

NATIONAL ARCHIVES AND RECORDS SERVICE
WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

10/3

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
#2 Memo	<i>all decisions per NSC letter 3/24/77</i> NSC Conf. 1 p To Members of NSC Exec. Committee from Bundy	01/11/63	A
#3 Memo	NSE <i>open 11/21/90 NLS 94-290</i> Conf. <i>sanitized</i> To IL Staff from Debevoise 5 p	12/07/62	A
#4 Memo	NSC Conf. NSC memo No. 207 1 p	11/28/62	A
#6 Actions	NSC Secret NSC Control No. 105 1 p	01/18/63	A
#7 Memo	NSC Conf. <i>Exempt</i> NSC Memo No. 230 <i>open 3-9-09</i> 1 p	03/22/63	A
#9 Action	NSC Secret 513th NSC Meeting 1 p	04/22/63	A
#11 Report	NSC <i>open 3-9-09</i> Secret <i>Exempt</i> <i>re: Laos sanitized 7-31-85 NLS 84-379</i> 5 p	04/20/63	A
#13 Agenda	NSC Secret 511th NSC Meeting 1 p	04/09/63	A
#16 Memo	NSC Secret For the record by HLB 1 p	03/28/63	A
#17 Actions	NSC Secret <i>sanitized</i> 510th NSC Meeting <i>open 3-9-09</i> 1 p	04/02/63	A
#21 Memo	NSC Secret To NSC from Bundy 1 p	03/11/63	A

FILE LOCATION

VP Security File, National Security Council
National Security Council (I)

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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
	TO BE SUBMITTED TO STATE DEPT. FOR CONCURRENCE*		
#5 Report	WH from Pres. to Amb. Bruce <i>open 4-16-93 NLS 92-421</i> Secret	3 p 02/05/63	A
#20 Memo	WH To VP from Col. Burris <i>open 3-9-09</i> Secret	2 p 03/13/63	A

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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
#10 Memo	State Secret <i>State ltr 11/19/76</i> To Hilsman from Thomas Hughes	3 p 04/20/63	A
#14 Report	State Secret <i>State ltr. 11/19/76, AID ltr. 4/12/78</i> Vietnam	2 p Undated	A
#19 Report	State Conf. <i>State ltr 11/19/77</i> for 04/02/63 NSC meeting	7 p 04/01/63	A
#22 Report	State Secret <i>State ltr 11/19/77</i> Topics for discussion	10 p 02/09/63	A
#25 Letter	State Conf. (Gp 1) <i>State ltr 11/19/77</i> To Pres. from Dean Rusk	2 p 03/28/63	A
#26b Letter	State Conf. (Gp 1) <i>State ltr 11/19/77</i> To Pres from Dean Rusk (duplicate of #25)	2 p 03/28/63	A
#30 Memo	State <i>more released sanitized 11/21/96 NLS 94290</i> Secret <i>Sanitized, State ltr 12/27/76</i> To NSC Ex. Committee	5 p 12/11/62	A
#32 Report	State Secret <i>State ltr 12/27/76</i> Proposed Speaking Paper	7 p Undated	A
#34 Report	State Secret <i>State ltr. 12/27/76</i> re: Brazil	4 p Undated	A

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THE WHITE HOUSE
WASHINGTON

to Bundy

2

~~CONFIDENTIAL~~

January 11, 1963

MEMORANDUM FOR

Members of the NSC Executive Committee

The President has approved the dissolution of three committees which reported to the Executive Committee of the National Security Council. They are the Subcommittee for Berlin Contingencies, the Subcommittee on Advance Planning and the Coordinating Committee which was chaired by Mr. John J. McCloy.

McGeorge Bundy
McGeorge Bundy

DECLASSIFIED
Authority *NSC Ltr 3/24/77*
By *hmg*, NARS, Date *4/29/77*

~~CONFIDENTIAL~~

Burris 3

~~CONFIDENTIAL~~
(Internal Use Only)

NATIONAL SECURITY COUNCIL

7 December 1962

MEMORANDUM TO THE IL STAFF

SUBJECT: List of Subjects of Interest to White House and NSC Staffs.

The following revised list supersedes that of 1 August 1962.

Neilson C. Debevoise
Neilson C. Debevoise

BELK

United Nations Affairs
Africa South of the Sahara (not including Horn of Africa)

BURRIS

Vice Presidential matters
Space - Astronauts
Top telegrams on trouble spots

DAVIS

World Wide
Internal defense plans
Cold war programs
Counter-insurgency programs
Civic action programs
Counter-guerrilla programs
Police support and public safety programs
Especially on underdeveloped areas, i.e.;
Southeast Asia - Cambodia, Laos, Thailand, South Vietnam
Latin America - Bolivia, Colombia, Ecuador, Guatemala, Venezuela
Middle East - Iran
Top level political and military on underdeveloped areas (excluding Europe, USSR, Taiwan, Japan and Korea) -- especially potential Communist inspired insurgency.

DECLASSIFIED
E.O. 12958, Sec. 3.6
NLJ 94-290
By CB, NARA Date 10-16-96

~~CONFIDENTIAL~~

DUNGAN

Latin America (including Caribbean) - especially economic assistance
USUN memcons

FELDMAN

Israel - (top level)
Johnson Plan (Arab refugees)

FORRESTAL

Southeast Asia - especially

Laos

Vietnam

Indonesia (including former West New Guinea)

Thailand

Burma

Far East - especially

Chi na Mainland and Taipei

Japan

Korea

Philippines

Pacific Trust Territory

Australia

New Zealand

Moscow - (top level)

Sino-Indian conflict

HIRSCH

Space Operational Matters

Space events, techniques and developments

Soviet space science and technology

Space Political Matters

United Nations

Peaceful uses of outer space

Cooperation agreements

Communications

Weather

World reaction

Arms control and disarmament (space aspects only)

JOHNSON

Pacific Trust Territory
Nuclear matters (including all missiles and other weapons systems)
Space material (same as Hirsch)
Geneva conference on science and technology for less developed areas, 4 February 1963
MRBMs for NATO
Nuclear force for NATO
Test ban, especially Geneva negotiations

KAYSEN

Disarmament - (all Disto and Todis)
Basic military policy
Civil and passive defense
Foreign economic policy
DAG - underdeveloped countries
ECOSOC (Inter-American Economic and Social Council)
NAC (National Advisory Council)
NATO
Germany - Berlin
France - (economic, military and political)
Africa South of the Sahara - especially Congo
Japan
Ryukyus (Okinawa)
Panama

KILDUFF

Presidential and Chief of State visits
All Presidential-Chief of State incoming and outgoing messages -
(include congratulatory messages, etc.)

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KLEIN

Europe - especially

United Nations

NATO

E. and W. Germany (including Berlin)

France - (all Paris Polto and Topol)

United Kingdom

Italy - (all Rome telegrams)

Greece - (NATO problems)

Spain - (including base arrangements)

Portugal - (including base and colonial problems)

Finland

USSR and Satellites - including Soviet imperialism

Yugoslavia

Canada

KOMER

CENTO

Guerrilla warfare and subversion

Overseas Bases - especially Morocco and Libya

All Middle East - Egypt, Syria, Iraq, Iran (all telegrams from Tehran),
Israel, Turkey, Greece, Cyprus, Yemen, Lebanon, Jordan and Malta

All North Africa - Sudan, Morocco, Tunisia, Algeria-France, and
Libya

All Horn of Africa - Ethiopia and Somalia

All South Asia - Afghanistan, Pakistan, Pushtunistan, India, Kashmir,
Nepal and Ceylon

Indonesia - (top level and economic matters)

Moscow policy

United Nations (pertinent areas only)

Selected NATO and European Affairs - especially

Spain base negotiations and US policy

Italy (all domestic issues)

MAP - especially Greece, Turkey, Iran, Pakistan, GRC and ROK

High level conferences

LEGERE

Basic military policy

NATO - (all Paris Polto and Topol)

Berlin (Germany, top level only)

France - (top level, including all Paris telegrams from Stoessel)

United Kingdom - (top level only)

Nuclear Weapons for Canada

Azores

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PARROTT

Intelligence - especially
Crisis situations world-wide
Special Operations - especially
Cuba and Caribbean
China

RASHISH

General foreign economic coverage
GATT and TAGG
European economic matters
Economic integration

SAUNDERS

Civic action
Counter-insurgency and police programs
MAP and economic aid - (only top round-ups and controversial issues)
PL-480 - (" " " " " ")

SCHLESINGER

United Nations - (all telegrams)
US image abroad - especially USIA, CIA and cultural relations
Disarmament - (all Disto and Todis)
Nuclear testing
NATO
ECOSOC
Europe (internal affairs) - especially
Finland, France, Great Britain, Italy, Poland, Spain and
Yugoslavia (all Belgrade telegrams)
Latin America (including Caribbean) - especially political matters
India - including internal political developments
Johnson Plan
UN troop withdrawals from Congo

WIESNER

Communications

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

Our file

4

THE WHITE HOUSE
WASHINGTON

November 28, 1962

NATIONAL SECURITY ACTION MEMORANDUM NO. 207

TO: Secretary of Defense
Secretary of Commerce
Administrator, National Aeronautics and
Space Administration
Director, Bureau of the Budget
Director, Office of Emergency Planning

SUBJECT: Assignment of Highest National Priority to
Project CENTAUR

In response to a recommendation by the National Aeronautics and Space Council, the President under the authority granted by the Defense Production Act of 1950 today established the program listed below as being in the highest national priority category:

Project CENTAUR

McGeorge Bundy

McGeorge Bundy

Information copy to:

The Vice President
Chairman, Atomic Energy Commission
Director, Office of Science and Technology
National Aeronautics and Space Council

DECLASSIFIED

Authority

NSC ltr 3/24/77

By

img

NARS, Date

4/29/77

~~CONFIDENTIAL~~

THE WHITE HOUSE
WASHINGTON

5
DECLASSIFIED
E.O. 12356, Sec. 3.4
NJ 92-421
By 1-8, NARA, Date 4-13-93

February 5, 1963

~~SECRET~~

INSTRUCTIONS FROM THE PRESIDENT TO AMBASSADOR BRUCE

After discussion with Secretary Rusk, and on his recommendation, I request that you make a review of certain of our leading policies toward Europe and make recommendations for action in the coming months. In this review you should feel free to request reports or studies or other assistance from any Department, and you should act directly for me and for Secretary Rusk. When your recommendations are in preliminary form I shall plan to meet with you to determine what further study they may require before decisions are taken.

The following list sets forth some of the topics which seem important to me and in which I hope for your specific comment. But you should not feel limited by this list, if other elements of the problem seem of equal importance to you. You should understand that I am asking other officers to review the broad problems of our military posture in Europe and our monetary relations in that area. Progress of these other studies will be reported to you through Mr. Bundy's office.

Questions for your consideration:

1. I would like you to review our plans for a NATO Nuclear Force, and in particular the plans for a multilateral, mixed-manned sea-borne Polaris force. I would like your judgment of this plan not only in terms of its immediate political attraction, but also in terms of its durable value as an instrument for strengthening the alliance. I want your judgment on the preferred means of command and control -- and in particular your opinion of the value of this force if it is organized with -- and without -- a U. S. veto. I also wish your judgment of the proposal that this force, in whole or in part, might be organized under European multilateral arrangements, integrated with ours much as we now expect British forces to be integrated -- possibly under the

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auspices of WEU. In the light of Soviet complaints about the Franco-German treaty and its possible relation to a German nuclear capability, I should also like your judgment of the relation between our effort for a multilateral force and a possible Soviet reaction. Finally, I should like to have your judgment on the best way of using this and other instruments to produce a shared sense of understanding, responsibility, and confidence with respect to the nuclear defense of the alliance.

2. What plan is recommended for coordinating our foreign economic policy with our political objectives in Europe? This question includes such matters as our own negotiating requirements, our views of a possible UK economic association with the Five or the Six, the varied relations between commercial and political issues, and important problems of domestic political pressure. Mr. Herter has leading responsibilities here, and I would like to have recommendations, coordinated with him, which connect these matters firmly to our European policy as a whole.

