

file

~~TOP SECRET~~
SECURITY INFORMATION

NSC 162/2

COPY NO. 1

A REPORT
TO THE
NATIONAL SECURITY COUNCIL

by

THE EXECUTIVE SECRETARY

on

BASIC NATIONAL SECURITY POLICY

October 30, 1953

WASHINGTON



Box # 26

DECLASSIFIED

~~TOP SECRET~~

Authority PUBLICATION IN THE UNITED STATES - VIETNAM RELATIONS 1945-67
(GPO EDITION) BOOK 9-146-171-200

By DJH NLE DATE 11/8/76

October 30, 1953

NOTE BY THE EXECUTIVE SECRETARY

to the

NATIONAL SECURITY COUNCIL

on

BASIC NATIONAL SECURITY POLICY

- References:
- A. NSC 162 and NSC 162/1
 - B. NSC Action Nos. 853, 868, 886, 926 and 944
 - C. Memo for NSC from Executive Secretary, subject, "Review of Basic National Security Policy", dated October 28, 1953
 - D. NSC 153/1
 - E. Memo for NSC from Executive Secretary, subject, "Project Solarium", dated July 23, 1953

The National Security Council, the Secretary of the Treasury, the Attorney General, the Director, Bureau of the Budget, the Chairman, Council of Economic Advisers, and the Chairman, Atomic Energy Commission, at the 168th Council meeting on October 29, 1953, adopted the statement of policy contained in NSC 162/1 subject to the changes which are set forth in NSC Action No. 944-a.

In connection with this action the Council also noted:

- a. The President's statement that if the Department of Defense hereafter finds that the provisions of subparagraph 9-a-(1), when read in the context of the total policy statement, operate to the disadvantage of the national security, the Secretary of Defense should bring this finding before the Council for reconsideration.
- b. That action should be promptly taken to conform existing arrangements regarding atomic weapons to subparagraph 39-b.
- c. That the policy in NSC 162/1 does not contemplate any fixed date for D-Day readiness.



- d. That the Planning Board would submit for Council consideration a revision of "U. S. Objectives vis-a-vis the USSR in the Event of War", as presently stated in the Annex, in the light of the provisions of NSC 162/1, as amended.

The President has this date approved the statement of policy contained in NSC 162/1, as amended and adopted by the Council and enclosed herewith, and directs its implementation by all appropriate executive departments and agencies of the U. S. Government. As basic policy, this paper has not been referred to any single department or agency for special coordination.

Accordingly, NSC 153/1 is hereby superseded.

It is requested that special security precautions be observed in the handling of the enclosure and that access to it be very strictly limited on an absolute need-to-know basis.

JAMES S. LAY, Jr.
Executive Secretary



cc: The Secretary of the Treasury
The Attorney General
The Director, Bureau of the Budget
The Chairman, Council of Economic Advisers
The Chairman, Atomic Energy Commission
The Federal Civil Defense Administrator
The Chairman, Joint Chiefs of Staff
The Director of Central Intelligence

REVIEW OF BASIC NATIONAL SECURITY POLICY

Table of Contents

	<u>Page</u>
<u>General Considerations</u>	1
Basic Problems of National Security Policy.....	1
The Soviet Threat to the United States.....	1
Defense Against the Soviet Threat.....	5
Present State of the Coalition.....	10
The Uncommitted Areas of the World.....	13
U. S. Ability to Support Security Expenditures....	14
The Situation as to U. S. Manpower.....	16
Morale.....	17
<u>Policy Conclusions</u>	18
Basic Problems of National Security Policy.....	18
Nature of the Soviet Threat.....	18
Defense Against Soviet Power and Action.....	19
Defense Against the Threat to the U. S. Economy and Institutions.....	23
Reduction of the Soviet Threat.....	24
<u>Annex</u> (U. S. Objectives vis-a-vis the USSR in the Event of War).....	26



STATEMENT OF POLICY
by the
NATIONAL SECURITY COUNCIL

on

BASIC NATIONAL SECURITY POLICY

GENERAL CONSIDERATIONS

Basic Problems of National Security Policy

1. a. To meet the Soviet threat to U. S. security.
b. In doing so, to avoid seriously weakening the U. S. economy or undermining our fundamental values and institutions.

The Soviet Threat to the United States

2. The primary threat to the security, free institutions, and fundamental values of the United States is posed by the combination of:

- a. Basic Soviet hostility to the non-communist world, particularly to the United States.
- b. Great Soviet military power.
- c. Soviet control of the international communist apparatus and other means of subversion or division of the free world.

