

The White House
3 April 1949

PARTICIPANTS: The President
The Secretary of State
The Secretary of Defense
The Atlantic Pact Foreign Ministers

The President: Gentlemen, I have asked you here tonight to a private meeting with no advisors present, to outline to you in utmost confidence this nation's ideas on the critical problems which we face today. I have discussed what I have to say only with the National Security Council, which has approved, and I must ask that you communicate my thoughts only to your respective Prime Ministers and Defense Ministers.

The fact that we are assembled in Washington for the signature of an Atlantic Pact symbolizes the nature of our common concern -- the overwhelming military potential of the USSR. Yet I would like to emphasize that the Soviet menace is not a military one only; it is the menace of Communism as an idea, as an egalitarian, dynamic social force which, feeding upon world economic and social disequilibria, in itself poses a basic problem to the West, one which, though accentuated by its Soviet power backing, is perhaps even more dangerous in the long term.

The Atlantic Pact is a long step forward in the development of a common counter-offensive, as was ERP and as will be the US technical aid program. But none of us are under any illusions that the Atlantic Pact itself is more than a symbol of our common determination, a contract, as it were, under which our new partnership must now proceed to develop the concrete means of first containing, then defeating World Communism. When I say defeating, I do not mean military action, for you are as well aware as I that the American people would not countenance aggressive war. I mean rather the building up of a power balance sufficient to destroy the debilitating fear of Soviet aggression and then, from this secure power base, taking active measures, on the one hand to remove in the non-Soviet world the social and economic pressures on which Communism thrives, and on the other hand to create active counterpressure to undermine the base of Soviet power itself.

The Atlantic Pact underlines the common understanding among our countries that only by combined action can we hope, without overwhelming cost which in the end would force us to adopt totalitarian measures, to achieve our mutual goal. Therefore, I would like this evening to go beyond the Atlantic Pact and expound in numerous vitally interrelated fields the joint policies essential for this purpose. I recognize that much of what I say will be disconcerting to many of you, that it presupposes a level of common action and understanding which it will be extremely difficult to attain in practice, and, finally, that it will require of some states sacrifices of traditional security and economic objectives which they may be most unwilling to make. But I submit that in this crisis of our age, great problems call for great decisions, and that the overwhelming importance of stopping the USSR dictates the submergence of what are essentially secondary objectives to the overriding necessity of evolving a realistic workable policy to insure, first, our survival, and second, the eventual triumph of the West.

There appear to us to be only two ways of meeting the problem. One would be to beat the Soviets with their own weapons -- a vast rearmament program and a ruthless suppression of Communism at home. Such a course, however, appears wholly impracticable to democratic states. First, it is unlikely that either the US Government, or those of many of your countries, could successfully sell such a program to their peoples. Although elected governments can, within limits, lead public opinion, they must in the last analysis, conform to the prevailing sentiment of the electorate. I can assure you that the present US Government, upon which of course the main burden would fall, cannot at the present time envisage any such approach. In any case, such a program would not be economically feasible for Western Europe, which must devote the bulk of its resources to recovery. In the US it would require the imposition of economic

controls which, given the present climate of public and Congressional opinion, is impossible. Second, such a program might well do violence to the very institutions which we are seeking to preserve. Suppression of Communist parties could not help but require tampering with civil liberties and promote authoritarian controls. Huge rearmament expenditures, with attendant economic controls, would do the same to some extent. Not least, it would divert resources from the very social and economic welfare programs which we rely upon to remove those pressures which create Communism within our borders, programs which are at least as effective a weapon against internal Communism as arms are against the USSR. Moreover, US rearmament would reduce the scale of our foreign aid programs, including the projected technical aid, to a point where they would endanger recovery and economic development abroad. Finally, we must consider the effect of vast Western rearmament upon the USSR, particularly the danger that it might provoke the Kremlin to a realization of the desirability of a preventive war. We must not close our eyes to the fact that, despite the huge US war potential, the Western nations are practically disarmed and have no power sufficient to prevent the five hundred soviet divisions from over-running Western Europe and most of Asia. To be sure, we have the atomic bomb; but we must recognize the present limitations of our strategic methods for delivering it, and the vast problem of subduing a sprawling empire stretching from Kamchatka to the Skaggerak with this weapon, to say nothing of the problem of using it against our occupied Western European allies. In any case, a Soviet attack, today, while we could eventually defeat it, would involve an operation of incalculable magnitude in which, even if eventual victory is sure, the consequences to the US, and particularly to Western Europe, might well be disastrous.