3. What should be our stance in negotiations with the Russians? This problem is one of substance, on such questions as Berlin, testing, and German reunification. It is also one of tactics, including such questions as the use of the Ambassadorial Group, and the degree of British, French and German participation in such discussions.

4. What combination of actions will be most effective in our relations with Germany? What should be our position toward the Franco-German Treaty? How far can we ensure German cooperation in other fields, like finance, as a price for our own steadfast presence?

5. What policy should we follow with respect to the UK, on economic, political and military problems? I assume that our negotiations on Polaris will proceed on the lines already approved, but it is clear that we need decisions also on economic relations and on processes of political cooperation.

6. I do not wish to lose sight of the continuing problem of our relations with France. I should like to have your recommendations for ways and means of sustaining such cooperation as may be possible with France, while at the same time limiting the damage that may be done to our policy and to the alliance by General de Gaulle's

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- 3 -

commitment to purposes which are not readily aligned with ours. What is your judgment of the eventual prospects for a new relation with General de Gaulle, in political consultation or nuclear co-operation, which might be to our interest, and what preparations would you recommend for such a possibility?

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January 18, 1963

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January 18 through October 22, 1962

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Authority NSC 68 3/24/77
By rmg, NARS, Date 4/29/77

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NSC Control No. 105

File 1

THE WHITE HOUSE
WASHINGTON

March 22, 1963

~~CONFIDENTIAL~~

NATIONAL SECURITY ACTION MEMORANDUM NO. 230

TO: The Vice President, (as Chairman, National
 Aeronautics and Space Council)
 The Secretary of State
 The Secretary of Defense
 The Secretary of Commerce
 Chairman, Atomic Energy Commission
 Administrator, National Aeronautics and
 Space Agency
 Director, Bureau of the Budget
 Director, Office of Emergency Planning

SUBJECT: Assignment of Highest National Priority to
 Project PAL (Permissive Links for Nuclear
 Weapons in NATO)

In response to a recommendation by the Atomic Energy Commission, the President under the authority granted by the Defense Production Act of 1950 today established the program listed below as being in the highest national priority category for development and production.

Project PAL (Permissive Links for Nuclear
Weapons in NATO)

Carl Kaysen
for McGeorge Bundy

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Authority NLK 87-197
By cmu/slf, NARA, Date 2-27-09

4/22/23

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NATIONAL SECURITY COUNCIL

RECORD OF ACTIONS

NSC
Action

2466

U. S. POLICY TOWARD LAOS

Discussed the diplomatic and military measures
being undertaken to meet the continuing crisis
in Laos.

DECLASSIFIED

Authority

NSC 3/24/77

By

mmg

, NARS, Date

4/29/77

April 22, 1963
513th NSC Meeting
NSC Action 2466

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NSC Control No. 133

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LIMITED DISTRIBUTION

DEPARTMENT OF STATE
THE DIRECTOR OF INTELLIGENCE AND RESEARCH

7
April 20, 1963

MEMORANDUM FOR: FE - Mr. Hilsman
FROM : INR - Thomas L. Hughes *Thomas L. Hughes*
SUBJECT : Deterring the Communists from Destroying the
Neutral Center in Laos

At present none of the Communist elements involved in the Laos situation give evidence of feeling under pressure to end the attack on the neutralist center. The Pathet Lao is steadily improving its position and probably sees a prospect that the neutralists will crumble altogether; the North Vietnamese probably see the situation in much the same way; Peiping has no great stake in the coalition and will shed no tears if the Geneva Accords disintegrate; the Soviets have no objection to the improvement in the Pathet Lao position as long as the risk of United States intervention is kept low, the more so since they are able to maintain their own ostensible position of fidelity to the Vienna and Geneva agreements.

The U.S. problem is to create whatever incentives may induce the Communists to revert to some form of acquiescence in the survival of the tripartite coalition.

Bloc Interests and Intentions

The USSR cannot be expected to exert a restraining influence in Hanoi and Peiping simply for the sake of saving the Geneva Accords. If Moscow saw a real likelihood of U.S. military re-involvement, however, it would probably attempt to use what leverage it has to restrain Hanoi and the Pathet Lao. It probably wishes to avoid a major problem in an area of peripheral national interest but one where Soviet prestige is engaged as a Geneva agreement overseer, and is more likely than Peiping or Hanoi to see early dangers of escalation. Moscow probably has relatively little leverage in Hanoi unless it can threaten to withhold support from it in the face of U.S. military intervention.

Soviet Responses to U.S. Actions

United States military deployments in the vicinity of Laos credibly signaling intent to intervene seem the only possible

means

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Authority State la 11/19/76
By pmg, NARS, Date 6/12/77

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- 2 -

means of stimulating Soviet pressures on Hanoi to desist from further military support for the Pathet Lao and to seek a new modus vivendi. The Soviets would probably believe, and persuade the North Vietnamese and the Pathet Lao that such a new modus vivendi could be achieved without giving up recent gains.

If U.S. military deployments were accompanied by a communication to Khrushchev conveying our intent to employ our forces if necessary, while holding out hope of a negotiated arrangement, the Soviet hand in dealing with Hanoi and also Peiping would probably be strengthened. A communication to Khrushchev at this point, unaccompanied by military moves, would almost certainly not be of much use to Khrushchev in dealing with his Asian Communist friends, and indeed might not even be used by him at all since it would lay him open to charges of having been intimidated. Publicly, Moscow would of course attack the aggressive nature of U.S. activity but such attacks would not necessarily be a true index of what the Soviets were doing behind the scenes.

Peiping's Response

The Chinese Communists have remained in the background and are probably waiting to see how the U.S. will react to Pathet Lao erosion of Kong Le's forces. As long as action against the Pathet Lao does not threaten Northern Laos or North Vietnamese territory the Chinese are not likely to commit themselves to military action. Deployment of U.S. ground forces to Thailand and naval forces to the South China Sea would probably cause Peiping to exert restraint on Hanoi and the Pathet Lao, possibly even to the point of leaving them in doubt as to Chinese willingness to intervene against U.S. forces.

Hanoi's Response

Hanoi, too, may be prepared to desist from further support of the Pathet Lao in the face of credible U.S. signals of intent to intervene militarily. It may be tempted to press on for some few additional gains, possibly for bargaining purposes; but it almost certainly has no stomach for a major military engagement with the U.S., especially since it is probably confident that ultimately Laos will become wholly Communist.

Pathet Lao Response

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- 3 -

Pathet Lao Response

The Pathet Lao will probably gear its further action closely to Hanoi's. Its objectives are almost certainly limited in this round and it can therefore be expected to halt its advance when confronted with credible evidence of a U.S. intent to intervene.

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FOR NSC MEETING
APRIL 20, 1963
11 A.M.

DIPLOMATIC MOVES ON LAOS

11
9

PROBLEM :

Communist attacks on Kong Le's neutralist forces threaten to destroy the middle faction, which is an essential element of Souvanna's government of national union.

Although we do not expect massive attacks on Phoumi forces to follow at the present time, the continuation of Communist attempts to eliminate the neutralists will bring Phoumi and Communist forces face to face with an increasing danger of deterioration into the same kind of military confrontation existing before the Geneva Accords.

In addition, there are two immediate dangers:

1. That the Pathet Lao and Hanoi will interpret a U. S. failure to respond vigorously to their attacks on the neutralists as a U. S. decision to abandon Laos and an invitation to apply similar tactics to Phoumi that they have successfully used on Kong Le.

2. That first the neutralists and later the Phoumi forces will make the same interpretation as the Pathet Lao and Hanoi - that the United States has decided to abandon Laos - and disintegrate, leaving us with nothing to support.

ANALYSIS

In our judgment there are 2 keys to the situation.

The first is Prince Souvanna Phouma who, as the leader of the neutralist element is the personification of the neutralist coalition and the public image of legitimacy. He is essential to a continuation of the government

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DECLASSIFIED
E.O. 13292, Sec. 3.4
NSC Memo, 1/30/95, State Guidelines
By NARA, Date 2-27-09

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national union and all reserves possible must be taken to support him and encourage him to remain at his post.

The second key is Hanoi. The Pathet Lao would probably not present a serious problem to Phoumi's forces if it were not for the presence of the Viet Minh, and the Pathet Lao would probably not, by themselves, be so aggressive or effective as they are with Viet Minh direction. Thus, the problem here is how to exercise influence on Hanoi.

In our judgment the Soviets have relatively little influence on Hanoi at the present time - there is no air lift or major aid program that they can call off; they are physically separated from Hanoi and Laos by China; and they are hampered by the Sino-Soviet rift.

The Soviets probably have still less incentive to bring pressure on Hanoi - their relations with China are such that any attempt to press Hanoi will open them to a Chinese charge of appeasement.

The major Soviet interest in the Geneva Accords is presumably to avoid a major flare-up in Southeast Asia. At the same time, the major Soviet leverage on Hanoi is probably the same thing - the threat of American intervention.

As for Hanoi, the one incentive for carrying out the Geneva Accords, or even for observing the cease-fire alone, is again the credible threat of force.

The indicated course of action is thus (1) support for Souvanna and the neutralist forces, and (2) diplomatic pressure on the Soviet Union combined with a threat of force of one form or another.

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The question is what can we hope to achieve by these actions? Realistically, it seems doubtful that we could hope to force the Pathet Lao to restore the territories taken from Kong Le the past few days. We probably could hope to bring about a cease-fire on the present lines of division.

There would appear to be some chance that if we moved quickly we could thereby preserve Kong Le and enough of his forces, (possibly relocated to, say, Luang Prabang) to permit the continuation of Souvanna's coalition government, though in a weakened form. There will presumably be an even better chance to preserve Phoumi and his forces, possibly as a result of a de facto partition.

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Further issues that must be resolved involve the timing of the military moves required. Two alternatives present themselves:

1. Carry our military moves simultaneously with Harriman's trip to Moscow.
2. Postpone decisions regarding military moves until after Harriman's return.

Alternative 1 would serve to strengthen Harriman's hand with the Soviets and in turn would provide the Soviets with a lever to use on Hanoi and Peiping. On the other hand it might have the effect of putting Khrushchev in the position of appearing to capitulate to U.S. threats. The USSR might have difficulty in resisting a Peiping-Hanoi attempt to test our resolve.

Alternative 2 would enable Harriman to make a serious diplomatic effort within the Geneva framework and in turn ~~we~~ might make a serious diplomatic effort within the Geneva framework and in turn might ~~we~~ make it correspondingly easier for the Soviets to respond favorably. On the other hand, a diplomatic approach, not backed by military moves may not impress the Soviets. It also runs the risk that we would become involved in a series of delaying maneuvers behind which the Communists would completely destroy what is left of the neutralist military position.

In balance, we favor the latter -- except that steps should be immediately taken to obtain the prior agreement of Prime Minister Sarit and President Diem if required.

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RECOMMENDATIONS:

In the light of the above analysis, we recommend the following:

1. That Ambassador Unger immediately discuss with Souvanna what steps the United States should take in support of him and the neutralist forces, including air dropping the arms and supplies pre-positioned in Thailand, action by the Meos, etc.
2. That Ambassador Bohlen make a strong approach to Couve de Murville on actions by the French.
3. That Ambassador Kohler raise the subject of Laos with Gromyko on the occasion of the interview which he has already requested on another matter.
4. That Governor Harriman proceed to London and Moscow to discuss Laos with both co-chairman.
5. That the Secretary will call in and discuss the current problem with the Ambassadors of the ICC members.

We assume that the Department of Defense will have some recommendations as to the military moves required. In addition, we would recommend that consideration also be given to the following:

- a. Moving up the SEATO maneuvers scheduled for late May and June.
- b. That consideration be given to placing air, sea and ground forces in South Viet-Nam, possibly at Hue, so as to strengthen Southern Laos.