3. a. The authority of the Soviet regime does not appear to have been impaired by the events since Stalin's death, or to be likely to be appreciably weakened during the next few years. The transfer of power may cause some uncertainty in Soviet and satellite tactics for some time, but will probably not impair the basic economic and military strength of the Soviet bloc. The Soviet rulers can be expected to continue to base their policy on the conviction of irreconcilable hostility between the bloc and the non-communist world. This conviction is the compound product of Marxist belief in their historically determined conflict with, and inevitable triumph over, "world capitalism" led by the United States, of fear



for the security of the regime and the USSR, especially in the face of a hostile coalition, of distrust of U. S. aims and intentions, and of long-established reliance on techniques of conspiracy and subversion. Accordingly, the basic Soviet objectives continue to be consolidation and expansion of their own sphere of power and the eventual domination of the non-communist world.

b. Soviet strategy has been flexible and will probably continue so, allowing for retreats and delays as well as advances. The various "peace gestures" so far have cost the Soviets very little in actual concessions and could be merely designed to divide the West by raising false hopes and seeking to make the United States appear unyielding. It is possible, however, that the USSR, for internal and other reasons, may desire a settlement of specific issues or a relaxation of tensions and military preparations for a substantial period. Thus far, there are no convincing signs of readiness to make important concessions to this end.



4. a. The capability of the USSR to attack the United States with atomic weapons has been continuously growing and will be materially enhanced by hydrogen weapons. The USSR has sufficient bombs and aircraft, using one-way missions, to inflict serious damage on the United States, especially by surprise attack. The USSR soon may have the capability of dealing a crippling blow to our industrial base and our continued ability to prosecute a war. Effective defense could reduce the likelihood and intensity of a hostile attack but not eliminate the chance of a crippling blow.

b. The USSR now devotes about one-sixth of its gross national product to military outlays and is expected to continue this level. It has and will continue to have large conventional military forces capable of aggression against countries of the free world. Within the next two years, the Soviet bloc is not expected to increase the size of its forces, but will strengthen them with improved equipment and training and the larger atomic stockpile.

c. The Soviet bloc now has the capability of strong defense against air attack on critical targets within the USSR under favorable weather conditions, and is likely to continue to strengthen its all-weather air defenses.

5. a. The recent uprisings in East Germany and the unrest in other European satellites evidence the failure of the Soviets fully to subjugate these peoples or to destroy their desire for freedom; the dependence of these satellite governments on Soviet armed forces; and the relative unreliability of satellite armed forces (especially if popular resistance in the satellites should increase). These events necessarily have placed internal and psychological strains upon the Soviet leadership. Nevertheless, the ability of the USSR to exercise effective control over, and to exploit the resources of, the European satellites has not been appreciably reduced and is not likely to be so long as the USSR maintains adequate military forces in the area.

b. The detachment of any major European satellite from the Soviet bloc does not now appear feasible except by Soviet acquiescence or by war. Such a detachment would not decisively affect the Soviet military capability either in delivery of weapons of mass destruction or in conventional forces, but would be a considerable blow to Soviet prestige and would impair in some degree Soviet conventional military capabilities in Europe.

c. The Chinese Communist regime is firmly in control and is unlikely to be shaken in the foreseeable future by domestic forces or rival regimes, short of the occurrence of a major war. The alliance between the regimes of Communist China and the USSR is based on common ideology and current community of interests. With the death of Stalin and the Korean truce, Communist China may tend more to emphasize its own interests, though limited by its present economic and military dependence on the USSR, and, in the long run, basic differences may strain or break the alliance. At present, however, it appears to be firmly established and adds



strategic territory and vast reserves of military manpower to the Soviet bloc.

6. a. The USSR does not seem likely deliberately to launch a general war against the United States during the period covered by current estimates (through mid-1955). The uncertain prospects for Soviet victory in a general war, the change in leadership, satellite unrest, and the U. S. capability to retaliate massively, make such a course improbable. Similarly, an attack on NATO countries or other areas which would be almost certain to bring on general war in view of U. S. commitments or intentions would be unlikely. The Soviets will not, however, be deterred by fear of general war from taking the measures they consider necessary to counter Western actions which they view as a serious threat to their security.

b. When both the USSR and the United States reach a stage of atomic plenty and ample means of delivery, each will have the probable capacity to inflict critical damage on the other, but is not likely to be able to prevent major atomic retaliations. This could create a stalemate, with both sides reluctant to initiate general warfare; although if the Soviets believed that initial surprise held the prospect of destroying the capacity for retaliation, they might be tempted into attacking.

c. Although Soviet fear of atomic reaction should still inhibit local aggression, increasing Soviet atomic capability may tend to diminish the deterrent effect of U. S. atomic power against peripheral Soviet aggression. It may also sharpen the reaction of the USSR to what it considers provocative acts of the United States. If either side should miscalculate the strength of the other's reaction, such local conflicts could grow into general war, even though neither seeks nor desires it. To avoid this, it will in general be desirable for the United States to make clear to the USSR the kind of actions which will be almost certain to lead to this result, recognizing, however, that as general war becomes more devastating for both sides the threat to



resort to it becomes less available as a sanction against local aggression.

7. The USSR will continue to rely heavily on tactics of division and subversion to weaken the free world alliances and will to resist the Soviet power. Using both the fear of atomic warfare and the hope of peace, such political warfare will seek to exploit differences among members of the free world, neutralist attitudes, and anti-colonial and nationalist sentiments in underdeveloped areas. For these purposes, communist parties and other cooperating elements will be used to manipulate opinion and control governments wherever possible. This aspect of the Soviet threat is likely to continue indefinitely and to grow in intensity.