There is yet another policy, however, more suited to our present capabilities, which if pursued consistently and vigorously, with full cooperation of each partner, offers great hope of success. The best appreciation of all our intelligence services is that the USSR does not at present seek to turn the cold war into a shooting one. Although it probably foresees that its opportunities for substantial gains during the period of flux following World War II are about over, the Kremlin apparently is confident of the eventual demise of Western "capitalism" and feels it can afford to wait for the anticipated US economic crisis when its overall power potential will more closely approximate that of the West. We must be under no delusions, however, as to the eventual Soviet objective. Despite any tactical shift to a policy of superficial cooperation in line with Lenin's "ebb and flow" doctrine, the Western Communist parties will continue their attempts to undermine the basis of Western society. Moreover, we must look forward to the time when the USSR, having multiplied its own economic potential, particularly its scientific capability for producing new weapons, and having successfully assimilated its Satellites both in Europe and Asia, feels more able to challenge by force a relatively weaker West.

Yet our best estimate is that we have several years in which we can count on a breathing spell. Our Government believes that the Atlantic Pact members and all other like-minded nations must fully utilize this period to evolve a common policy which will enable us to face the future, not only securely but with the capability of taking the "cold war" offensive ourselves. For we should appreciate that Soviet nationalism is dynamic; it must expand, and the only way to defeat it eventually is not merely to contain it but to carry the ideological war to the Soviet sphere itself. Therefore, I should like to outline for you in six key categories the policy which the US feels is essential. As I said earlier, it requires certain major sacrifices of traditional national objectives which it will be hard to sell to your respective publics. Many of them involve calculated risks, of which a careful analysis must be made prior to any policy decisions. We envisage full preliminary exchange of views on these subjects. But the important thing is to keep our eyes on the overall objective, to examine each policy in terms not merely of its own narrower effects but as a part of the grand design. Mr. Secretary, will you outline the first point?

The Secretary of State: We feel that there is no international question on which there is likely to be more sharp difference of opinion between the AP nations than on policy toward Germany and Japan. The US point of view is simply this. We see Japan and Germany as major power centers, neutralized now but inevitably reviving, lying between the USSR and the West. There is no

question but that the USSR looks upon the eventual absorption of Germany, in particular, into the Soviet orbit as a major objective. There are already signs that the USSR is reversing its hard economic policy of stripping the East Zone and is encouraging the revival of German nationalism with the idea that a revived Germany, allied with the Soviet, would be almost unbeatable. Of course, the Kremlin is well aware that a new Germany could turn on the East as well as the West, but hopes to avoid this through strict Communist party control. From the Western point of view, we too realize the grave dangers of encouraging German revival. We believe, however, that the advantages of orienting Germany toward the West and countering Soviet moves justify a calculated risk. Any Allied policy which does not allow reasonable scope for German revival may force that nation into the arms of the USSR. Therefore, we urge that the Western powers adopt a joint policy of encouraging German economic revival, accelerating the development of democratic institutions, and actively combatting Soviet subversion. Such a policy does not envisage the abandonment of adequate security controls through the prohibition of specific key industries and restrictions on, or even prohibition of, any armed forces. It does, in the opinion of our German experts, require encouragement of a reasonably centralized West German government with judicious checks and balances between federal and state powers, removal of restrictions on German economic recovery and a gradual integration of Germany into the Western European bloc.

Mr. Schuman: While such a policy would be most desirable if we could rely on German democratization and westward orientation, France, with a history of three invasions in seventy years, has grave doubts of its success. Perpetual neutralization of Germany, a policy to which the Russians, too, having had some experience of German invasion, might agree, appears to us the ideal solution.