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4/10/63

13
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April 9, 1963

NATIONAL SECURITY COUNCIL

AGENDA

For the Meeting to be held in the
Cabinet Room of The White House
on Wednesday, April 10, 1963
at 12:00 Noon

Item 1 -- U. S. POLICY TOWARD LAOS

Item 2 -- U. S. POLICY TOWARD SOUTH VIET-NAM

DECLASSIFIED

Authority NSC la 3/24/77
By mg, NARS, Date 4/29/77

511th NSC Meeting

NSC Control No. 129

~~SECRET~~

14

~~SECRET~~

DECLASSIFIED

Authority State Ltr. 4/9/76, AID Ltr. 4/12/78

By JN /chm, NARS, Date 4/24/78

V I E T - N A M

An apparently critical situation developed in recent days concerning the Counter-Insurgency Piaster Fund for Viet-Nam. This fund was established originally by direct U.S. purchase of \$10 million worth of Vietnamese piasters (730 million piasters) now being used, under joint US-Vietnamese supervision, for rapid expenditure in the village, hamlet and counter-insurgency programs throughout Viet-Nam. The extraordinary measure of purchasing Vietnamese local currency with U.S. dollars resulted from the stringent situation which existed last year in the generation of piasters and the apparent inability of the GVN to otherwise start essential counter-insurgency activities on a timely basis. This year it has been the U.S. expectation that the Vietnamese would place piasters from their own resources under joint US-GVN control to cover counter-insurgency fund expenses remaining after U.S. piasters are expended. The sum needed from the GVN would be about 1.3 billion piasters (approximately \$18 million). This figure amounts to approximately 15% of the total joint controlled U.S. resources being devoted to the counter-insurgency effort (see attached table). It was our expectation and understanding that the joint US-Vietnamese supervision over the expenditure of these funds would continue as in the past, despite the fact that source of the funds would be increasingly from the GVN budget rather than from U.S. purchased piasters and counterpart.

President Diem informed our Ambassador April 5 that Viet-Nam would not agree to the joint US-Vietnamese control over the expenditure of funds contributed by the GVN. However, he did say that the GVN would supply adequate funds for counter-insurgency but had to have control of them itself. U.S. representatives could verify GVN expenditures; GVN books would be open. In the course of a rather stiff discussion on this issue, the President also raised several questions concerning the size of the U.S. official establishment in Viet-Nam particularly at the local level and the degree of responsibility and intervention which officials of that establishment have in the internal affairs of Viet-Nam.

When our Ambassador sent President Diem a personal letter asking that the Vietnamese position be put in writing, the Vietnamese appeared to ease their stand. It now seems probable that a reasonable and effective compromise can be worked out in the field which will provide for appropriate Vietnamese funding contributions and adequate U.S. advisory representation in the Counter-Insurgency Program.

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Viet-Nam Attachment

To put the relatively small amount of piasters involved in this dispute into broader perspective, the following tabular summaries are presented:

CY 1963 Counter-Insurgency Resources Over Which
Joint US-GVN Control Proposed To Be Exercised
(Figures Approximate)

<u>MAP</u> <u>Defensive</u> <u>Materiel</u>	<u>A.I.D.</u> <u>Commodities</u> <u>(incl. Food)</u>	<u>Proposed Joint</u> <u>Piaster Fund</u>
US\$33 million	US\$45 million	VN\$2.3 billion * (approx. US\$33 million)

* Includes approximately VN\$300 million for local support of A.I.D. economic development programs and administrative costs.

Proposed Sources of Joint Piaster Fund
(Estimate)

GVN Budget	VN\$1.3 billion
US Purchase	0.6 billion
Counterpart	0.4 billion
	<hr/>
	VN\$2.3 billion

Total A.I.D. Generated Piasters CY 1963 (Estimate)

Purchased (in CY 1963)	VN\$0.6 billion
Counterpart	VN\$6.3 billion
PL-480 Proceeds	VN\$1.6 billion
	<hr/>
	VN\$8.5 billion

Usage Tentatively Planned

Military Budget	VN\$7.5 billion
Counter-Insurgency	VN\$0.7 billion
Economic	VN\$0.3 billion
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	VN\$8.5 billion

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March 28, 1963

MEMORANDUM FOR THE RECORD

The Security Council meeting scheduled for March 28th was postponed until April 2nd in order that Mr. Ball could report to the Executive Committee his observations and impressions gained during his current visit to Europe. Although the proposed subject for discussion at both meetings has been U.S. policy toward Europe, Smith and Bundy feel that Tuesday's meeting will (and should) simply review factors bearing on U.S. policy. Implicitly the situation in Europe is so fluid (disarray following the EEC breakdown and indecision relating to the MLF proposals) and in Moscow so indeterminate (rumors and indecisiveness) that this kind of reflection is preferable to precise pronouncement of policy. In this sense Bromley Smith reported the feeling that the attached paper from Ambassador Bruce's study is already somewhat out of date.

HLB

Attachment

DECLASSIFIED

Authority NSC-68 3/24/77
By hmg, NARS, Date 4/29/77

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NATIONAL SECURITY COUNCIL

RECORD OF ACTIONS

NSC
Action

2462 U. S. POLICY TOWARD EUROPE

Reviewed the main lines of current policy toward Europe.

2463 U. S. POLICY TOWARD CUBA

Discussed the current status of measures being taken to control Cuban raiders using bases in the Bahamas.

April 2, 1963
510th NSC Meeting
Cabinet Room of The White House
NSC Actions 2462 and 2463

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DECLASSIFIED
E.O. 13292, Sec. 3.4 + NSC letter 3/24/77
NSC Memo, 1/30/95, State Guidelines
By ebm/jc, NARA, Date 2-27-09

NSC Control No. 130

March 25, 1963

NATIONAL SECURITY COUNCIL

AGENDA

For the Meeting to be held in the
Cabinet Room of The White House
on ~~Thursday, March 28, 1963,~~
~~at 5:00 p.m.~~

Tues. Apr. 2.

U. S. POLICY TOWARD EUROPE

510th NSC Meeting

NSC Control No. 128

CONFIDENTIAL

*Received from State 4/1/63
for Apr. 2, 1963 NSC mtg.*

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BELGIUM

The same basic and deep-seated social and economic cleavages between Fleming and Walloon, Catholic and Socialist, which have plagued all other governments since the War have continued to weaken the Spaak-Lefevre Government. As a result, notwithstanding an overwhelming majority of 180 of the 212 seats in the Chamber, the Government has been unable to provide strong leadership. Up until recently, Spaak had almost unanimous popular approval for his European policies. However, Spaak's outspoken opposition to de Gaulle's veto of the British application for membership in the EEC was not shared to the same extent by the Social Christian Party, particularly its right wing. The French campaign for an "independent" Europe has struck a responsive chord amongst elements of the haute bourgeoisie in Belgium, as in other European countries.

CANADA

The April 8 election dominates the scene. The Liberals probably will gain a plurality. Speculation is growing regarding a possible constitutional crisis if Diefenbaker is not clearly defeated and refuses to resign.

FRANCE

As a result of the 1962 Parliamentary elections, General de Gaulle and the Pompidou Government face no significant political opposition. The Government has a comfortable majority in the French National Assembly. Although the Communists were able to improve their voting strength slightly and to gain over 40 seats in Parliament, they are far from the position of strength which they occupied prior to 1958 when de Gaulle came to power. On the other hand, the Government is currently engaged in a serious test of strength with the French trade unions as a result of the miners strike. This strike has not as yet created serious political overtones but this could occur if events lead to a showdown or if the strike continues for several weeks. The search for a compromise formula continues but a settlement is not yet in sight.

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Authority State Sec 119177
By smg, NARS, Date 6/16/77

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Lastly there remains the threat of new assassination attempts on General de Gaulle by extreme rightist diehards who have never forgiven him the Algerian settlement. A successful attempt on de Gaulle would no longer be the signal for a coup d'etat as was to be feared prior to the Algerian settlement but it could result in a serious and prolonged political crisis in France in view of the fact that no provision has been made for de Gaulle's succession.

GERMANY

The paramount subject of interest is when Adenauer will step down and who will succeed him. The general expectation (hope) is that he will retire in the fall. Erhard seems the logical and probable successor because of his popular appeal and the difficulty the king-makers (Brentano-Dufhues-Strauss) will face in agreeing on an alternative. The present coalition (CDU/FDP) will probably continue under the successor until the elections of 1965 despite growing Socialist (SPD) strength and corresponding CDU losses.

European unity and Atlantic partnership constitute the second topic of importance. The Germans are finding it difficult and uncomfortable simultaneously to accomodate de Gaulle, maintain close ties with the United States, and act as honest broker in bringing the United Kingdom and the Six together. The Franco-German Treaty undoubtedly will be ratified. The perennial German nervousness about United States talks with the USSR and US views on military strategy seems to have abated temporarily.

GREECE

There are greater strains on the Greek Government and on its foreign and domestic policies than existed a year ago. While the communist movement remains technically isolated, increasing intransigence on the part of the Center Opposition has tended to create a greater bifurcation in Greek politics between the monarchy and the relatively conservative rural-backed Government on the one hand, and the Center and Leftist elements, concentrated in the cities, on the other. The point

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at issue is the Center and Left's demand for early new elections and the Government's determination not to hold elections until 1965, when they are scheduled. The Government, which is more cooperative with the United States than is any likely successor, faces increasing pressures growing out of (a) the alleged failure of the Economic Consortium and the NATO Defense exercise to provide needed external assistance to the Greek budget, and (b) the alleged failure of the Greek Government to take a sufficiently "hard" line in defense of various Greek external interests.

ITALY

The Italian Parliament was dissolved February 18 in preparation for national elections April 28. The present center-left government is thus a caretaker.

For the first time since the war, the electorate can choose among democratic alternatives and not just between communists and democrats. The movement of the Socialist Party toward the center has isolated the Communist Party, but the Communists are expected to maintain their present voting strength (22-23%), since they have not been isolated long enough for their position to be eroded. Little change in the relative strengths of the Democratic parties is expected, although some of the small, center-left and center-right parties may gain at the expense of the Christian Democrats and of the extreme right. If the elections result is as expected, a new center-left government should be formed after the new Parliament meets May 16. The Socialists may well enter the cabinet during the new Parliament's five-year mandate.

LUXEMBOURG

There are at present no serious domestic political problems which would threaten the life of the Government before the next scheduled elections in early 1964.

-Netherlands

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NETHERLANDS

A Dutch national election is scheduled for May 15. There are no serious inter-party disagreements, West New Guinea is no longer a significant political issue, and the country is experiencing a booming prosperity. With no critical issues at stake, the election promises to be tame. Although the de Quay Cabinet has a record of substantial accomplishment, the present four-party (Catholic, Liberal, and 2 Protestant Parties) Coalition will almost certainly give way to a new coalition which may comprise Catholics and Labor (Socialists). Regardless of the makeup of the new cabinet, the main lines of the present government's policies are likely to endure. Foreign Minister Luns' popularity and prestige have been enhanced by his recent role in European events and public opinion polls reveal him the most popular Cabinet member.

PORTUGAL

Salazar had to contend with student and worker unrest in early and mid-1962, and while the situation is presently quiet, there is no reason to think it need remain that way. The clandestine Communist Party, small but vigorous, is stepping up its organization and activity, especially among students and workers. Popular dissatisfaction in Portugal arises from monotony with more than thirty years of Salazar's authoritarian paternalism, from the general political, economic, social and intellectual backwardness of the country compared with the rest of Western Europe, and from the deteriorating situation in the overseas territories. Goa has been lost, Angola has had two years of guerrilla warfare, Timor and Macau exist through sufference of Indonesia and China. Mozambique may follow the pattern of Angola, and Portuguese Guinea may now be starting along that road. Despite this, it does not appear likely that any attempt to organize a coup against Salazar is likely to succeed. Now approaching 74 years of age, he seems likely to live and rule on until death removes him from the scene.

SCANDINAVIAN COUNTRIES

NORWAY, DENMARK, and ICELAND have no serious internal problems.