8. Over time, changes in the outlook and policies of the leadership of the USSR may result from such factors as the slackening of revolutionary zeal, the growth of vested managerial and bureaucratic interests, and popular pressures for consumption goods. Such changes, combined with the growing strength of the free world and the failure to break its cohesion, and possible aggravation of weaknesses within the Soviet bloc through U. S. or allied action or otherwise, might induce a willingness to negotiate. The Soviet leadership might find it desirable and even essential to reach agreements acceptable to the United States and its allies, without necessarily abandoning its basic hostility to the non-Soviet world.

Defense Against the Soviet Threat

9. In the face of the Soviet threat, the security of the United States requires:

a. Development and maintenance of:

(1) A strong military posture, with emphasis on the capability of inflicting massive retaliatory damage by offensive striking power;

(2) U. S. and allied forces in readiness to move rapidly initially to counter aggression by Soviet bloc forces and to hold vital areas and lines of communication; and

(3) A mobilization base, and its protection against crippling damage, adequate to insure victory in the event of general war.

b. Maintenance of a sound, strong and growing economy, capable of providing through the operation of free institutions, the strength described in a above over the long pull and of rapidly and effectively changing to full mobilization.

c. Maintenance of morale and free institutions and the willingness of the U. S. people to support the measures necessary for national security.

10. In support of these basic security requirements, it is necessary that the United States:

a. Develop and maintain an intelligence system capable of:

(1) Collecting and analyzing indications of hostile intentions that would give maximum prior warning of possible aggression or subversion in any area of the world.

(2) Accurately evaluating the capabilities of foreign countries, friendly and neutral as well as enemy, to undertake military, political, economic, and subversive courses of action affecting U. S. security.

(3) Forecasting potential foreign developments having a bearing on U. S. national security.

b. Develop an adequate manpower program designed to:

(1) Expand scientific and technical training.

(2) Provide an equitable military training system.

(3) Strike a feasible balance between the needs of an expanding peacetime economy and defense requirements.



(4) Provide for an appropriate distribution of services and skills in the event of national emergency.

c. Conduct and foster scientific research and development so as to insure superiority in quantity and quality of weapons systems, with attendant continuing review of the level and composition of forces and of the industrial base required for adequate defense and for successful prosecution of general war.

d. Continue, for as long as necessary, a state of limited defense mobilization to develop military readiness by:

(1) Developing and maintaining production plant capacity, dispersed with a view to minimizing destruction by enemy attack and capable of rapid expansion or prompt conversion to essential wartime output.

(2) Creating and maintaining minimum essential reserve stocks of selected end-items, so located as to support promptly and effectively the war effort in areas of probable commitment until war production and shipping capacity reaches the required wartime levels.

(3) Maintaining stockpiling programs, and providing additional production facilities, for those materials the shortage of which would affect critically essential defense programs; meanwhile reducing the rates of other stockpile materials.

e. Provide reasonable internal security against covert attack, sabotage, subversion, and espionage, particularly against the clandestine introduction and detonation of atomic weapons.

11. Within the free world, only the United States can provide and maintain, for a period of years to come, the atomic capability to counterbalance Soviet atomic power. Thus, sufficient atomic weapons and effective means of delivery are indispensable for U. S. security. Moreover, in the face of Soviet atomic power, defense of the continental United States becomes



vital to effective security: to protect our striking force, our mobilization base, and our people. Such atomic capability is also a major contribution to the security of our allies, as well as of this country.

12. The United States cannot, however, meet its defense needs, even at exorbitant cost, without the support of allies.

a. The effective use of U. S. strategic air power against the USSR will require overseas bases on foreign territory for some years to come. Such bases will continue indefinitely to be an important additional element of U. S. strategic air capability and to be essential to the conduct of the military operations on the Eurasian continent in case of general war. The availability of such bases and their use by the United States in case of need will depend, in most cases, on the consent and cooperation of the nations where they are located. Such nations will assume the risks entailed only if convinced that their own security will thereby be best served.

b. The United States needs to have aligned on its side in the world struggle, in peace and in war, the armed forces and economic resources and materials of the major highly-industrialized non-communist states. Progressive loss to the Soviet bloc of these states would so isolate the United States and alter the world balance as to endanger the capacity of the United States to win in the event of general war or to maintain an adequate defense without undermining its fundamental institutions.

c. U. S. strategy including the use of atomic weapons, therefore, can be successfully carried out only if our essential allies are convinced that it is conceived and will be implemented for the purpose of mutual security and defense against the Soviet threat. U. S. leadership in this regard, however, does not imply the necessity to meet all desires of our allies.



d. Our allies are, in turn, dependent on the United States for their security: (1) they lack that atomic capability which is the major deterrent to Soviet aggression; (2) most lack political and economic stability sufficient to support their military forces. The United States should be able for the foreseeable future to provide military aid, in more limited amounts than heretofore, to our essential allies. It should be possible in the near future, however, generally to eliminate most grant economic aid, if coupled with appropriate U. S. economic and trade policies.

