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June 18, 1948

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MEMORANDUM FOR THE PRESIDENT

The following notes contain a brief summary of the discussion at the 13th meeting of the National Security Council.

1. TRADE RELATIONS WITH EASTERN EUROPE

(Memo for NSC from Chairman, National Security Resources Board, same subject, dated June 17, 1948.)

MR. HILL reported that the National Security Resources Board had discussed the above subject at its meeting last Tuesday. He handed out a memorandum containing extracts from the minutes of that meeting for the information of the Council.

Mr. Hill summarized the results of the meeting by explaining that no change in procedures for controlling exports to Eastern Europe was agreed upon, but Secretary Sawyer indicated his complete willingness to be guided by the Advisory Committee. Secretary Sawyer had also urged that the members of this Committee be in a position to give authoritative advice. Also, the Economic Cooperation Administration has been added to the Advisory Committee.

SECRETARY FORRESTAL noted that, as a result of the Council's earlier action, shipments to Eastern Europe had been curtailed, possibly to too great an extent in recent months. He cautioned, however, against going back now to being too generous in making releases.

In answer to Secretary Forrestal, MR. LOVETT said that Commerce has the responsibility for the determination of items to be exported other than those which are handled in a bloc, such as shipments to the Satellites on which there may be military prohibitions. Also, the State Department asks that certain items not be shipped because of their international trade aspects. Mr. Lovett said that Commerce has the responsibility under an existing Executive Order. ECA also has a legal participation in this matter.

SECRETARY ROYALL noted that the system of control is a matter of agreement rather than statute.

MR. LOVETT said that control was on a more selective basis than previously. He said that Commerce leans heavily on the Advisory Committee, which he thinks is doing good work.

In answer to Secretary Forrestal, MR. HILL expressed the opinion that the present system will probably work all right. He said that the matter had now been clearly brought to Secretary

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Sawyer's attention and that the latter now understands the gravity of the problem and that it is not just a matter of exclusive interest to Commerce. Mr. Hill advised Secretary Sawyer that the NSC and the NSRB could advise the President if they felt the matter was not being handled properly and that this might result in a new Executive Order assigning the function to some other Department.

MR. LOVETT expressed the belief that the Secretary of State has a legal right to issue export licenses on any item based upon foreign policy consideration.

THE NATIONAL SECURITY COUNCIL:

Noted and discussed the reference memorandum which was distributed at the meeting.

2. OFFICE OF SPECIAL PROJECTS
(NSC 10/1)

MR. SOUERS read the comments of the Joint Chiefs of Staff, which proposed a change in paragraph 4, of NSC 10/1.

SECRETARY ROYALL said he had the same doubt as at the last meeting concerning paragraph 3d. He said that he still hates to see any part of the National Military Establishment given the responsibility for policy guidance on such activities during peacetime.

MR. LOVETT recalled that at the last meeting the Council had discussed the choice between the Secretary of Defense or the Joint Chiefs of Staff to represent the military point of view. He thought the Council had agreed upon representation by the Secretary of Defense.

MR. SOUERS stressed his belief that the State Department must dominate these activities in peacetime.

MR. LOVETT agreed, but also felt that, as long as we have military and naval attaches, the Agency conducting these activities must have military advice on long-range plans.

SECRETARY FORRESTAL recalled that the current proposal was based upon the advice of the Joint Chiefs of Staff.

SECRETARY ROYALL said that he would prefer that military representatives merely be kept advised of these activities but not given responsibility for them as the subject paper appears to do.

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MR. LOVETT felt that we would only be kidding ourselves if we think that either the political or military agencies can be relieved of the responsibility.

SECRETARY SYMINGTON thought that there was a great deal in what Secretary Royall said. Secretary Symington felt that the wording concerning policy guidance was very broad and tended to give the military broad responsibility in the field in peacetime. He thought that the National Security Council was the place where the State Department tells the military what our foreign policies are.