-Turkey

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TURKEY

Recently the Inonu coalition has weathered several minor crises caused by the ex-Menderes followers' Justice Party. Inonu's room for maneuver is restricted by the strong stand of senior military leaders against any revival of a Menderes-type regime. Inonu did attempt to lessen some tensions by arranging the release from prison of ex-President Bayar for medical reasons. However, after pro- and anti-Bayar demonstrations occurred in Ankara and Istanbul, Inonu revoked the release. The Justice Party has stalked out of Parliament charging faulty police protection. The JP will strive to paralyze Inonu's ability to act in Turkey's economic and political evolution by such measures and by rabble-rousing rallies against consumption taxes needed to finance 1963 development. Inonu faces more troubles but not extraordinary turbulence.

UNITED KINGDOM

The Macmillan Government is beset by serious domestic economic and political troubles. A low growth rate of economy has led to high rate of unemployment which, unless corrected, will be a major factor in the general election which must be held by October 1964, and might be held next spring. The collapse of the Common Market negotiations has left the Conservative Government without any alternative economic policy giving promise of early success. The public seems to be losing confidence in Tory leadership which has failed to impart a sense of direction despite a Cabinet shakeup last year. At the same time, the newly-elected Labor Party leader Harold Wilson is off to a fast start in his campaign to build up his image as a potential Prime Minister. While the trend could be reversed, opinion polls show Labor drawing away from the Conservatives.

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MEMORANDUM

DATE: March 13, 1963
TO: The Vice President
FROM: Colonel Burris
RE: European Policy

As Mr. Bundy points out, the attached statement of European policy was prepared by Mr. Bruce, and you are generally aware of its contents. Yet this discussion paper, like practically all others on the European question, relates to alteration or refinements of existing alliances and defense systems in order to assure retention of the military advantage and to protect "Western interests".

Conspicuously absent from these discussions of even the broadest aspects of U.S. policy is an evaluation of the prospects for termination of the impasse in Europe and more precisely the means and methods for possible achievement. One might conclude from a general perusal of these papers that the twenty-year involvement of U.S. forces in Europe may well be extended another twenty years or even more. In spite of U.S. difficulties with the political, social and economic problems of Western Europe, its crushing burden of expenditures on armaments, and the potentially destructive erosion of U.S. monetary position, little consideration is ever given to ways of reducing the impact or effect of these issues. There are means of doing so which will protect U.S. interest and provide adequate security for Western Europe.

A recent report was received to the effect that the Soviets considered the withdrawal of missiles from Turkey and Italy as a reorientation of defense with emphasis on the POLARIS submarine. In other words, the Soviets considered this action a form of withdrawal, while as a practical matter Western ability to strike the Soviet Union was actually improved. However, the U.S. made no effort to take advantage of this move in a political or propaganda sense. Similar actions might be taken which would remove contentious military elements from certain countries and areas and at the same time would eliminate the element of confrontation. If this should be done, every possible advantage should be taken vis-a-vis the Soviets of such action.

As an example, strategic air command bomber units might be withdrawn from advance bases in England, Spain and Morocco. (In fact, this is scheduled to be achieved by 1966.) The Sixth Fleet could be withdrawn from the Mediterranean where its employment under wartime conditions has always been questioned.

DECLASSIFIED
E.O. 13292, Sec. 3.4
NSC Memo, 1/30/95, State Guidelines
By clw/jc, NARA, Date 2-27-09

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Even General Eisenhower argued with Dulles on the presence of this fleet in the Mediterranean as being impractical. Certain elements of the five divisions of ground forces could be reduced, and as a practical matter would have little over-all effect in any major land battle for Europe.

Withdrawal of forces in no way suggests alteration of the fullest intention and determination to defend Western Europe. In this day of long range bombers, missiles, submarines, and jet transports, an atomic attack can be made as well from rear bases as it can from advance bases.

Such rearrangement of U.S. forces could only be done gradually and with fullest consultation with allies as to the motives. An immediate result would be a relief of U.S. economic burden and the outflow of gold. European nations would immediately realize the necessity for their greater contribution in money, men, and responsibility for their own defense. The United States would no longer be the occupying power or the predominant ally, but rather the nuclear power which was still ultimately committed generally and specifically to the defense of Europe. These actions should not be taken, even with allied agreement, unless demands are placed upon the Soviet Union that similar disengagements occur in the East.

The German problem would be especially difficult to resolve, but the present stalemate between the two Germanys, the two Berlins and the wall offer no possibility for solution. Such unorthodox political actions as recognition of East Germany might even be considered under some form and condition -- an action which West Germany now says she would never accept. But if recognition were accompanied by withdrawal of the Soviet armies from East Germany, the possibility of reunification of the divided country would seem to be greater.

In summary what is needed above all are actions which will permit honorable disengagement with protection of the Western world. There are indications that Khrushchev has similar desires about the Eastern world. There must be some way to achieve this mutual desire without the necessity for relying simply upon hope and of staring eyeball-to-eyeball on the Western front for another twenty years.

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DECLASSIFIED

Authority NSC 64 3/24/67

By rmg, NARS, Date 4/29/67 THE WHITE HOUSE
WASHINGTON

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March 11, 1963

MEMORANDUM TO THE NATIONAL SECURITY COUNCIL

SUBJECT: Meeting on Wednesday, March 13, at 4:30 PM

The President has asked me to call this meeting for the purpose of having a general discussion of U.S. policy in two large areas, Latin America and Europe. It is not his purpose in this meeting to attempt detailed analysis of immediate questions such as the program for the San Jose meeting or the next steps in the post-Nassau negotiations. He desires instead to have a broader exchange of views, in which it would be open to any member to propose quite new levels or directions of policy as deserving further study.

Members of the Council are familiar with the main lines of current policy in these two areas, but the two papers which are attached may be of some interest to those who have not seen them. One is a talking paper on Cuba used by the Secretary of State in a recent talk to the Cabinet. The other is an abridgment of an informal talking paper on European policy presented to the President by Ambassador Bruce. The documents do not have the authority of formal State papers, but each is a responsible statement of the main lines of our present course; alternative views might well respond to them. It should be added that the Secretary of State's paper, in that it centers on Cuba, covers a field less broad than that of hemispheric policy as a whole. It is the broad field that the President has in mind for the first item on this simple agenda:

1. Latin American Policy
2. European Policy

McGeorge Bundy
McGeorge Bundy

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February 9, 1963

INTRODUCTION

I would like today to discuss four subjects:

First: Our objectives in Europe.

Second: The obstacles which recent events have interposed to the attainment of these objectives.

Third: The basic US strategy required to overcome these obstacles.

Fourth: Some specific tactical steps which should now be taken to carry forward this strategy.

I. Our Objectives

I turn first to the matter of our objectives in Europe.

The most fundamental of them has always been to deny Europe to Communist control.

It was that objective, more than any other, which moved us to launch the Marshall Plan and NATO.

As these economic and military programs achieved their purposes, we conceived a second objective: to mobilize our resources in combination with Europe to serve the whole free world.

It soon became apparent, however, that this second objective could not be fulfilled without greater progress toward European unity. Only a united Europe was likely to generate the confidence, the sense of responsibility, and the resources required to project its power outside of Europe.

European unity was also judged, from the early days of the Marshall Plan and NATO, the most effective framework within which to contain and provide a creative outlet for a West Germany which might be tempted to seek reunification with East Germany through bilateral arrangements with Moscow, or otherwise prove a disruptive element in the world power balance.

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Authority State LA 1/19/77
By AMG, NARS, Date 6/6/77

We recognized that an integrated Europe would pose dangers, if it struck off on its own, seeking to play a role independent of the US. To minimize the chances of such a split, and to ensure that the resources of a uniting Europe were used to best effect, we sought to strengthen the instruments of partnership between Europe and the US, e. g., NATO and OECD, at the same time as we promoted and encouraged the process of European integration.

The first task of my review, as I conceived it, was to estimate whether these goals of European unity and Atlantic partnership are still valid.

As to European integration: Are the reasons still sound which persuaded us that attainment of this goal was in the US interest? And is that attainment still feasible?

The US needs European resources to promote the defense, security, and trade of the free world. And it remains true that only a united Europe is likely to generate adequate resources. Individual European countries see their national contributions, at best, as being too small to be worth while; a resulting sense of futility discourages them from additional effort.

The goal of European unity thus remains in our interest. But is it feasible?

My own belief is that the process of European integration is an imperative of modern history.

We have seen the process gather strength steadily over the last fifteen years -- gather strength not only in terms of institutions and programs but, more importantly, of European attitudes.

I believe that the process will continue to gather strength, because it is solidly grounded in both European needs and European thinking.

Europe needs unity to enhance its security, its well-being, and its sense of purpose on the world scene. These needs are recognized in the thinking of the broad mass of European peoples, for whom national symbols have lost much of their appeal, in the wake of two disastrous world wars.

A US policy which backed away from the goal of European integration because of fear that it was not feasible would be based on a misreading of the main trends at work in Europe today.

As to our second goal: that of US-European partnership: Is it still feasible and in our interest to seek a close US connection with Europe?

It is certainly in our interest.

We cannot accept the prospect of the US and Europe going their separate ways. Such a split would endanger both of our overriding postwar objectives: that of denying Europe to the Soviets, and that of mobilizing European resources for common tasks.

Moreover, no matter how deep our withdrawal, our national interest would continue to be profoundly affected by what happened in Western Europe. A fragmented or adventurist Western Europe might make all manner of trouble for us, quite aside from the danger of Communist takeover. In a nuclear age, especially, we must have a voice and play a stabilizing role in European affairs.

As to feasibility: There is, of course, considerable anti-Americanism in Europe. I shall speak shortly of its bases, and what it suggests as to our own actions. But we should recognize that this feeling is outweighed and overshadowed by a deeper European feeling of shared values and interests with the US. A close US-European tie is not made inevitable by this deeper feeling, but it is at least brought within our reach.

To say that it is still practical and desirable to pursue both of our operational goals -- European unity and US-European partnership -- is not to say that we should stand, without change, on the course we were following before recent events.

For it is clear that these events have created new obstacles to our pursuit of these goals. Shifts of emphasis and tactics are required to deal with such obstacles.

II. Obstacles

De Gaulle has created three obstacles to the attainment of our objectives: he has excluded Britain from the Common Market; thrown a block across the Common Market as a route to European political unity; and placed before Europe an image of intra-European and Atlantic relationships contrary to our interest and conceptions.

Playing upon the European desire for a larger voice in world affairs, he has, in fact, proposed that Europe be built around a Paris-Bonn axis

which he expects to dominate, to which Italy and the other continental powers might attach themselves as satellites, and from which U. S. power and influence would be progressively withdrawn. As that withdrawal proceeds, he undoubtedly looks to an accretion of resources from Europe in support of a French Continental System, including the Force de Frappe.

In prosecuting this effort, de Gaulle has both liabilities and assets.

His liabilities include the fact that European desires for early U. S. military and political withdrawal from Europe are weak, if non-existent; and that Europe -- including West Germany -- does not show a willingness to accept de Gaulle's hegemony.

His assets include the fact that there are strong European desires for a larger European voice in nuclear affairs, in broader military strategy, in East-West negotiations, and in political policy in regions outside the NATO area. The present predominant US role in all these fields is increasingly resented; a professed US intent to share this role with Europe, if it unites, is thought to be belied by our current actions. There is a growing fear that we may want to control a strong and united Europe by smothering it in the Atlantic Community. This resentment of our role, and distrust of our ultimate intentions, breeds anti-Americanism which de Gaulle can exploit.

It also, paradoxically enough, breeds a sense of dependence on the US which makes it more difficult to move Europe to expanded effort; and the absence of this European effort, in turn, creates a necessity for unilateral US action, which intensifies European resentment.

Thus the greatest need in framing a policy which would successfully outflank de Gaulle, and move us toward our goals, is twofold:

First: To make more clear than we have to date our willingness to treat a uniting Europe as an equal partner, provided it is prepared to assume the burdens involved.

Second: To break the deplorable interaction between present European dependence and US predominance, a consequence of which is enhanced European frustration, anti-Americanism, and unwillingness to assume enlarged responsibility in money, men, and political commitment.