13. a. Under existing treaties or policies, an attack on the NATO countries, Western Germany, Berlin, Japan, the Philippines, Australia, New Zealand, and the American Republics, or on the Republic of Korea, would involve the United States in war with the USSR, or at least with Communist China if the aggression were Chinese alone.

b. Certain other countries, such as Indo-China or Formosa, are of such strategic importance to the United States that an attack on them probably would compel the United States to react with military force either locally at the point of attack or generally against the military power of the aggressor. Moreover, the principle of collective security through the United Nations, if it is to continue to survive as a deterrent to continued piecemeal aggression and a promise of an eventual effective world security system, should be upheld even in areas not of vital strategic importance.

c. The assumption by the United States, as the leader of the free world, of a substantial degree of responsibility for the freedom and security of the free nations is a direct and essential contribution to the maintenance of its own freedom and security.

14. a. The United States should keep open the possibility of settlements with the USSR, compatible with basic U. S. security interests, which would resolve specific conflicts or reduce the magnitude of the Soviet threat. Moreover, to maintain the continued support of its allies,



the United States must seek to convince them of its desire to reach such settlements. But, in doing so, we must not allow the possibility of such settlements to delay or reduce efforts to develop and maintain adequate free world strength, and thus enable the Soviets to increase their relative strength.

b. It must be recognized, however, that the prospects for acceptable negotiated settlements are not encouraging. There is no evidence that the Soviet leadership is prepared to modify its basic attitudes and accept any permanent settlement with the United States, although it may be prepared for a modus vivendi on certain issues. Atomic and other major weapons can be controlled only by adequate and enforceable safeguards which would involve some form of international inspection and supervision. Acceptance of such serious restrictions by either side would be extremely difficult under existing conditions of suspicion and distrust. The chances for such disarmament would perhaps be improved by agreements on other conflicts either beforehand or at the same time, or by possible realization by the Soviets, in time, that armament limitation will serve their own interests and security.

c. The United States should promptly determine what it would accept as an adequate system of armament control which would effectively remove or reduce the Soviet atomic and military threat, and on what basis the United States would be prepared to negotiate to obtain it.



Present State of the Coalition*

15. a. The effort of the United States, especially since 1950, to build up the strength, cohesion and common determination of the free world has succeeded in increasing its relative strength and may well have prevented overt military aggression since Korea.

*The term "coalition" refers to those states which are parties to the network of security treaties and regional alliances of which the United States is a member (NATO, OAS, ANZUS, Japan, etc.), or are otherwise actively associated in the defense of the free world.

b. In Western Europe the build-up of military strength and the progress of economic recovery has, at least partially, remedied a situation of glaring weakness in a vital area. NATO and associated forces are now sufficient to make aggressive action in Europe costly for the USSR and to create a greater feeling of confidence and security among the Western European peoples. However, even though significant progress has been made in building up these forces, the military strength in Western Europe is presently not sufficient to prevent a full-scale Soviet attack from overrunning Western Europe. Even with the availability of those German forces presently planned within the framework of EDC, present rates of defense spending by European Nations and present rates of U. S. Military Assistance certainly could not be expected to produce forces adequate to prevent the initial loss of a considerable portion of the territory of Western Europe in the event of a full-scale Soviet attack. Therefore, since U. S. Military Assistance must eventually be reduced, it is essential that the Western European states, including West Germany, build and maintain maximum feasible defensive strength. The major deterrent to aggression against Western Europe is the manifest determination of the United States to use its atomic capability and massive retaliatory striking power if the area is attacked. However, the presence of U. S. forces in Western Europe makes a contribution other than military to the strength and cohesion of the free world coalition.

c. In the Far East, the military strength of the coalition now rests largely on U. S. military power plus that of France in Indochina, the UK in Malaya and Hong Kong, and the indigenous forces of the Republic of Korea, Vietnam, and Nationalist China. Any material increase will require the revival of the economic and military strength of Japan.

d. The strength and cohesion of the coalition depends, and will continue to depend, on the continuing strength and will of the United States as its leader, and upon the assumption by each coalition member of a proper share of responsibility.



16. While the coalition is founded on common interest and remains basically sound, certain factors tend to weaken its cohesion and to slow down the necessary build-up of strength.

a. Some of these factors are inherent in the nature of a coalition led by one strong power. The economic and military recovery by our NATO allies from their low point of a few years ago, and the revival of Germany and Japan, has given them a greater sense of independence from U. S. guidance and direction. Specific sources of irritation are trade with the Soviet bloc, the level of the defense effort, use of bases and other facilities, and the prospect of discontinuance of U. S. economic aid without a corresponding change in U. S. trade policies.

b. The coalition also suffers from certain other weaknesses and dilemmas. A major weakness is the instability of the governments of certain NATO partners, such as Italy and France. The colonial issue in Asia and Africa, for example, has not only weakened our European allies but has left those areas in a state of ferment which weakens the whole free world. Efforts by the United States to encourage orderly settlements tend to leave both sides dissatisfied and to create friction within the alliance. Age-old issues such as divide France and Germany, or Italy and Yugoslavia, still impede creation of a solid basis of cooperation against the Soviet threat.