Secretary of State: We feel that such a policy is unrealistic in that history shows that a dynamic nation of 70,000,000 people, acutely conscious of its past, cannot be perpetually held down, particularly when two opposing power blocs are bidding for its support. Our aim is at least to tie West Germany closely to the West before German nationalism revives and the Germans, as before, can play off one bloc against the other. Moreover, we feel that there exists a sound method of preventing Germany from becoming a menace to Western security while still orienting her toward the West. It lies in the integration of the Reich as a full-fledged partner in an increasingly unified Western Europe. By tying the German economy into a strengthened OEEC, by combining any future German armed forces into a unified Western defense, and by making her a partner in a developing Council and Parliament of Europe, we could provide full scope for German energies and give the Germans a goal to work for as partners with other Western countries. Fortunately, we can take advantage of the fact that German antipathy toward the USSR, intensified by ruthless Soviet occupation policies, is far greater than that toward the West. We must recognize that not only is German economic revival essential to a viable Western European economy but it is essential to prevent the spread of Communism or the revival of some other form of totalitarianism in Germany itself. German political revival, if directed toward the larger European goal, can capture the German imagination in the same way. The Western Zone parties are ripe for such an approach, but if rebuffed, will inevitably turn toward both renewed chauvinism and the outstretched Soviet hand. We must act now, while the psychological atmosphere, enhanced by our success in Berlin, is right.

Mr. Spaak: I believe Belgium would strongly favor German integration into a federal Western Europe.

Mr. Schuman: France has already favored such a policy but believes it must be done in a context of continued strict security controls and by keeping Germany decentralized and weak.

Mr. Bevin: I have consistently favored a realistic German policy. You have omitted what we believe essential, however, which is that only a socialization of the Trizone economy will provide the necessary broad base of popular democratic support, particularly from the trade unions.

Secretary of Defense: In the long run we recognize the desirability of analyzing this possibility, but we have felt that first we should get the German economy on its feet and then let the Germans themselves worry about socialism. Moreover, the American people would hardly go for an OASIS socialization program. You can't socialize and increase production at the same time. You need the experienced managers back first. The US can't continue subsidizing Japan and Germany much longer.

Mr. Devin: Socialization in Britain doesn't appear to have greatly impeded our recovery. This leads me to another sore point. To be perfectly frank, His Majesty's Government are no little concerned with the revival of German trade competition. At a time when Britain's export drive is the crux of her efforts to achieve self-sufficiency, we fear that revived German industry, especially in such categories as shipping and machinery, is a dangerous thing. No doubt there are others present who feel the same.

Secretary of State: That is one of the calculated risks of which the President spoke. If Germany is to revive, she must be allowed to compete for a share of world markets. An increasing degree of European economic cooperation, as we intend to point out later, may offer a partial solution here.

Mr. Devin: We are inclined to feel the same way about Japan.

Secretary of State: It is the same type of problem. Japan, although a less critical area than Germany and completely in our hands, poses an equally serious long term problem. Japan, too, a nation of over 70,000,000 must be allowed an opportunity for political and economic development (and I think here that political will largely follow economic), if we are to assure her orientation toward the West. Japan's economic problem is almost insoluble without a whole realignment of its trade patterns. Sovietization of Korea, Manchuria and now China has cut off not only her primary raw material sources but also some of her richest markets. The USSR may promote restoration of Japanese trade with these areas but this would be highly dangerous in that it gives the Soviets a potent lever for pulling Japan into closer relations with them. Our problem is to promote a redistribution of Japanese trade to the Philippines, Southeast Asia, India, and also the Americas, Africa, and Europe, even though it may strongly compete with us. Japan is in the throes of a social revolution and if we are unable to solve its economic problems, we risk not only a revival of anti-US feeling but also an inevitable drawing closer to its natural markets in North Asia. Mr. Secretary, have you some comment on Japan's strategic position?