III. Proposed Strategy

A strategy to this end requires that in the areas of initiative open to us -- mainly in fields where the US and European countries must act together -- we move forward in a demonstration that the vicious circle can be broken and a true partnership can be built. The two critical areas (aside from trade negotiations) are:

First: the multilateral mixed manned Force, which holds real promise as a response to European aspirations for a greater nuclear role.

Second: Political consultation, as it derives directly from the multilateral force, and in other respects.

It is essential that, while moving forward with these Atlantic actions, we also dramatize more successfully our willingness -- indeed, our desire -- to see a united Europe eventually act as an equal partner with the U. S.

To make this willingness credible, we should do two things:

First: We should support, in every way we can, the movement toward European unity. Basically, of course, progress toward unity must depend on the European themselves. Still our own influence is considerable; we have put that influence to good use in support of European integration over the past ten years, and we should continue to do so. This has implications for our posture toward the UK and toward any sound new initiatives which supporters of European integration may propose, e. g., a European Parliament.

Second: We should leave open -- in the fields of nuclear policy and political consultation -- the possibility of arrangements in which an effectively unified Europe would play a larger role than will be possible so long as these arrangements must run between the US and separate European nations.

In nuclear policy this means making more explicit our eventual willingness to consider allowing a united Europe to buy out the US share in the multilateral mixed manned force. This underlines the importance of setting up the force in a way that it is so integrated, through mixed manning and other means, as to preclude national withdrawal or any national use of elements of the force.

In political consultation, this means making clear our willingness eventually to replace a five or six member NATO Executive Committee with a two member committee -- the US and Europe.

The broad strategy outlined above is designed to frustrate de Gaulle's efforts to convince the Europeans that immediate Atlantic cooperation and progress towards European unity are mutually antithetical. This is the heart of his case to Europe.

It is also designed to break the interaction, already mentioned, between European weakness and US predominance which is frustrating movement toward both European unity and Atlantic partnership.

And it is designed to maintain allied cohesion for constructive purposes in the period immediately ahead, while holding out to de Gaulle the opportunity to rejoin the Western coalition on terms which would meet those of his aspirations that are most widely shared, thus permitting renewed progress toward European unity -- which cannot, in the long run, be achieved without France.

Two of these de Gaulle concerns, evident since 1958, are worth particular note: his desire to end the US nuclear monopoly, and his desire for a larger European voice in a process of political consultation extending beyond the NATO area. If, through the multilateral force and various devices of political consultation, we can demonstrate to de Gaulle that we are drawing Europe, and especially Germany, into these two areas of activity on an Atlantic basis, he will be faced with the following choices:

1. To attempt by veto and other means to disrupt these Atlantic ventures;
2. To maintain his isolation passively, while these ventures move forward;
3. To find a dignified way to come to terms.

If he seeks to disrupt NATO, at the present stage of European dependence on U. S. military strength, he will almost certainly run into much more severe reactions in Europe, and even in France, than he faced as a result of his recent actions. We should be prepared to face such tactics with confidence.

If he remains in passive isolation, his bargaining position will become progressively weaker, to the extent that Atlantic arrangements gather momentum and prove successful. This success will depend, as indicated above, on a clear US indication that the end goal is to create a sounder basis for a partnership of equals between the US and a uniting Europe, not to blanket Europe indefinitely in wider Atlantic arrangements.

Despite de Gaulle's stubbornness and loyalty to his own vision of affairs, it is not altogether to be ruled out that, if the multi-lateral force succeeds in drawing Germany wholeheartedly into the nuclear business, and if the various processes of political consultation gain substance, he will decide that he should pursue his objectives within the club rather than outside.

But this will only happen if we now move vigorously to carry out the strategy outlined above, without being diverted from this course by:

- an attempt to mount punitive or harassing action against de Gaulle, or

- an excessive anxiety to come to terms with him before this strategy has created conditions more conducive to reasonable negotiations than those now existing.

If this is the strategy to be followed, it is essential that all our actions -- in Washington and Europe, in both the political and economic fields, in both the State and Defense Departments, and at every level of both Departments -- be geared to this strategy. We must act with consistency of purpose, and minimize disturbing pronouncements and initiatives capable of misinterpretation. We must ensure that proposed military moves are carefully reviewed from a political standpoint before being taken. We cannot make progress toward complex objectives, in the face of major obstacles created or compounded by de Gaulle, without an effort which is as persistent and consistent, over a sustained period of time, as his own.

IV. ACTIONS

In execution of this strategy we need to mount certain specific actions. In discussing them, I will follow the general division indicated

in the President's instruction to me:

1. Multilateral Force:

(a) We should set a target date for completion of Ambassador Merchant's negotiations with the multilateral force's initial prospective members -- Germany, Italy, Belgium, and the UK. These negotiations should seek a Preliminary Executive Agreement, which would permit training and other low-cost activities to begin. This date should be before the Italian elections in later April.

(b) Even before we clarify our policy toward intensified political consultation with Europe, we should begin regularly to demonstrate that we shall seek before the event understanding, and, if possible, consensus with Europe on proposed US actions, where vital European interests are involved.

2. Foreign Economic Policy:

(a) We should speed up the Trade Expansion Act negotiations, both by exploring ways to reduce time-consuming preparations on our side and by beginning talks soon with the UK and the Common Market on how the negotiations will be conducted.

(b) We should not now establish a definitive U.S. position on UK "association" proposals. My present view is that the kind of "association" likely to be acceptable to France in existing circumstances would not be to the advantage of the U.S. or UK. If a serious proposal, appearing to meet genuine British economic and political needs were offered, we should consider it in the light of whether our own broad interests could be fully protected.

(c) We should re-examine recent US restrictive actions. We must seek to resist or accommodate the demands of domestic pressure groups in ways which do not throw excessive burdens on our European policy at this critical juncture.

3. Negotiations with the Soviets:

We should, in whatever manner seems appropriate, manifest U.S. determination to protect the freedom of West Berlin -- if necessary, by unilateral action. At the same time, we must scrupulously preserve,

through consultation, the closest understanding with our interested allies.

The wisdom, at this time, of our putting forward any new proposals in regard to Berlin seems to me highly questionable -- in the absence of clear evidence of Soviet concessions on the basic issues.

4. Germany:

(a) The President should send a letter to the Chancellor centering on this theme: the continuity of our joint commitment to a close U.S. relationship with a uniting Europe. The letter would emphasize these specific points:

(i) U.S. determination to maintain forces in Germany as long as the threat remains.

(ii) Strong endorsement of the Merchant mission; the importance of an early Preliminary Agreement; and U.S. willingness to remain a full participant in the multilateral force so long as this is desired by the other participants.

(iii) Reiteration of U.S. support for continuance of efforts to bring the UK fully into Europe.

(b) We should not make an attempt to prevent ratification of the Franco-German treaty. We should, on the other hand, make absolutely clear to Adenauer, his government, and Parliament that the stability of U.S.-German relations requires unambiguous German commitment, in words and deeds to: 1. NATO; 2. the multilateral force -- rather than to national or Franco-German nuclear programs; and 3. British accession to the Common Market.

Discreet support should be extended for a Bundestag Resolution to this effect, to accompany passage of the Treaty.

5. United Kingdom

(a) We should quickly reach agreement with the British on the necessity for close, unobtrusive consultation between us as they chart their course, so that we will not be faced with fait accomplis.

(b) We should encourage the British to consider what unilateral adjustments they might make to bring their economy into conformity with developments in the EEC, so that if later an opportunity is presented for them to enter the Common Market, many of the former impediments will have been removed.

(c) While assuring the British of our support, we should do nothing publicly to reinforce the appearance of special ties.

(d) We should encourage the UK to exploit whatever opportunities may exist for closer ties with the continent, and leadership in the process of European integration. More specifically, we should encourage the UK to play a substantial and active part in the multilateral mixed manned force. Such questions as the political activation of the WEU should be left for the European countries to resolve.

(e) We should suggest that the British Government, by whatever means appear effective, do whatever it can to mitigate excessive British hostility to the Germans. In short, the British should stop being beastly to the Germans.

6. France.

I recommend no immediate positive actions in regard to France. It is important that our posture be one of impeccable politeness without indulgence in recrimination or threats, while making clear the basic contrast between our goals and those of de Gaulle. No effort either to isolate France or to seek a U.S.-French accommodation should now be made; moves toward such an accommodation would almost certainly fail at this stage, and would only demoralize the other European countries. Our tactic with France must be to provide a counter attraction, not aimed at France, but at the legitimate ambitions of Europe. The opportunity for France to join in these efforts must always remain open. In the meantime, we should have well-informed contingency plans against a de Gaulle assault on NATO, our trade negotiations, or our balance of payments.

23

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~~CONFIDENTIAL Attachment~~

The Vice President

24

DEPARTMENT OF STATE
EXECUTIVE SECRETARIAT

March 28, 1963

MEMORANDUM FOR ALL MEMBERS OF THE NSC EXECUTIVE COMMITTEE:

Draft letter to the President
from the Secretary regarding
the problem presented by
Cuban refugee groups

The President has called an NSC Executive Committee Meeting for Friday, March 29 at 12:30 p.m. to discuss the problem posed by Cuban refugee groups.

The Secretary has asked me to make available to you the attached proposed letter from him to the President which will serve as a basis for discussion at tomorrow's meeting. The letter has not yet been signed by the Secretary but presumably will go to the President in its present form. If any substantive changes are made at the time of signature I shall so inform you.


William H. Bruback
Executive Secretary

Attachment:

As stated.
S/S-4580

~~CONFIDENTIAL Attachment~~

CONFIDENTIAL

THE SECRETARY OF STATE
Washington

25
Group I
Excluded from
automatic down-
grading and de-
classification

8/8 - 4580

DRAFT LETTER

TO BE USED AS A BASIS FOR DISCUSSION AT THE NSC EXECUTIVE
COMMITTEE MEETING FRIDAY, MARCH 29 at 12:30 p.m.

Dear Mr. President:

I am concerned that hit and run raids by Cuban exiles may create incidents which work to the disadvantage of our national interest. Increased frequency of these forays could raise a host of problems over which we would not have control.

Actions such as yesterday's exile attack which caused substantial damage to a Soviet vessel may complicate our relations with the USSR without net advantage to us.

I therefore propose several measures which could impede or deter further attacks of this nature.

First, the intelligence community could increase its efforts in Miami to develop hard information about projected raids. This is currently communicated to Customs authorities charged with investigation of violation of arms control.

Second, Customs and the Coast Guard, on the basis of this information can stop and search the vessels. (They now do this, and picked up about 50 men and four boats last year.) Arms and vessels are confiscated, and participants arraigned if a violation of law has

The President,

The White House.

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Authority State ltr 1/19/77

By mmg, NARS, Date 6/17/77

CONFIDENTIAL

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- 2 -

occurred. Bail is set in accordance with the severity of the violation. An increase of one or more vessels to facilitate current customs and Coast Guard operations in the Miami area would be helpful.

Third, CIA, FBI and Customs officials in Miami could quietly inform suspects in the exile community that the United States intends to intensify enforcement of violations of pertinent laws relating to exile raids.

Fourth, the FCC could locate and close down illegal radio transmitters operating out of the Miami area in connection with these raids.

Fifth, we can inform the British Government of our plans to try to control these activities and express our understanding that the British Government has become increasingly concerned about the possibility that British territory in the Bahamas may be used for these raids and may be considering action to police these areas more effectively.

These measures have not been discussed with any of the senior officials of the Departments concerned, but if any of the measures commend themselves to you, I suggest that a meeting of the interested Departments be called to discuss the problem.

Faithfully yours,

Dean Rusk

~~CONFIDENTIAL~~

March 28, 1963

① Must sign before Petitioner

Incidents - Heat up -

② Depend us - Plan Grip

I am very responsible to the
 Navy very responsible to the
 Navy very responsible to the
 Navy very responsible to the

1. Guinea
2. Bahamas

4. What can do to get

blow raids that are coming

Q. - Domestic production

get some programs before tomorrow morning.

