its policy of non-alignment as a factor in the preservation of Finnish independence and hence in the interests of the West.

*Denmark*

1. The Danes continue firm in their support of NATO, but as in Norway there is a certain amount of latent neutralist sentiment.

2. Early settlement of the Danish shipping claim of approximately \$5,000,000 dating from World War II would be helpful to our relations with Denmark.

3. American military assistance is necessary if Denmark is to maintain modern defense forces at the present level.

*Ireland*

1. Ireland is anti-communist but combatting Communism continues to be secondary to preoccupation with the issue of partition.

2. The economic development of Ireland is severely hampered by the lack of capital and natural resources.

*Canada*

1. Canada's support for NATO will remain unaltered by the Conservative Party.

2. Canada under the new Government will be less active and influential in the UN.

3. The nationalism of the Conservative Government will accentuate economic problems existing between the United States and Canada.

4. American policies with respect to Canada must take increasing account of nationalistic sensitivities.

*United Kingdom*

1. Despite her reduced power Britain continues to be an important ally and still exercises considerable world influence.

2. The Macmillan Government has shown a keen desire to restore Anglo-American cooperation. At the same time it is moving toward closer relations with the Continent.

3. Economic considerations are playing a dominant role in British policy, both internal and external. While Britain is beset by grave economic problems her internal political situation retains its traditional stability.

4. Britain is moving toward a more realistic assessment of her international role which, although confronting us with certain problems, may result ultimately in a more effective ally.

*NATO*

1. NATO remains essential to the common defense of the West against aggression.

2. Political consultation within NATO has made good progress and should continue to be promoted wherever appropriate.

3. NATO members should be encouraged to continue the maximum possible support to maintain the defense shield in Europe.

4. Irish membership in NATO is unlikely prior to the settlement of the problem of partition and as long as Ireland links its dispute with the U.K. to NATO membership.

*USIS*

1. Adequate and stabilized USIS programs should be maintained in the U.K. and the countries of Northern Europe. It is unrealistic to assume that because these countries have basically friendly and stable governments such programs are unnecessary.

2. USIS libraries are the symbol of American interest in the cultural life of Northern European countries and reach important elements of the population which cannot be reached otherwise, and should be maintained.

3. Immediate reconsideration should be given to the decision not to continue presentation subscriptions of the *New York Herald-Tribune* and *New York Times* to leaders in political, cultural and trade union circles. The sudden closing out of this activity denies access of this unofficial window of the U.S. to the very people with whom the

Embassies are in closest touch. It was agreed that foreign leaders would not purchase these papers but would read them if they were presented.

4. It would be most helpful to Chiefs of Mission to have a policy statement from the Department on East-West exchanges, since Foreign Governments are constantly asking about our position in this respect.

5. The value of the U.S. Exchange of Persons programs in the various countries was emphasized. Certain Fulbright programs were drawing to an end and it was recommended that ways and means be explored to continue these essential programs either through appropriate funds or through sales of surplus commodities on which the foreign currencies would be earmarked for exchange financing.

### *UN*

1. Apart from the question of Chinese representation, there are presently no important outstanding political questions between the U.S. and the Scandinavian countries involving the U.N.

2. Britain and the present government of Canada feel considerable disillusionment with the U.N.

3. The nations in the Soviet bloc show no signs of withdrawing from the U.N. and indeed are increasing their participation in the specialized agencies.

4. The new voting pattern of the U.N. can give the Afro-Asian bloc veto power over all substantive resolutions and jeopardizes the former Free World veto. It is at least theoretically possible to muster majorities both on procedural and substantive issues against the North Atlantic community.

5. Consideration should be given to refraining from efforts to persuade a country to change its position on an issue before the U.N. General Assembly where that position is well established, where we have reason to know that our efforts will not be successful and where such efforts are likely to be damaging to our prestige in the country in question.

6. The Department should keep Chiefs of Mission informed about the position taken by the delegations to the General Assembly of the countries to which they are accredited.

7. The Department and USIA should intensify their efforts to supply Missions with simpler and less technical material for use in presenting and explaining the Western position on disarmament both the governments and the public.

*The Impending Conference on the Law of the Sea*

1. A vigorous and skillful diplomatic effort will be required to ensure a sympathetic reception of the U.S. position the territorial sea and the related questions of conservation and fisheries.

2. An indication of some flexibility in the U.S. position, particularly in relation to the economic factor in the fisheries question, would be welcomed by the countries of Northern Europe, with the exception of the U.K.

*Economic and Military Assistance*

1. Concern was expressed at the apparent weakening of support in the U.S. for the foreign aid program and the unfavorable repercussions of this development in the countries of Northern Europe. The hope was expressed that the programs could be continued in the interest of the security of the United States.

2. It would be desirable to make a thorough study of the Austrian suggestion that the OEEC be utilized for provision of aid to under-developed countries under arrangements whereby the members of the OEEC could provide a certain amount of aid and supply a market for products of those countries.

*European Integration*

1. The establishment of the Common Market, EURATOM and the Free Trade Area will strengthen Western Europe and the Atlantic Community politically and economically. It was expected that this could be achieved without increasing protectionism against the outside world and might possibly decrease it.