Secretary of Defense: It is essential to recognize the strategic importance of Japan vis-a-vis the USSR. Any future war will be fought on a global scale and the Soviet Far Eastern area is the one important Soviet economic nucleus highly vulnerable to immediate attack. From a secure base in Japan, much closer than Okinawa, we can not only reach key industrial centers but can flank the long finger of Soviet Siberia pointing toward Alaska.

Mr. Devin: a propos of reviving Jap exports, I must consider not only the Lancashire textile people but the dominions, you know.

Mr. Stikker: We would be most unhappy about renewed Japanese trade penetration in Indonesia.

Secretary of State: That leads us into another major policy difficulty, the colonial problem. This Government is caught between two fires, on the one hand, the desire to bolster the Western European colonial powers, and on the other the necessity of establishing sound relations with the rising new states of Asia to prevent them from leaning toward the USSR. Here, too, is a critical area where we feel the colonial powers must subordinate their immediate interests to the larger problem of coping with Communism. Except for the UK, the colonial powers are, in our opinion, shortsightedly sacrificing their long term interests in a forlorn attempt to re-establish pre-war patterns of colonial domination. We must appreciate the historical trend of nationalism in many underdeveloped areas and understand that if we are to preserve our long term economic ties with these areas, we must substitute a policy of encouragement of and cooperation with indigenous colonial regimes for the impossible one of colonial

suppression. Certainly, the Dutch police action and the protracted French struggle with Ho Chi-minh have only cost lives and dollars for little return. We cannot expect to repress local nationalism more than temporarily at best, and in doing so we only encourage native radicalism and provide a golden opportunity for the USSR. We must recognize the inevitable in this case, no matter how it hurts our pride.

Mr. Stikker: I must object to the Secretary's characterization of Dutch policy as reactionary. The republican regime was clearly Communist and was a small minority seeking to impose its will on the bulk of the Indonesian population. The Netherlands needs Indonesian resources for its economic recovery and we will not just abdicate and get out. Besides, Dutch interests in the Indies are quite fearful of the US supplanting them in exploiting the area's economic wealth.

Secretary of State: On your first point, our understanding is that the Sjahrir Government was relatively middle of the road, and in fact suppressed a Communist rebellion in Java. Granted that the products of Southeast Asia are essential to most Western countries, we can look forward to continued and expanded trade with them only if the situation is stabilized. These new states are as yet undeveloped and need all sorts of aid in their economic growth. Only the US and Western Europe can provide such aid and this will exert an inexorable pull toward the West. In the short and long run, an exchange of Western capital and industrial goods for Asian raw materials will lay the foundation of a far more profitable economic relationship than continued armed repression. The President's Point Four program is a tremendous weapon for us here. And I would remind you that the Congress will not indirectly subsidize colonial ventures through the ERP.

Secretary of Defense: Our military people are very disturbed at the scale of French and Dutch military effort in Indonesia and Indo-China, which drains off forces essential to Western European defense. We cannot look too favorably on re-arming Western Europe if this merely permits diversion of troops to hopeless colonial warfare. After all, the vital defense problem is at home.

The President: I realize that this is a most touchy subject, although I must add that I am inclined to agree with the US military views. The Chinese Communist advance is bringing them to the borders of Southeast Asia and it appears to me vital that we settle our problems there before a further disruptive factor is introduced. However, since we have raised the problem of defense of Western Europe, let us proceed to that point.

Secretary of Defense: We must all face the fact that neither the signing of the Atlantic Pact nor any initial US military aid program is going to enable us to hold the Rhine line. It will be some years, assuming continued US aid and probably increasing rearmament by Western Europe itself, before we can feel confident of our ability to do this. Even in this case, however, our military advisers are very pessimistic unless a great number of hard decisions are taken and carried out. Barring a great increase in Soviet aggressiveness, we cannot assume that the American Congress will back an aid appropriation of more than one billion dollars plus a year. It is equally clear that substantial Western European rearmament is not feasible without hampering economic recovery at this time.

Mr. Bevin: Let's not fool ourselves. ERP is a better security measure than a few more divisions in Germany, which would be only drops in the bucket anyway.

Secretary of State: It's a problem of securing a desirable balance between the two, of not wholly neglecting short term possibilities, while still building for several years hence.