~~CONFIDENTIAL~~ Attachment

The Vice President

DEPARTMENT OF STATE
EXECUTIVE SECRETARIAT

26a

March 28, 1963

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Cuban refugee groups

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William H. French
Executive Secretary

Attachment:

As stated.

CONFIDENTIAL Attachment

268

CONFIDENTIAL

THE SECRETARY OF STATE
Washington

Group I
Excluded from
automatic down-
grading and de-
classification

S/S-4580

DRAFT LETTER

TO BE USED AS A BASIS FOR DISCUSSION AT THE NSC EXECUTIVE
COMMITTEE MEETING FRIDAY, MARCH 29 at 12:30 p.m.

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The President,

The White House.

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Authority State Sec 11/9/77

By smg, NARS, Date 6/16/77

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CONFIDENTIAL

- 2 -

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Faithfully yours,

Dean Rusk

CONFIDENTIAL

March 28, 1963

March 29, 1963

The United States Government is currently in receipt through diplomatic channels of two messages from the Cuban Government, in connection with the firing by the Cuban MIG aircraft in the immediate vicinity of the United States Motorship Floridian on the evening of March 28.

In the first message the Cuban Government said that the Cuban planes on the afternoon of March 28 had discovered what Cuban authorities considered to be a suspect boat flying the United States flag twenty-five miles northeast of Cayo Frago in Las Villas province. The Cuban Government inquired of the United States Government as to whether the United States flag was being legitimately flown by the ship in question. Simultaneously, A Cuban naval vessel was ordered to proceed to the spot to clarify the matter.

Upon learning of the statement issued by 9:15 p.m. last evening by the Department of State, the Cuban Government in a second message indicated it presumed that the boat sighted by Cuban aircraft earlier in the afternoon was the same ship mentioned in the Department of State announcement and informed us that the Cuban naval vessel had turned back.

The Cuban

The Cuban Government in this second message added that the MIGs probably fired in error, and that there had been no intention on the part of the Cuban Government to shoot at the Floridian. These are the facts as they are now known.

The United States today is asking the Government of Cuba for a full explanation of this matter.

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12/11/62

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MEMORANDUM FOR THE NATIONAL SECURITY COUNCIL EXECUTIVE
COMMITTEE. MEETING OF DECEMBER 11, 1962. 10:00 A.M.

U. S. SHORT TERM POLICY TOWARD BRAZIL

Recommendation

It is recommended that

1. Within the next two weeks, i.e., before Christmas 1962, there be a discussion with President Goulart in general terms, which would reflect the views of President Kennedy and which would emphasize (a) U.S. concern over political and economic developments in Brazil; (b) U.S. desire to collaborate with Brazil in both political and economic fields; and (c) U.S. conviction that such collaboration will be impaired as long as certain difficulties persist. A proposed speaking paper to initiate such a discussion is contained in the draft at Tab A (it is left open whether the discussion on behalf of the President should be by a representative sent specially for that purpose or by the U.S. Ambassador speaking for and on instruction from the President).
2. Thereafter there be conducted with President Goulart a continuing personal dialogue on behalf of President Kennedy (in which Presidential letters could be used as well as personal representations by the Ambassador) on selected specific issues of major importance. It is probable that the major immediate issues will concern Brazilian internal decisions in the economic field (economic stabilization and climate for private foreign investment). However, these will also have substantial political significance and internal political repercussions.
3. If President Goulart's initial reaction to these discussions should be favorable and he should begin to change accordingly the orientation of his government, the U.S. should avoid ostentatious favoritism toward those elements in Brazil friendly to us but hostile to President Goulart.
4. Actions which the U.S. should initiate in the OAS with respect to Cuba for the purpose of protecting national and hemispheric interests should not be avoided for fear of adverse Brazilian reaction. At the same time, otherwise unsound actions should not be initiated merely for the purpose of isolating Brazil.
5. The question of the date of a Presidential visit to Brazil should be deferred for the time being.
6. Any further large-scale assistance to Brazil in connection with an economic stabilization program should be considered only after Brazil had taken certain significant positive steps, both economic and political, and should be phased in accordance with Brazilian performance under such a program. Specific

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Authority NY 037-004-1-1
By [Signature], NARA, Date 8/15/02

precondition should include satisfactory settlement of the IT&T Case, a clear Brazilian Administration position on remedying the defects in the present profits remittance law, and a public posture of collaboration in the Alliance for Progress, in addition to the necessary measures for economic stabilization.

Reasons

1. The existing alternatives for the United States are:

A. To do nothing and allow the present drift to continue.

1.5 d

C. To seek to change the political and economic orientation of Goulart and his government.

2. Alternative A is rejected because the Brazilian internal and external financial crisis, with exhaustion of foreign exchange reserves, will require a United States reaction, either positive or negative, to the new Brazilian economic stabilization program to be presented in January. The present situation, in short, is unstable, and will have to turn soon either for the better or for the even worse. (See Tab B for description of present political and economic situation.)

1.5 d

4. Alternative C is selected as the only feasible present approach and as one having a reasonable chance of success.

1.5 d

5. The following considerations indicate that representations should be made to President Goulart within the very near future:

(a) The Brazilian critical foreign exchange problem is imminent and the Dantas mission to the United States to seek large-scale economic assistance is expected in mid-January.

(b) President Goulart will be making decisions on new government appointments in anticipation of the restoration of the presidential system following the January 6 plebiscite.

(c) U.S. prestige and credibility are high and Soviet reliability correspondingly low as a result of the Cuban crisis. (This, however, may be a diminishing asset with the passage of time.)

6. Confrontation of President Goulart on internal and external policies may produce a change of trend, but is unlikely to bring a total one-shot conversion. It will be necessary to maintain pressure and continually to join issue with him on specific topics. Having in mind our evaluation of President Goulart and our past experience with him this can best be accomplished by:

- A. Creation of a personal relationship between President Kennedy and President Goulart with repeated personal approaches to President Goulart on behalf of President Kennedy.
- B. Simple ad hoc approaches related to specific issues and situations.
- C. Seeking to influence key Goulart advisers receptive to our views.
- D. Continuing to encourage Brazilian moderate democratic elements in Congress, the Armed Forces and elsewhere who advocate domestic and foreign policies which we can support.
- E. Adjusting U.S. assistance and cooperation to Brazilian performance.
- F. Making any financial assistance required to meet immediate foreign exchange shortages available on a short-term basis on conditions implying no long-term commitment.
- G. Pressing President Goulart to take public positions on issues which are critical for U.S.-Brazilian cooperation.
- H. Large tolerance of Brazilian differences with us on non-essential matters.

7. With the passing of the Cuban crisis, Cuba is not a major issue in Brazil. Actions with respect to Cuba in OAS should not be contrived merely to challenge Brazil. But essential hemispheric decisions on Cuba can be utilized to apply pressure and force choices.

Discussion

In January or soon thereafter representatives of President Goulart, led by the new Finance Minister San Tiago Dantas, will be coming to this country to explore with us a large-scale, long-term program for bringing under control their deteriorating financial situation. They will be asking us for substantial financial assistance and for support in obtaining help from other governments and international agencies. However, it is undesirable to address ourselves seriously to this important problem without some clearing of the air

with the Brazilian government on recent adverse political developments in Brazil. Also we need to present our views on the political front immediately so that we can bring our influence to bear on important near-future political decisions (e.g., appointments to the new cabinet). A political confrontation and developments flowing from it could help clear the air sufficiently so that we will know in which direction to move not only in the matter of broad financial assistance but also in various other dealings with the Brazilian Government. Such a political confrontation now would be especially timely in view of the foregoing factors.

Unconditional support to the Goulart administration without a political confrontation might be justified now only if we wanted to gain time against a strong expectation that events within the country would bring about either the early overthrow of President Goulart or a near-future change in his policies. We might then continue unqualified support to maintain a favorable image of the U.S. in Brazil and to deny ammunition for diversionary tactics by President Goulart and his supporters. However, such unconditional support cannot be justified because (a) there is not sufficient expectation that either of the alternatives will come to pass without some positive action on our part; (b) our unconditional support could in fact encourage President Goulart and extremists around him to continue their present course and we would thus contribute to a further deterioration of the political and economic situation.

There are limited possibilities of confronting President Goulart on the international front. Unless Brazil should make a clear break with the rest of the countries of this hemisphere, an effective confrontation will be difficult. While the Brazilian position was ambiguous and deliberately confused during the recent Cuba experience, they did vote along with the other American Republics. It is possible that Brazil might be forced to shift its policy to avoid putting itself in isolation in the hemisphere. In this regard, however, we can only continue our firm policy in the OAS and confront or isolate Brazil only as Brazil makes such action necessary. We should not, however, overlook opportunities to deny prestige to Brazil's "neutralist, peace-making" role insofar as it encourages resistance to U.S. policy objectives in this hemisphere.

One should not expect that a major political confrontation with President Goulart will bring about his sudden and complete conversion. He will still maintain at least some of his alliances with leftist elements. He will still be limited by his own ineffectiveness and excessive preoccupation with political power maneuvers. A major political confrontation could, however, influence President Goulart toward a more moderate and more constructive political course, including much heavier reliance on center forces in the country willing to collaborate with him if he acts responsibly, in which more harmonious U.S.-Brazil relations could be maintained.

If there is such a political confrontation, it is unlikely that President Goulart will react violently against the representations or against the U.S. unless our posture is too drastic. It will be necessary to avoid any suggestion that President Goulart is incompetent or ineffective. It may be necessary in the discussion to acknowledge some of the leftist

developments of the past eight months as part of an understandable past political strategy even while we object thereto in terms of their adverse impact on U.S.-Brazil relations. It may be necessary to stress the importance of key government personnel more fully representative of Brazilian political thinking as a basis for effective Brazil-U.S. relations, rather than directly criticizing the quality and character of recent cabinets. In short, the confrontation must be phrased so as to avoid any avoidable offense to President Goulart.

The confrontation must also offer positive inducements. Not only might there be a citation of the unhappy experience of other nations which have trusted the communist nations too much, but there should be positive expressions about President Kennedy's great hopes for the future of Latin America; about the need for hemispheric solidarity in improving, and accelerating advances under, the Alliance for Progress; and about the special leadership role of Brazil as the southern giant. It would be useful, too, to cite the precedent of President Goulart's early political patron, Getulio Vargas, who in the early '40s made the wise decision of putting Brazil unequivocally on the side of the Allies and who developed a special relationship with President Roosevelt in so doing. Additionally it would be desirable to hold forth the promise of serious consideration to their request for help on their larger financial program, based on a serious effort to promote development within a framework of financial stabilization. All of this would be phrased as contingent upon the expectation that obstructions to effective Brazil-U.S. relations would be removed.

From past experience it is probable that President Goulart will appear reasonably responsive in any confrontation along the lines suggested above. However, experience has also demonstrated that President Goulart can be glib on general assurances and weak on specific performance. It would therefore be desirable for the U.S. Ambassador to follow up and discuss one at a time in subsequent conversations with President Goulart all of the important items covered in the general confrontation. One meeting, for example, might be on the subject of positive steps being taken by the U.S. to move ahead on the Alliance for Progress and the matching steps which should be taken by the Brazilian Government to give positive constructive support to the Alliance as a joint Latin American-U.S. venture. Another meeting might be devoted to the climate for private investment and obstructions thereto. There will be many other specific issues for similar follow-up.

The foregoing course of action could discourage, but is not designed specifically to cope with, the possibility that President Goulart may have decided, or may decide, to move toward a left-wing dictatorship or toward other undemocratic developments, with the support of his extreme leftist allies. This might involve suspending the Congress or intervention in the government of various states.

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Authority State br 12/7/76
By romg, NARS, Date 3/23/77

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Tab A

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Proposed Speaking Paper

I have been asked by President Kennedy to have this discussion with you at first hand because circumstances beyond our control made it impossible for him to come to Brazil in person last month. The President has a deep personal interest in Brazil and in its future as the leading nation of Latin America, and he hopes that conditions will permit a personal visit in the not too distant future. It is precisely because he recognizes so keenly the importance of our relationships that he has asked me to see you now.