2. The British are supporting the Free Trade Area proposals in good faith.

3. The Canadians will probably accept U.K. participation in the FTA if agriculture is excluded.

4. The question of the ability of the less developed OEEC countries to join the Free Trade Area deserves special attention as there would be a grave danger to the OEEC if these countries should remain outside it while other OEEC countries joined.

5. In view of the importance of fish to Norway and Iceland, it is recommended that the Department give attention to the possibility of confidential approaches, as appropriate, to the key countries in the Free Trade Area negotiations to obtain the inclusion of fish in the Free Trade Area.

*Soviet Policy and Relations With Scandinavia and Britain*

1. While Khrushchev has emerged victorious from the June plenum he is probably not in a position to overrule the army on

questions directly affecting its interests. Furthermore any failure of programs with which he is associated, such as decentralization of industry and the new lands might give his opponents an opportunity to oust him.

2. A disturbing factor in the present situation is the increased use by Khrushchev of the Communist party which is a prisoner of its own ideology.

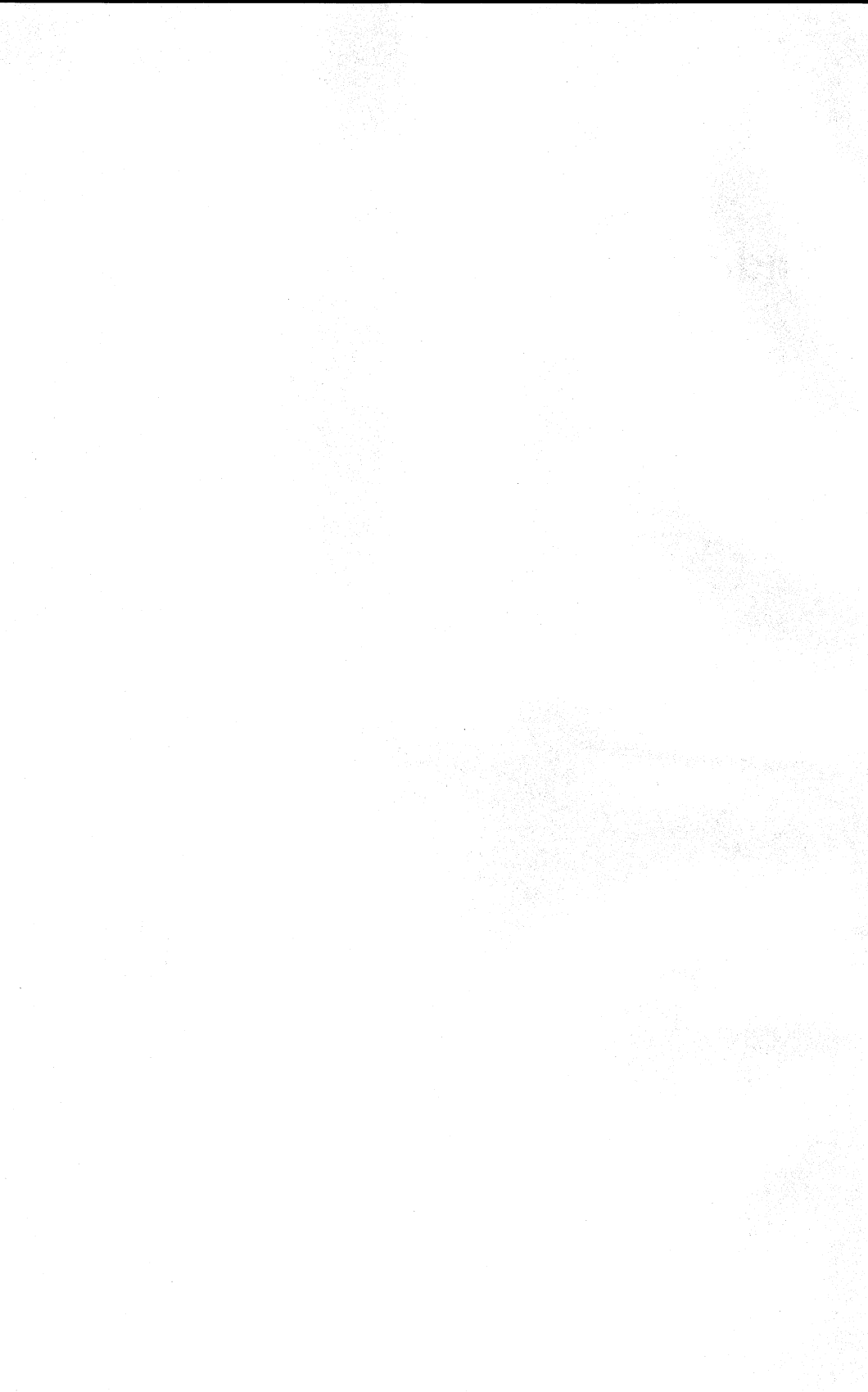
3. The Soviet Government in its relations with the Scandinavian countries is likely to continue to employ "the carrot and the stick." The Soviet desire to extend its influence in the uncommitted areas has brought it into sharp conflict with the United Kingdom in many parts of the world, thus making it difficult for the Soviet leaders to succeed in their former policy of courting the United Kingdom in an effort to separate it from the U.S.

*Value of Conference—Desirability of Holding Such Conferences Once a Year*

It was the sense of the Conference that it had been most valuable to all the participants, and that it would be in the interest both of the Missions concerned and of the Department to hold such conferences once a year.



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