c. Moreover, allied opinion, especially in Europe, has become less willing to follow U. S. leadership. Many Europeans fear that American policies, particularly in the Far East, may involve Europe in general war, or will indefinitely prolong cold-war tensions. Many consider U. S. attitudes toward the Soviets as too rigid and unyielding and, at the same time, as unstable, holding risks ranging from preventive war and "liberation" to withdrawal into isolation. Many consider that these policies fail to reflect the perspective and confidence expected in the leadership of a great nation, and reflect too great a pre-occupation with anti-communism. Important



sectors of allied opinion are also concerned over developments within the United States which seem to them inconsistent with our assumed role of leader in the cause of freedom. These allied attitudes materially impair cooperation and, if not overcome, could imperil the coalition.

d. Fear of what a general war will mean for them is deeply rooted and widespread among our allies. They tend to see the actual danger of Soviet aggression as less imminent than the United States does, and some have a fatalistic feeling that if it is coming they will not be able to do much about it. In the NATO countries, many have serious doubts whether the defense requirements can be met without intolerable political and economic strains. Certain of our allies fear the rearmament of Germany and Japan on any large scale, and in Germany and Japan themselves strong currents of opinion oppose it as unnecessary or dangerous. Moreover, in certain countries, particularly France and Italy, grave domestic problems have called into question not only the authority of the governments, but also the basic foreign policies and alignments which they have followed. All these factors lead to allied pressure in favor of new major efforts to negotiate with the USSR, as the only hope of ending the present tension, fear and frustration. This pressure has increased with recent "peace gestures" of the new Soviet leadership, which has made every endeavor to exploit it. Whether these hopes are illusory or well-founded, they must be taken into consideration by the United States.



The Uncommitted Areas of the World

17. Despite the Soviet threat, many nations and societies outside the Soviet bloc, mostly in the underdeveloped areas, are so unsure of their national interests, or so preoccupied with other pressing problems, that they are presently unwilling to align themselves actively with the United States and its allies. Although largely undeveloped, their vast manpower, their essential raw materials and their potential for growth are such that their absorption within the Soviet system would greatly, perhaps decisively, alter the world balance of power to our detriment. Conversely, their orderly development into more stable and responsible nations, able and willing to participate in defense of the free world, can increasingly add to its strength.

18. In many of these uncommitted areas, forces of unrest and of resentment against the West are strong. Among these sources are racial feelings, anti-colonialism, rising nationalism, popular demand for rapid social and economic progress, over-population, the breakdown of static social patterns, and, in many cases, the conflict of local religious and social philosophies with those of the West. The general unreliability of the governments of these states and the volatility of their political life complicate the task of building firm ties with them, of counteracting neutralism and, where appropriate and feasible, of responding to requests for assistance in solving their problems. Outside economic assistance alone cannot be counted on either to solve their basic problems or to win their cooperation and support. Constructive political and other measures will be required to create a sense of mutuality of interest with the free world and to counter the communist appeals.

U. S. Ability to Support Security Expenditures

19. The United States must maintain a sound economy based on free private enterprise as a basis both for high defense productivity and for the maintenance of its living standards and free institutions. Not only the world position of the United States, but the security of the whole free world, is dependent on the avoidance of recession and on the long-term expansion of the U. S. economy. Threats to its stability or growth, therefore, constitute a danger to the security of the United States and of the coalition which it leads. Expenditures for national security, in fact all federal, state and local governmental expenditures, must be carefully scrutinized with a view to measuring their impact on the national economy.

20. The economy of the country has a potential for long-term economic growth. Over the years an expanding national income can provide the basis for higher standards of living and for a substantial military program. But economic growth is not automatic and requires fiscal and other policies which will foster and not hamper the potential for long-term growth and which will operate to reduce cyclical fluctuations.

21. Excessive government spending leads to inflationary deficits or to repressive taxation, or to both. Persistent inflation is a barrier to long-term growth because it undermines confidence in the currency, reduces savings, and makes restrictive economic controls necessary. Repressive taxation weakens the incentives for efficiency, effort, and investment on which economic growth depends.

22. In spite of the reimposition of tax rates at approximately the peak levels of World War II, expenditures have risen faster than tax receipts, with a resulting deficit of \$9.4 billion in fiscal year 1953. Despite anticipated larger receipts, without the imposition of new taxes, and assuming substantially unchanged world conditions, a deficit of \$3.8 billion is estimated for fiscal year 1954.

23. a. Under existing law, tax reductions of \$5 billion a year will become effective next January. A proposal to impose substitute taxes therefor would be a reversal of policy.

b. Additional revenue losses of \$3 billion a year are due to occur on April 1, 1954. Congress has not acted on the President's recommendation that these reductions be rescinded. Even if the \$3 billion reduction is rescinded, or offset by revenue from new sources, large deficits would occur in FY 1955 and FY 1956 at present levels of expenditures.

c. The economic problem is made more difficult by the need to reform the tax system in the interests of long-term economic growth. Inevitably, many of the changes necessary to reduce the barriers to growth will lead to a loss of revenue in the years immediately following their adoption.

24. Any additional revenue will have to be secured by new taxation on a broad base.

25. The present high level of the Government debt further complicates the financial and economic problems of the country. Substantial additional borrowing could come only from sources which would be inflationary.