Secretary of Defense: Unless we take drastic measures to fully utilize what is and will be available, we shall be unable to provide any effective

defense. This principle must be first, to unify our forces and our military production to the fullest possible extent, and, second, to be ruthless in concentrating almost everything we have in the critical area. To disperse our strength all over the globe will be almost fatal.

Mr. Schuman: I assume that Northwest Europe is the critical area?

Secretary of Defense: Absolutely. But in order to have even a fighting chance before, say, 1956, and even by then, we believe that the following things must be done, and quickly. At the outset we must create a genuine combined command, with full control over strategic and logistical planning, and full operational control in time of war. We feel, for security and other reasons, that it should be limited to the US, UK, and France, with liaison missions from the other members. Under it would be the present Western Union organization, perhaps expanded to include Italy, which would be responsible for detailed planning and coordination in Western Europe. Second, we must radically alter the ratio of land, sea, and air forces to fight what will be primarily a land and air war. We are grossly overbalanced in naval strength while our land armies are almost non-existent. Regardless of the blow to service and national sensibilities, it seems logical to entrust the naval mission to the US and British navies and to require the continental countries, especially France, Italy, and the Netherlands, to concentrate on building up effective armies. Similarly, the strategic bombing must be allocated to the US and to some extent the UK, while the others and the UK develop tactical air forces. Third, we must achieve a genuine integration in training, equipment, and operating techniques, with type units the same in all armies and with similar tactical doctrine, chains of command, and (to as great an extent as possible) weapons and equipment. Fourth, we must divide up armaments production to eliminate duplication of facilities, promote standardization of weapons and reduce costs. Finally, it is logical that the UK and especially the US, with the greatest armaments potential and also the farthest removed from the Soviet reach, should become the arsenals of the Atlantic combine. We realize that such far-reaching measures will not be easy to take and that France, for example, may be most reluctant to reduce its navy or rely on other nations for some items of equipment but the alternative to such drastic policies is that Western Europe continues to have only a paper defense.

Mr. Spaak: Our greatest fear is that US commitments are so worldwide that with the US rearming Italy, Greece, Turkey, Iran, Korea, Scandinavia and perhaps others, the aid available to Western Europe will be too little and perhaps too late.

The President: I intend to order the Joint Chiefs of Staff to keep aid to strategically peripheral areas to the minimum. Such aid is more for internal security and psychological purposes and to warn the USSR to keep off than for anything else. We will have to get clearly across the basic principle that any future war is going to be global, as the boys in the Kremlin well know, and that if we are strong in the decisive theaters it will keep them from striking anywhere else.

Secretary of State: There is an equally important corollary to all-out defense cooperation and it is a field in which we feel Europe must put forth a greater effort. This is in the field of greater European economic and political unification. Particularly with the OEP, we feel that after a fine start, the impetus toward cooperation has fallen off as recovery proceeds. We are enthusiastic over the great strides made in the OEEC, Western Union, and the Council of Europe so far, and are perhaps more aware than we are given credit for, of the enormous obstacles of tradition, distinct national economies, etc. I must warn you, however, that the Congress will want to see more tangible results than mere production figures if we are to secure the desired funds. It has been made abundantly evident to all of us that only by uniting more closely will we ever create a power balance without prohibitive cost. Diverging of the European economies and closer political cooperation will have two effects. By establishing a solid basis for recovery it will both reduce the internal Communist threat and provide the essential power base for adequate

future armament. Europeans must recognize that the pre-war economic situation is gone forever, that what Europe needs is not a return to 1938 economic patterns but a whole new approach, if she is to achieve viability. Eastern Europe is gone semi-permanently from the Western orbit and, although we hope for a substantial revival of trade, it will be on a new basis and not as before. Europe's investments abroad and much of her invisible income has disappeared and new methods of balancing her trade with the rest of the world must be found. The necessary steps have been outlined, albeit somewhat hesitantly, by the OEEC; Europe must grasp the opportunity.

M. Lange: Although we are a small nation, I believe I speak for most of Western Europe when I say that so much of our ability to achieve viability and an expanding economy depends on the US.