MR. LOVETT did not agree with this view. He felt that the NSC was a work room to reconcile advice to the President from both political and military points of view.

SECRETARY ROYALL thought that the reference to an Operations Advisory Committee should be stricken from the paper and a general paragraph substituted therefor.

MR. LOVETT expressed the firm belief that the National Security Council would be held responsible for these activities regardless of the language in this directive.

SECRETARY ROYALL thought that CIA should ask for advice when it needed it and that the military should give this advice only when military questions were involved.

SECRETARY FORRESTAL said that this activity must represent a composite of both political and military interests.

SECRETARY ROYALL said that in peacetime this is not a proper field for military operation.

MR. LOVETT believed that the military does have responsibility and must, therefore, be tied in.

SECRETARY ROYALL felt that to make the military responsible for covert operations gets into a dangerous field.

SECRETARY SYMINGTON agreed with Secretary Royall. Secretary Symington expressed the fear that these activities would be made public and there would be a tendency to discredit the military agencies more than the civilian.

MR. LOVETT pointed out that the military agencies are now involved in the NSC in the relation of four to one. He believed that the military should be represented on a staff planning level even if they were not in the line of authority. Mr. Lovett pointed out that, if any future Pearl Harbor occurs, it cannot be said that State did not tell the military what was

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going on. There is now complete interchange of advice through the National Security Council and all members thereof will be held responsible if any future Pearl Harbor occurs.

MR. LAY suggested, and the Council approved, the deletion of paragraph 3d and amendments in paragraphs 3a and e.

THE NATIONAL SECURITY COUNCIL:

Approved the directive in NSC 10/1, subject to deletion of paragraph 3d and amendments to paragraphs 3a and e and 4.

NOTE: Amended directive subsequently issued as NSC 10/2.

3. TURKISH ARSENAL AID

SECRETARY ROYALL said that a suggestion was under consideration to set up a small arms plant in Turkey. He said that there were differing opinions on this subject within the Army. He agreed with Mr. Souers' suggestion that the matter be referred to the NSC Staff for preparation of a report.

THE NATIONAL SECURITY COUNCIL:

- a. Noted Secretary Royall's remarks on this subject, and that the Department of the Army would submit a statement of the issues involved.
- b. Directed the NSC Staff to prepare a report on this subject for consideration by the Council.

4. UNITED NATIONS TEMPORARY COMMISSION ON KOREA

SECRETARY ROYALL expressed concern over the attitude of this Commission. He said that the representatives of Canada, Australia and Syria were dissenters in this group. He felt that the situation in Korea would be seriously complicated unless the Commission endorses the recent elections in South Korea. He expressed the belief that pressure should be placed upon Canada and Australia to accept these elections.

MR. LOVETT said that Russia, France and Australia, in that order, were the chief trouble-makers for the State Department. He noted that the Australian representative on this Commission was a definite Communist follower and that the Canadian representative was very leftist. He did not know whether anything could be done about the situation.

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SECRETARY ROYALL said that four votes in the Commission were needed to endorse the elections. He wondered if pressure on Canada and France might help.

MR. LOVETT felt that there was a good chance that France might be brought into line but not Canada.

ADMIRAL HILLENKOETTER said that he had received a message that the draft report of the Commission was not too bad.

SECRETARY ROYALL quoted a message that the Army received yesterday which stated that the action of the Commission may at least contain a majority report unfavorable to the elections. He suggested that everything possible be done to persuade the Commission to endorse the elections.

THE NATIONAL SECURITY COUNCIL:

Noted and discussed the remarks of Secretary Royall on the above subject.

5. REVIEW OF THE WORLD SITUATION AS IT RELATES TO THE SECURITY OF THE UNITED STATES
(CIA 6-48)

THE NATIONAL SECURITY COUNCIL:

Noted the subject report by the Director of Central Intelligence.

6. NSC STATUS OF PROJECTS

THE NATIONAL SECURITY COUNCIL:

Noted the Status of Projects as of June 14, 1948.

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