26. There is no precise level or duration of government expenditures which can be determined in advance, at which an economic system will be seriously damaged from inflationary borrowing on the one hand or from repressive taxation on the other. The higher the level of expenditures, the greater is the need for sound policies and the greater are the dangers of miscalculations and mischance. These dangers are now substantial.

27. The requirements for funds to maintain our national security must thus be considered in the light of these dangers to our economic system, including the danger to industrial productivity necessary to support military programs, arising from excessive levels of total Government spending, taxing and borrowing.

28. Modifications of the foregoing fiscal policies to promote long-term growth may be necessitated for a limited period: (1) to deal with short-term cyclical problems or (2) to achieve overriding national objectives that justify departure from sound fiscal policies.

The Situation as to U. S. Manpower

29. a. The national security programs of the United States rest upon the manpower to operate them, the economy to produce the material for them, and the financial resources to pay for them.

b. The qualified manpower annually coming of military age is adequate to carry out our existing military programs. However, the continuing development of more complicated weapons, machines, and devices used by the military greatly increases the need for military manpower possessed of higher skills, and for their better utilization, and emphasizes the need for expanded technical training and retention of technically trained personnel.

c. Any considerable increase in the need for military manpower would require consideration of:

(1) Broadening the present criteria governing draft eligibility.

(2) Broadening the physical requirements for enlistment, particularly to secure technicians.

(3) Extension of the average length of military service, including increased incentives for re-enlistment.

(4) Increased recruitment of long-term volunteers and of women.

(5) Greater use of civilians for technical maintenance work.

(6) Leadership to develop a national response to increased needs, including steps to make military service a matter of patriotic pride and to increase the attractiveness of a military career.

d. Any decisions on these matters should be made in the light of a comprehensive study, to be submitted to the President by the Office of Defense Mobilization by December 1, on manpower availability under varying assumptions as to the degree and nature of mobilization requirements.

Morale

30. Support for the necessary security programs, based upon a sound productive system, is ultimately dependent also upon the soundness of the national morale and the political willingness of the country to support a government which it feels is holding the proper balance between the necessary sacrifices and the necessary defense. Accordingly, the American people must be informed of the nature of the Soviet-Communist threat, in particular the danger inherent in the increasing Soviet atomic capability; of the basic community of interest among the nations of the free world; and of the need for mobilizing the spiritual and material resources necessary to meet the Soviet threat.

POLICY CONCLUSIONS

Basic Problems of National Security Policy

31. a. To meet the Soviet threat to U. S. security.

b. In doing so, to avoid seriously weakening the U. S. economy or undermining our fundamental values and institutions.

Nature of the Soviet Threat

32. a. With increasing atomic power, the Soviets have a mounting capability of inflicting very serious and possibly crippling damage on the United States. The USSR will also continue to have large military forces capable of aggressive action against countries of the free world. Present estimates are, however, that the USSR will not deliberately initiate general war during the next several years, although general war might result from miscalculation. In the absence of general war, a prolonged period of tension may ensue, during which each side increases its armaments, reaches atomic plenty and seeks to improve its relative power position.

b. In any case, the Soviets will continue to seek to divide and weaken the free world coalition, to absorb or win the allegiance of the presently uncommitted areas of the world, and to isolate the United States, using cold war tactics and the communist apparatus. Their capacity for political warfare against the United States as well as its allies will be enhanced by their increased atomic capability.

33. a. A sound, strong, and growing U. S. economy is necessary to support over the long pull a satisfactory posture of defense in the free world and a U. S. capability rapidly and effectively to change to full mobilization. The United States should not weaken its capacity for high productivity for defense, its free institutions, and the incentives on which its long-term economic growth depends.

b. A recession in the level of U. S. economic activity could seriously prejudice the security of the free world.

Defense Against Soviet Power and Action

34. In the face of these threats, the United States must develop and maintain, at the lowest feasible cost, requisite military and non-military strength to deter and, if necessary, to counter Soviet military aggression against the United States or other areas vital to its security.

a. The risk of Soviet aggression will be minimized by maintaining a strong security posture, with emphasis on adequate offensive retaliatory strength and defensive strength. This must be based on massive atomic capability, including necessary bases; an integrated and effective continental defense system; ready forces of the United States and its allies suitably deployed and adequate to deter or initially to counter aggression, and to discharge required initial tasks in the event of a general war; and an adequate mobilization base; all supported by the determined spirit of the U. S. people.

b. This strong security posture must also be supported by an effective U. S. intelligence system, an adequate manpower program, superior scientific research and development, a program of limited defense mobilization, reasonable internal security, and an informed American people.

c. Such a strong security posture is essential to counter the Soviet divisive tactics and hold together the coalition. If our allies were uncertain about our ability or will to counter Soviet aggression, they would be strongly tempted to adopt a neutralist position, especially in the face of the atomic threat.

35. In the interest of its own security, the United States must have the support of allies.

a. The military striking power necessary to retaliate depends for the foreseeable future on having bases in allied countries. Furthermore, the ground forces required to counter local aggressions must be supplied largely by our allies.

b. The loss of major allies by subversion, divisive tactics, or the growth of neutralist attitudes, would seriously affect the security of the United States.