President Kennedy -- and all of us in his Administration -- are convinced that if we -- the two giant nations of this Hemisphere -- work together, wonders can be done for the prosperity, peace and growth in freedom of Brazil, of the Western Hemisphere, and of the world at large. But if we fall apart, or drift apart, we foresee a very perilous future, in which Brazil itself would be among the most to suffer. And I must say in all candor that there have been many signs in the last nine months of just such a perilous drift.

What is our concept of how Brazil and the United States can and should work together? We have no desire for or interest in a satellite relationship. We have no desire to intrude upon Brazilian sovereignty or the responsibility of Brazilians for the destiny of your country, which we know can be one of the world's great nations. We have no quarrel with independence in foreign-policy making, if that independence is constructively employed. But the fact is that geography and history have combined to make your nation and ours the two giants of this hemisphere, and to make this hemisphere the greatest actual and potential power center in the world.

It was action based on this Hemisphere -- action in which your soldiers and ours fought side by side -- which saved Europe from domination by German Nazism. It was support from this Hemisphere which kept Western Europe after the war from being overrun by Russian Communism, and which made possible a new economic and political rebirth of Western Europe, with stronger democratic institutions, assured human liberties, and more widespread social justice than ever before.

Now there is gradually being forged a new relationship between Western Europe and North America, which we call the Atlantic Community. It is based on a recognition of the simple fact that science and communications have made this a smaller and smaller planet on which all our peoples are increasingly interdependent, whether we like it or not. We would like to see that relationship of constructive cooperation, freely undertaken by the sovereign will of the participating peoples, come to include the great Latin American continent as a full partner -- as one of the pillars of mutual strength and mutual enrichment. And we believe that can be done in this generation -- here and now -- not merely as some dream for the misty future.

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What are the obstacles? In Latin America, they are economic underdevelopment, resulting social tensions, political instability, and political opposition from the world Communist movement -- a movement which detests the thought of a strong, prosperous, free, and self-reliant Latin America.

The central purpose of President Kennedy's new Latin American policy, symbolized by the Alliance for Progress, is to help in a massive and sustained cooperative effort to overcome the obstacles of economic underdevelopment, social injustice, and resulting political instability. It was our hope that Brazil, creator of the far-sighted concept of Operation Pan America and a most constructive contributor to the drafting of the Charter of Punta del Este in August, 1961, would be in the vanguard of this effort, as well as in the effort to make the Latin American Free Trade Area a nucleus for dynamic economic cooperation among the Latin American nations. It is still our hope that this may be the case, despite the delays and disappointments of the past year in which all of us have some share of the blame.

When we speak of a prosperous, free, and self-reliant Latin America, with economic modernization and constantly increasing social justice, we do not mean a carbon copy of our North American institutions or "the American way of life". Every nation must work out its own cultural and institutional patterns. We do mean - as we know you do - representative democracy and civil liberties, because without these, national self-determination is not true self-determination of peoples but the mere whim of autocrats -- whatever protective coloration of popular support they may manufacture. And we share with you the view that, while some of the old traditions of Latin American life enrich the culture of the world, other old traditions create entrenched injustice and backwardness and require basic reforms. But we would like to see -- as I assume you would - truly progressive reforms -- reforms which make the power of government serve the genuine interests of the people -- and not mere demagoguery which pretends to satisfy popular aspirations without building the means for higher economic production, better social distribution, and fuller participation by all groups and areas of the nation which are essential to a real fulfillment of legitimate popular desires.

Mr. President, when you visited Washington last April you spoke in eloquent terms of the need for perfect understanding between the two greatest nations of this hemisphere. President Kennedy was indeed happy to read your reaffirmation of this need in your letter to him of December 6. In the eight months since your visit, however, we have watched with concern a number of developments which threaten to undermine that understanding. Let me review the more important ones, as they have appeared to us:

1. The deterioration of domestic economic and financial conditions within Brazil, with inflation nearing 5 percent per month, has created grave

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social and economic tensions, now endangering the continuation of general economic growth, and these conditions have not been combatted by your Government along the lines indicated by you last April. On the contrary, new forms of costly subsidies and other inflation-stimulating policies have been adopted.

2. There has been a steady deterioration of the external economic situation, with foreign exchange reserves exhausted and a balance-of-payments deficit of record proportions in prospect for 1963. This situation has been worsened by policies which have discouraged foreign investment, encouraged some flight of Brazilian capital, and failed to take advantage of export opportunities. The increasing rate of inflation has much to do with this.

3. The Alliance for Progress has not been taken up by your government in that spirit of cordial cooperation called for by the Charter of Punta del Este. In the April talks, a fresh start was envisaged in this field which has not been followed through. We recognize bureaucratic and administrative weaknesses on our side, as well as yours, in getting this large and complex program effectively under way, and we are determined to remedy ours. But cooperation cannot be a one-way street, and we have observed in some Brazilian government agencies -- SUDENE, BNDE, and others -- a spirit of hostility, of passive resistance, or even of active obstructionism against the success of the program.

4. Private foreign investors, especially North American ones, have been subjected to campaigns of intense hostility, with threats of expropriation, some actual cases of expropriation, and discriminatory legislation. Despite your repeated statements of welcome to constructive foreign investment, legislation going beyond the correction of abuses to the point of sterilizing the reinvestment of profits earned beyond a limit of 10 percent has been adopted and not corrected by the promised legislative improvements. The IT&T case, which was supposed to have been settled in April, still remains unsettled -- a major irritant in our public and Congressional attitudes toward Brazil and understandably so. Two formal notes, of March and July, protesting against unwarranted discrimination against the long established American exports of sulphur to Brazil, are still unanswered. The negotiations for the transfer of foreign-owned public utility concerns to Brazilian ownership, about which you spoke so enthusiastically to President Kennedy in April, have so far yielded no results and appear to be moving at a snail's pace if at all.

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During the period of Prime Minister Brochado de Rocha's office, the absurd concept of a "spoliative process", previously a mere demagogic slogan, was erected into official governmental doctrine. And there are widely spread rumors that advisers in various governmental agencies have pressed for the confiscation of foreign-owned iron mining operations, petrochemical industries, meat-packing plants, coffee exporting firms, pharmaceutical manufacturers, and others.

Our concern here is not only with the protection of legitimate American business interests in Brazil. It is also with the interests of Brazil's own rapid economic development, in which foreign private investment has played so important and constructive a part in recent years and which is needed for the further modernization and even more rapid economic growth which we would like to see in the future. The atmosphere generated in recent months has already reduced net private investment (from all countries) from \$170 million last year to \$70 million this year, and threatens to dry it up altogether. We are simply not in a position to replace these losses with public funds of our taxpayers, and even if we were, public funds cannot supply the skills and technology and administrative capacity which private investors have to offer. These advantages were fully pointed out by the report of the Joint Committee of the Brazilian Congress on the profits remittance bill, which also showed that between 1954 and 1961, the net inflow of private direct investment amounted to \$721 million, as against an outflow of profits and dividends of only \$269 million.

5. At the same time, we have noted with concern the infiltration into positions of influence -- including civil government and military posts, and in trade union and student group leadership with the acquiescence or even active encouragement of the government -- of Communists, communist sympathizers, or radical nationalists with a declared antagonism to the United States, to inter-American cooperation through the Alliance for Progress and otherwise, and to the free world at large. In the case of the CNTI, there has been a break with world democratic labor organizations which has created the most acute dismay in American labor circles.

6. We have placed high hopes on the Organization of American States, the oldest regional political organization in the world, not only as an instrument for the peaceful settlement of intra-American disputes but also as a means by which the American Republics can join forces and bring their collective influence to bear in defense against outside aggression - direct or by means of infiltration and subversion - and now as a means for coordinating the joint efforts of the entire Hemisphere in speeding up economic and social progress. In the last several months, however, the Brazilian attitude toward the OAS has fallen far short of the constructive role which should be expected from the leading nation of Latin America.

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In the Cuban case in particular, despite our other differences at the Punta del Este conference in January, the Brazilian delegation not only subscribed to, but actually joined in drafting a most vigorous condemnation of the Fidel Castro regime, declaring it a Marxist-Lennist government publicly aligned with the doctrine and foreign policy of the communist powers, which in turn was held to be incompatible with the principles of the inter-American system. This condemnation was based on the undemocratic character of the regime, its denial of civil liberties, and especially on its links with the international Communist movement and its use as a base of communist subversion in other American Republics. More recently however, in spite of Brazil's most welcome support for the naval quarantine during the Soviet missile base crisis of October, official and semi-official statements of high Brazilian officials have given the impression of a far greater interest in what is called "protecting the right of Fidel Castro to carry through his revolution unimpeded" than in protecting the rest of the Hemisphere against the flow of funds, propaganda material, training of guerrilla units, and other forms of Communist subversion based on Cuba.

7. While recognizing the usefulness for Brazilian commerce of expanding your trade into new areas, we have observed a tendency to exaggerate the importance of economic and other relationships with the Soviet bloc to a degree wholly out of proportion to their true significance, and to permit bilateral trading agreements with the Communist countries to become the basis for discrimination against exporters from free world countries, including the United States, which are many times as important to the economic well-being of Brazil. Other nations which have followed this course have learned to their sorrow that they have lost more than they have gained.

8. In other applications of Brazil's "independent foreign policy", there have been disturbing signs of a type of systematic neutralism, often veering toward hostility against the free world nations and their principles which have been declared by you as the basis of Brazil's international orientation.

We are of course aware that Brazil has been passing through a crisis of regime ever since the resignation of President Janio Quadros, and that attention has been concentrated on these problems of regime, often at the expense of dealing with the real and urgent problems of policy facing your government. Nevertheless, we cannot be indifferent to the indications that powerful groups and individuals, many of them in office or strongly influencing official decisions, would like to see Brazil go the way of Cuba, or would like at least a socialized totalitarian regime, at the beginning perhaps free from dependence on the Soviet Union, as Castro's Cuba was for a brief period,

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but bargaining for advantage between the free and Communist groupings in the world through some kind of double blackmail. And some of these individuals apparently believe that the United States should and will underwrite a regime of this nature through financial aid of massive proportions.

The course that Brazil should follow is one for Brazilians to determine. But as a nation with grave responsibilities in the world and especially in this hemisphere, the United States cannot be indifferent to that course, and we must naturally make our own decisions as to financial aid and other support. And it is our judgment that an effort to create a socialized totalitarian Brazil would lead inevitably and quickly to a Communist-dominated and Soviet-oriented Brazil - a tragedy for your nation and for the future of world peace and freedom.

Within the next few weeks, we are about to engage in a comprehensive review with your representatives of your new proposals for economic development and financial stabilization, including the needs for external financial support over the coming years. It is our earnest hope that those proposals will in fact be designed to promote economic and social progress and reform within a framework of increasing monetary stability, and will be acceptable not only to us but also to the international institutions and other free world capital-supplying nations whose support will be essential to a successful passage of Brazil through the economic difficulties of the coming few years.

We have faith in the future of Brazil as a great nation, and in the capacity of the Brazilian economy, if properly managed, to meet in ever-growing measure the desires of your people. The forward strides made in the last thirty years give us confidence that a decade, or even less, of sustained effort, with adequate outside support, can place this nation firmly on the road to self-sustained further growth, taking its place as a pillar of strength in the family of free nations. We hope that Brazil will be playing its part in aiding other less well-endowed nations, and in particular will lead Latin America in closer economic integration to the benefit of all.

If a wise course is chosen, we know that the necessary outside resources can be mustered to help carry Brazil through this period of transition. We are prepared to cooperate fully and enthusiastically. The means of our cooperation must of course respect the technical standards that long experience has shown to be essential to really fruitful results from international assistance. But we cannot cooperate with persons and institutions which are systematically opposed to cooperation with us - whether for ideological or for other motives. Nor can or should our Congress or our public be expected to ignore official statements or actions which give the appearance of such opposition.