Secretary of State: We are extremely conscious of that problem, although Congress and the American people are a bit behind us in recognizing the key role of the US in the world economy and the obligations it imposes on us. But in the ERP we have shown our willingness to divert scarce goods to European recovery and even to build up what will become a major competitor to us. The State Department, since Secretary Hull's regime, has consistently sought to lower US import barriers and to promote a regime of freer multilateral trade. We are trying now, through GATT and ITO, to commit the US to such a policy. We are also conscious of the impact of fluctuations in the American economy upon the entire world and are making every effort, Congress willing, to provide methods of minimizing any such swings.

Count Sforza: I'm sure we all realize the difficulty of educating Americans to see this problem, but they must understand that unless other countries can export to the US, they cannot earn the dollars with which to pay for their imports, loans, and credits from the US.

Secretary of State: Count Sforza, you, perhaps more than anyone else here tonight, have been an outstanding protagonist of closer intra-European cooperation in both the economic and political fields. You will appreciate then, the sense of urgency with which this Government views the desirability of closer European political unification, both to supplement and to enhance the cooperation in recovery and defense. We feel that Western Europe must be given a new sense of unity, a dynamic new goal to revive cynical and war-weary spirits, an antidote, in a sense, to the appeal of international Communism. We also feel that such is the magnitude of Europe's problems, plus the external menace, that only such a common approach offers any real solution. We recognize the necessity of gradualness, of proceeding no faster than public opinion will allow, but we are informed that the people themselves are somewhat ahead of their leaders in this case. We agree that no such step as a United States of Europe is feasible or even desirable at this stage, but rather a series of concrete steps to solidify and extend the remarkable progress already made. In this connection, Mr. Bevin, we are somewhat concerned over the evident UK hesitation about proceeding too far along these lines.

Mr. Bevin: Britain is too often accused of being the bashful boy in this sphere. Frankly, we do not consider ourselves a continental nation; we have a worldwide commonwealth to look after and our attitude toward the continent is somewhat like that of the US. We are willing to shoulder more than our share of the burden, but we do not wish to rush headlong into entangling commitments until they have had a long period of careful gestation and we are sure they will not tie us down to a series of politically unstable governments which are also economically weak. As you know, Britain has contributed more than any other European country in recovery aid.

M. Schuman: Perhaps Mr. Bevin would prefer to wait until the Communists had "stabilized" Western Europe?

Secretary of State: We can understand the British caution about too hasty moves which may later limit her freedom of action. The US, too, has shied even more clear of European entanglements, but we hope that AEF and the

Atlantic Pact mark the beginning of a new phase. We cannot emphasize too strongly that the continent is Britain's shield against attack, even more so than it is ours...

Mr. Bevin: We are well aware of that fact.

Secretary of State:...and that some sacrifice of her traditional aloofness may be justified if it helps shore up our common bulwark.

The President: There are numerous other critical problems such as economic warfare policy and export controls, the necessity of shoring up our position in the Near East and Far East, perhaps by further regional pacts, the whole basic problem of developing domestic economic and social policies which will internally strengthen our Western society and fight Communism from within, the need for a dynamic political and psychological warfare program to counter Soviet propaganda and seize the initiative in the cold war, and last, how to strengthen the UN as a focal point for rallying and tying together the entire non-Soviet world. But the decisive theater is Western Europe, the only power complex sufficiently strong, combined with the US, to decisively redress the world power balance and the only one which, if seized by the USSR, might render her almost impregnable. We have outlined to you what in our view is vitally necessary if we are to transform the Atlantic security bloc from a paper plan to a solid reality, fully recognizing the calculated risks, the common sacrifices, and the enormous difficulties involved. This Government is aware that progress will necessarily be slow and beset with complications but it is firmly convinced of the necessity of keeping clearly in mind the overall objective and of integrating all facets of our policies to this end.

M. Spaak: Mr. President, I am sure I speak for all present when I say that we are grateful for your forceful, in fact often blunt, statement of US thinking and that we shall consider carefully what you and your ministers have told us today.