36. United States policies must, therefore, be designed to retain the cooperation of our allies, to seek to win the friendship and cooperation of the presently uncommitted areas of the world, and thereby to strengthen the cohesion of the free world.

a. Our allies must be genuinely convinced that our strategy is one of collective security. The alliance must be rooted in a strong feeling of a community of interest and firm confidence in the steadiness and wisdom of U. S. leadership.

b. Cooperative efforts, including equitable contributions by our allies, will continue to be necessary to build the military, economic and political strength of the coalition and the stability of the free world.

c. Constructive U. S. policies, not related solely to anti-communism, are needed to persuade uncommitted countries that their best interests lie in greater cooperation and stronger affiliations with the rest of the free world.

d. To enhance the capacity of free world nations for self-support and defense, and to reduce progressively their need for U. S. aid, the United States should assist in stimulating international trade, freer access to markets and raw materials, and the healthy growth of underdeveloped areas. In this connection, it should consider a modification of its tariff and trade policies.

e. In subsequent fiscal years economic grant aid and loans by the United States to other nations of the free world should be based on the best interests of the United States.

37. a. In Western Europe, a position of strength must be based mainly on British, French, and German cooperation in the defense of the continent. To achieve a stronger Europe, the United States should support, as long as there is hope of early success, the building of an integrated European Community (including West Germany and if possible a united Germany), linked to the United States through NATO. The United States should press for a strong, united stable Germany, oriented to the free world and militarily capable of overcoming internal subversion and disorder and also of taking a major part in the collective defense of the free world against aggression. The United States must continue to assist in creating and maintaining mutually agreed European forces, but should reduce such assistance as rapidly as United States interests permit.

b. In the Far East, strength must be built on existing bilateral and multilateral security arrangements until more comprehensive regional arrangements become feasible. The United States should stress assistance in developing Japan as a major element of strength. The United States should maintain the security of the off-shore island chain and continue to develop the defensive capacity of Korea and Southeast Asia in accordance with existing commitments.

c. In the Middle East, a strong regional grouping is not now feasible. In order to assure during peace time for the United States and its allies the resources (especially oil) and the strategic positions of the area and their denial to the Soviet bloc, the United States should build on Turkey, Pakistan and, if possible, Iran, and assist in achieving stability in the Middle East by political actions and limited military and economic assistance, and technical assistance, to other countries in the area.

d. In other areas of the free world the United States should furnish limited military aid, and limited technical and economic assistance, to other free nations, according to the calculated advantage of such aid to the U. S. world position.

38. a. As presently deployed in support of our commitments, the armed forces of the United States are over-extended, thereby depriving us of mobility and initiative for future military action in defense of the free world.

b. Under present conditions, however, any major withdrawal of U. S. forces from Europe or the Far East would be interpreted as a diminution of U. S. interest in the defense of these areas and would seriously undermine the strength and cohesion of the coalition.

c. Our diplomacy must concentrate upon clarifying to our allies in parts of the world not gripped by war conditions that the best defense of the free world rests upon a deployment of U. S. forces which permits initiative, flexibility and support; upon our political commitment to strike back hard directly against any aggressor who attacks such allies; and upon such allies' own indigenous security efforts.

39. a. In specific situations where a warning appears desirable and feasible as an added deterrent, the United States should make clear to the USSR and Communist China, in general terms or with reference to specific areas as the situation requires, its intention to react with military force against any aggression by Soviet bloc armed forces.

b. (1) In the event of hostilities, the United States will consider nuclear weapons to be as available for use as other munitions. Where the consent of an ally is required for the use of these weapons from U. S. bases on the territory of such ally, the United States should promptly obtain the advance consent of such ally for such use. The United States should also seek, as and when feasible, the understanding and approval of this policy by free nations.

(2) This policy should not be made public without further consideration by the National Security Council.

Defense Against the Threat to the U. S. Economy and Institutions

40. a. A strong, healthy and expanding U. S. economy is essential to the security and stability of the free world. In the interest of both the United States and its allies, it is vital that the support of defense expenditures should not seriously impair the basic soundness of the U. S. economy by undermining incentives or by inflation.

b. The United States must, however, meet the necessary costs of the policies essential for its security. The actual level of such costs cannot be estimated until further study, but should be kept to the minimum consistent with the carrying out of these policies.

c. Barring basic change in the world situation, the Federal Government should continue to make a determined effort to bring its total annual expenditures into balance, or into substantial balance with its total annual revenues and should maintain over-all credit and fiscal policies designed to assist in stabilizing the economy.

d. Every effort should be made to eliminate waste, duplication, and unnecessary overhead in the Federal Government, and to minimize Federal expenditures for programs that are not essential to the national security.

e. The United States should seek to maintain a higher and expanding rate of economic activity at relatively stable price levels.

f. The economic potential of private enterprise should be maximized by minimizing governmental controls and regulations, and by encouraging private enterprise to develop natural and technological resources (e.g. nuclear power).