In conclusion, Mr. President, it appears to us that as you embark on the definitive phase of your presidency, you are faced with momentous decisions on

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the direction of Brazil's future. They can be compared only with the vital decision made by your great predecessor Getúlio Vargas when he placed Brazil squarely on the side of the free world in its struggle against German Nazi tyranny. The relationship established between Getúlio Vargas and Franklin Roosevelt in that era was the high point in the century and a half of Brazilian-American friendship. In President Kennedy's considered opinion, the needs of today call for an equally close and cordial relationship in facing the problems of economic and social backwardness in this hemisphere through the Alliance for Progress and in facing the dangers to world peace and to human liberties both within and outside the hemisphere. It is his earnest hope that he and you will maintain a close and frequent personal relationship over the coming months and years which will enable your Administration and his to work together as firm allies in these pressing and difficult tasks.

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PRESENT ECONOMIC AND POLITICAL SITUATION IN BRAZIL

Existing Political Situation

Shortly after President Goulart returned from his visit to the U.S. last spring he advised the U.S. Ambassador that he had to depend on the small "compact left" group of the PTB (mostly extreme leftists, crypto-communists and communists) as his shock troops in political battle; that the conservative and centrist political forces were all against him. He thereafter forced down the throat of the Congress by crisis tactics a Council of Ministers headed by Brochada da Rocha which reflected the foregoing political orientation and which contrasted with the prior ministry which came closer to being a coalition of the center. When Brochada da Rocha fell by his own political ineptitude, the new provisional ministry headed by Hermes Lima was still a stop-gap arrangement which could not be said to represent in any degree a cross-section of the political thinking in Brazil.

Goulart's alliance with and dependence on the "compact left" has meant that the Goulart government has given a free hand to and condoned the type of thinking that the extremists represent. Attacks against the U.S. and U.S. programs have gone unchallenged. Where pressures have compelled the Goulart administration to go along with us, as in the recent Cuban crisis, this has been accompanied by placating gestures toward the extreme left. In addition Goulart has manipulated military appointments and promotions to bring into key positions officers more responsive to Goulart and to the extreme leftist type of thinking. Under the Goulart regime the extreme leftists have been able to move ahead more freely in their infiltration in the student and labor fields.

Despite the above there are various indications that Goulart and his extremist supporters have not in any serious degree quelled possible effective resistance on the part of democratic elements of ^{the} center and moderate left and right who constitute a majority. For example, we have had various positive gestures of stronger support for the U.S. from the Brazilian military than from the Brazilian government during the recent Cuban crisis. On the political side Minas Gerais Governor Magalhaes Pinto is mobilizing a coalition of moderate governors to act as a restraining influence working with the Goulart administration. Also Sao Paulo Governor-elect Adhemar de Barros is building alliances to establish counter-political pressure against the Goulart administration. In the area of public unrest, attempts to mobilize widespread strikes and disorders in support of Goulart in the September plebiscite crisis were relatively unsuccessful. There are strong democratic movements active among the peasants and in the labor and student fields.

The chief problem appears to be Goulart himself because of (a) the kinds of political support and alliances he has thus far considered essential,

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(b) his own preoccupation and almost exclusive experience in the field of manipulation for political power, and (c) his incapacity for and apparent lack of interest in giving permanency and drive to constructive social, political and economic objectives for the country.

From past experience it appears that Goulart is a compromiser, one who maneuvers pressures and then retreats or compromises in the face of strong counter-pressures. This suggests that he can make accommodation away from the left as surrounding forces and pressures compel it. It also suggests that he will shift back and forth in response to shifting political pressures and circumstance. Further it is possible that the chaos which can be brought on by his own inadequacies and his inability to follow a consistent constructive course could force an explosion with accompanying political turmoil and violence in which Goulart could be as much or more a victim rather than an instigator.

Although confirmed by the Brazilian legislature, we can still regard the present Council of Ministers as stop-gap. Its legal life terminates in any case on January 31, when the new Congress takes office. With the forthcoming January 6 plebiscite virtually certain to bring a restoration of the Presidential system, Goulart will soon thereafter be moving toward shaping a new permanent cabinet. Developments in the interim will be influencing Goulart's thinking toward or away from a cabinet more fully representative of a cross-section of political thinking in Brazil. U.S. action in this interim period could influence Goulart's judgment. The problem for U.S. policy, it would appear, is two-fold--(a) not helping to push Goulart toward the left; (b) helping to influence Goulart toward a centrist-reformist, democratic type of cabinet. In short, this would appear to require a short term concocting of the correct admixture of the "carrot and the stick" in U.S. political strategy and tactics.

The foregoing is not intended to suggest that political calm and tranquillity are assured once the plebiscite is out of the way. There can be additional political crises generated over the specifics of constitutional amendments implementing the plebiscite decision and over cabinet selections. If Goulart does generate such crises in his continuing play for political power, he will probably find it of increasing importance to ally himself with the compact left and others of the same political stripe.

Existing Economic Situation

The Brazilian economy, despite industrial progress, is still primarily
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dependent upon agricultural exports for foreign exchange, a dependence aggravated by gradual losses of coffee markets. The industrialized South contrasts with the underdeveloped and poverty-ridden Northeast. A growing industrial proletariat swelled by masses of illiterate rural laborers are fertile subjects for Communist agitation. Politicians pay frequent lip service to the need for basic social and economic reforms, including a more equitable tax structure and agrarian reform, but such changes have been resisted by politically powerful propertied interests.

Brazil's rapid economic development has been accompanied by a soaring inflation and an acute foreign exchange shortage. The stabilization program undertaken in 1961 by President Quadros collapsed upon his resignation and in the subsequent continuing political crisis in the country attempts to revive it have failed. In support of the Quadros stabilization program the United States agreed in May 1961 to provide new credits to Brazil totalling \$338 million and to postpone payments of existing loans to the Export-Import Bank. About three-fourths of the new credits have been drawn by Brazil but additional releases have been made dependent upon clear evidence of Brazilian progress toward stabilization.

The inflow of foreign capital has been drastically reduced, and capital flight can be expected. A contributing factor has been a profits remittance law which embodies two especially bad features: (1) a limitation on remittances of profits to 10 per cent annually, based on the registered capital; and (2) exclusion of profits in excess of 10 per cent, when reinvested, from the base for calculating future permissible profit remittances.

With regard to other problems facing U.S. businessmen, such as expropriation and trade discrimination, our Embassy has informed us that IT&T has begun negotiations with the Bank of Brazil for a loan which would compensate for its expropriated properties. AMFORP is negotiating with the Brazilian Commission responsible for negotiating the purchase of foreign public utility companies. Our representations on the matter of discrimination against sulphur and other U.S. exports have not as yet brought the desired results, although a very early decision has been promised.

Brazil's economic situation has continued to deteriorate with the collapse of efforts toward stabilization. Inflation is running at the rate of almost 5 per cent a month. Primarily due to Bank of Brazil credit operations to cover the growing government budget deficit, currency issuances have soared, with the increase for 1962 expected to reach a total of at least 100 billion

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cruzeiros (a 30 per cent increase). The value of the cruzeiro continues to depreciate and the Bank of Brazil recently moved its official rate from 415 to 463, while the "parallel" market rate is now about 700. With foreign exchange reserves exhausted, the country faces a serious external financial crisis.

A report prepared by a special team, headed by Ambassador Draper, which visited Brazil in October, contains an assessment of the financial problem facing Brazil. It is estimated that the external deficit for calendar 1963 will be in the neighborhood of \$900 million. Also there may be a need for emergency stop-gap assistance possibly even before the end of 1962. Ambassador Draper recommended that the Government of Brazil be clearly informed that U.S. funds are not adequate to meet the situation, that it would therefore seem indispensable that Brazil adopt a program which would meet IMF standards and thus be acceptable to European countries and Japan in order that a consortium assistance arrangement could be worked out.

Ambassador Gordon has discussed the problem along the above lines with President Goulart and other top Brazilian officials and has made it clear that if we are to assist Brazil either on a short term or long term basis Brazil must take steps toward a realistic stabilization and economic development program. In recent weeks, San Tiago Dantas, the prospective Finance Minister beginning in January, and President Goulart himself have outlined a financial program which is being developed in detail for discussion in Washington in January and which is hoped by the Brazilian authorities will be acceptable to the IMF as well as the U.S.

January 18, 1963

NATIONAL SECURITY COUNCIL

AGENDA

For the Meeting to be held in the
Cabinet Room of The White House
on Tuesday, January 22, 1963
11:00 A. M.

The President will speak informally about national security problems.

(A list of those invited by the President to attend is attached)

508th NSC Meeting

**508th Meeting of the National Security Council
to be held in the Cabinet Room of The White House
on Tuesday, January 22, 1963, at 11:00 a.m.**

**The President of the United States, Presiding
The Vice President of the United States**

ACDA

William C. Foster, Director

AEC

Glenn T. Seaborg, Chairman

AID

David E. Bell, Administrator

Frank M. Coffin, Deputy Administrator

Seymour J. Janow, Assistant Administrator, Bureau for Far East

William S. Gaud, Assistant Administrator, Bureau for

Near East and South Asia

Teodoro Moscoso, U. S. Coordinator Alliance for Progress

Edmond C. Hutchinson, Assistant Administrator,

Bureau for Africa-Europe

ATTORNEY GENERAL

Robert F. Kennedy

BUDGET

Kermit Gordon, Director

CIA

John A. McCone, Director

Lt. Gen. Marshall Carter, Deputy Director

Ray Cline, Deputy Director (Intelligence)

Richard Helms, Assistant Director

DEFENSE

Robert S. McNamara, Secretary

Roswell L. Gilpatric, Deputy Secretary

Paul H. Nitze, Assistant Secretary (ISA)

William Bundy, Deputy Assistant Secretary (ISA)

Arthur Sylvester, Assistant Secretary (Public Affairs)

Cyrus Vance, Secretary of the Army

Fred Korth, Secretary of the Navy

Eugene M. Zuckert, Secretary of the Air Force

JCS

General Maxwell D. Taylor, USA, Chairman
General Earle G. Wheeler, USA, Chief of Staff, U. S. Army
Admiral George W. Anderson, USN, Chief of Naval Operations
General Curtis E. LeMay, USAF, Chief of Staff, U. S. Air Force
General David M. Shoup, USMC, Commandant, U. S. Marine Corps

OEP

Edward A. McDermott, Director

NASA

James E. Webb, Administrator

PEACE CORPS

Robert Sargent Shriver, Jr., Director

STATE

Dean Rusk, Secretary
George W. Ball, Under Secretary
George C. McGhee, Under Secretary for Political Affairs
U. Alexis Johnson, Deputy Under Secretary for Political Affairs
Llewellyn E. Thompson, Ambassador-at-Large
William R. Tyler, Assistant Secretary for European Affairs
Edwin M. Martin, Assistant Secretary for Inter-American Affairs
G. Mennen Williams, Assistant Secretary for African Affairs
W. Averell Harriman, Assistant Secretary for Far Eastern Affairs
Phillips Talbot, Assistant Secretary for Near Eastern and
South Asian Affairs
Robert J. Manning, Assistant Secretary for Public Affairs
James Harlan Cleveland, Assistant Secretary for International
Organization Affairs
Frederick G. Dutton, Assistant Secretary for Congressional Relations
Roger Hilsman, Director of Intelligence and Research
Walt W. Rostow, Counselor and Chairman of the Policy Planning
Council
Abram Chayes, Legal Adviser
Adlai E. Stevenson, U. S. Representative to the UN
Chester Bowles, Special Representative and Adviser
on African, Asian and Latin American Affairs

TREASURY

C. Douglas Dillon, Secretary

USIA

Edward R. Murrow, Director

WHITE HOUSE

Pierre E. G. Salinger, Press Secretary to the President
Theodore C. Sorensen, Special Counsel to the President
McGeorge Bundy, Special Assistant to the President
Jerome B. Wiesner, Director, Office of Science and Technology
Christian A. Herter, Special Representative for Trade Negotiations
Carl Kaysen, Deputy Special Assistant to the President
Maj. General Chester V. Clifton, Military Aide to the President
Bromley Smith, Executive Secretary, National Security Council