41. To support the necessarily heavy burdens for national security, the morale of the citizens of the United States must be based both on responsibility and freedom for the individual. The dangers from Soviet subversion and espionage require strong and effective

security measures. Eternal vigilance, however, is needed in their exercise to prevent the intimidation of free criticism. It is essential that necessary measures of protection should not be so used as to destroy the national unity based on freedom, not on fear.

Reduction of the Soviet Threat

42. a. The United States must seek to improve the power position of itself and the rest of the free world in relation to the Soviet bloc.

b. The United States must also keep open the possibility of negotiating with the USSR and Communist China acceptable and enforceable agreements, whether limited to individual issues now outstanding or involving a general settlement of major issues, including control of armaments.

c. The willingness of the Soviet leadership to negotiate acceptable settlements, without necessarily abandoning hostility to the non-Soviet world, may tend to increase over time, if the United States and its allies develop and increase their own strength, determination and cohesion, maintain retaliatory power sufficient to insure unacceptable damage to the Soviet system should the USSR resort to general war, and prove that the free world can prosper despite Soviet pressures, or if for any reason Soviet stability and influence are reduced.

d. The policy of the United States is to prevent Soviet aggression and continuing domination of other nations, and to establish an effective control of armaments under proper safeguards; but is not to dictate the internal political and economic organization of the USSR.*

43. As a means of reducing Soviet capabilities for extending control and influence in the free world, the United States should:

* This paragraph does not establish policy guidance for our propaganda or informational activities.

REVIEW OF BASIC NATIONAL SECURITY POLICY

Substitute the following for para. 42-d of NSC 162/1:

d. The United States ~~should make clear to the leaders and peoples of the USSR that its policy is to prevent Soviet aggression and continuing domination of other nations, and to establish effective control of armaments under proper safeguards; but is not to dictate the internal political and economic organization of the USSR.~~



a. Take overt and covert measures to discredit Soviet prestige and ideology as effective instruments of Soviet power, and to reduce the strength of communist parties and other pro-Soviet elements.

b. Take all feasible diplomatic, political, economic and covert measures to counter any threat of a party or individuals directly or indirectly responsive to Soviet control to achieve dominant power in a free world country.

c. Undertake selective, positive actions to eliminate Soviet-Communist control over any areas of the free world.

44. a. Measures to impose pressures on the Soviet bloc should take into account the desirability of creating conditions which will induce the Soviet leadership to be more receptive to acceptable negotiated settlements.

b. Accordingly, the United States should take feasible political, economic, propaganda and covert measures designed to create and exploit troublesome problems for the USSR, impair Soviet relations with Communist China, complicate control in the satellites, and retard the growth of the military and economic potential of the Soviet bloc.

45. In the face of the developing Soviet threat, the broad aim of U. S. security policies must be to create, prior to the achievement of mutual atomic plenty, conditions under which the United States and the free world coalition are prepared to meet the Soviet-Communist threat with resolution and to negotiate for its alleviation under proper safeguards. The United States and its allies must always seek to create and sustain the hope and confidence of the free world in the ability of its basic ideas and institutions not merely to oppose the communist threat, but to provide a way of life superior to Communism.

46. The foregoing conclusions are valid only so long as the United States maintains a retaliatory capability that cannot be neutralized by a surprise Soviet attack. Therefore, there must be continuing examination and periodic report to the National Security Council in regard to the likelihood of such neutralization of U. S. retaliatory capability.

ANNEX

U. S. OBJECTIVES VIS-A-VIS THE USSR IN THE EVENT OF WAR
(The following paragraphs are taken verbatim from NSC 20/4, approved in November, 1948. They also formed an annex to NSC 153/1, approved in June, 1953. This subject is currently under review by the NSC Planning Board.)

1. In the event of war with the USSR we should endeavor by successful military and other operations to create conditions which would permit satisfactory accomplishment of U. S. objectives without a predetermined requirement for unconditional surrender. War aims supplemental to our peace-time aims should include:

a. Eliminating Soviet Russian domination in areas outside the borders of any Russian state allowed to exist after the war.

b. Destroying the structure of relationships by which leaders of the All-Union Communist Party have been able to exert moral and disciplinary authority over individual citizens, or groups of citizens, in countries not under communist control.

c. Assuring that any regime or regimes which may exist on traditional Russian territory in the aftermath of a war:

(1) Do not have sufficient military power to wage aggressive war.

(2) Impose nothing resembling the present iron curtain over contacts with the outside world.

d. In addition, if any bolshevik regime is left in any part of the Soviet Union, insuring that it does not control enough of the military-industrial potential of the Soviet Union to enable it to wage war on comparable terms with any other regime or regimes which may exist on traditional Russian territory.

e. Seeking to create postwar conditions which will:

(1) Prevent the development of power relationships dangerous to the security of the United States and international peace.

(2) Be conducive to the successful development of an effective world organization based upon the purposes and principles of the United Nations.

(3) Permit the earliest practicable discontinuance within the United States of wartime controls.

2. In pursuing the above war aims, we should avoid making irrevocable or premature decisions or commitments respecting border rearrangements, administration of government within enemy territory, independence for national minorities, or post-war responsibility for the readjustment of the inevitable political, economic, and social dislocations resulting from the war.