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FOR THE PRESIDENT FROM THE SECRETARY.

In my message to you of 23 November I reported that Eden, Schuman and I had failed reach agreement in Paris on question of type and extent of continued restriction on production of military items in Germany. The three of us have met here in Rome twice on this subject but likewise were unable to agree.

Background of the problem is as follows:

Since the war the production of military equipment and implements of war have been prohibited in Germany by tripartite decree. At Brussels last year when we agreed that Germany wld have the opportunity to participate in defense, we also agreed upon a list of implements of war which would continue be prohibited in Germany. There remained question for some time as to whether these items were to be the only restrictions on German industry. In Washington conferences of last September we reached agreement, with some difficulty with French, that Brussels list would be the only restrictions to be retained, and that these would be retained not (rpt not) by decree but by contractual agreement with Germans. This list was as follows:

- (a) Atomic weapons
- (b) Biological weapons
- (c) Chemical weapons
- (d) Heavy military equipment
- (e) Long-range and guided missiles
- (f) Military and civil aircraft
- (g) Naval vessels other than minor craft

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In the above Washington conference we attempted get agreement that item (d), namely "heavy military equipment" shld be dropped from list but were unable obtain agreement. Later on, in tripartite working group in London, set up for the purpose of defining entire list of restrictions in exact terms, we had particular difficulty with this item. Through long negotiation we were not (rpt not) able to reach agreement that the Germans, for instance, could make a complete artillery piece of any substantial size. They could make the gun carriage but would have to depend upon someone else to produce the gun barrel and could not (rpt not) manufacture the propellant for the shells. This, of course, if an unrealistic situation, particularly at a time when production in the west of this type of equipment is critical.

In the meantime, Adenauer has taken the position that the retention of prohibitions in Germany along the lines of the above list will be unacceptable to his Parliament. He holds the view that such a procedure would entail obvious discrimination against Germany and would seriously jeopardize the chances of Bundestag approval of the whole concept of German entrance into defense arrangements. He proposes instead that the west accept the concepts inherent in the European defense community negotiation as a substitute for continued tripartite restrictions on Germany. In the negotiations on the EDF all concerned are apparently proceeding upon the assumption that the manufacture of military items other than those allocated through central budget and procurement control and for national purposes would be a violation of the treaty. In addition the European Defense Commissioner will have the role of building a single balance force in Europe as contrasted to balanced national forces. The lack of resources in Europe and the economics of the situation would as well force allocation of production which would result in all nations being unable independently to fully support their own forces.

Schuman was unable to accept in principle any portion of the Chancellor's proposal. Eden and I felt we could not (rpt not) commit our governments but both felt that Adenauer's proposal merited serious study. He and I likewise agree that our present approach to the problem, which would involve when spelled out a lengthy and complex list of restrictions on Germany, and particularly in the ground weapons field, is unworkable. Eden has an idea that we might ask Adenauer to make a voluntary pledge to the west that they would not (rpt not) engage in certain activities and then take the necessary steps internally, presumably by legislation, to insure that Germany did not (rpt not) produce within the specified fields, except by request of the European Defense Force Commissioner. He plans to discuss this with Churchill and others when he returns to London. Schuman will seek clarification of his position in Paris and attempt to reconcile the views of those, such as Monnet, who

consider

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consider there must be no (rpt no) discrimination against Germany, and of the Foreign Office who cling to the view that the whole list of restrictions must be retained.

My own view, in the case of Germany as with Japan, is that the best avenue to security is in the framework of a positive approach rather than through retention of negative restrictions by legal contract. The difficulty with the latter is that they give illusory protection for an interim period yet become unworkable at very moment they might be needed in the future. Our security against Germany for the future lies more along the lines of tying Germany in every possible way to the west through such mechanisms as the Schuman Plan, European defense force and, eventually, NATO. I do not (rpt not) believe we can successfully attempt to accomplish two contradictory programs at same time, i.e., that of bringing Germany wholeheartedly into the west on a basis of equality and that of retaining a distrustful attitude resulting in obvious inequality. The problem is difficult for us in that we cannot (rpt not) yet see clearly how the European defense force concept will work out in practice or indeed what some of the treaty provisions will be that affect the feasibility of that organization being effective on this subject. I believe, however, we need at this particular time a degree of flexibility for our people on the spot in Europe to attempt to work out the best solution. I should like your approval to inform McCloy that he should work out, in liaison with Bruce, and for our final approval, such solution as he can which will fit the political situation in Germany and be consistent with developments in the EDF conference in Paris regarding procedure it is possible for us to influence drafting of the EDF treaty so that it would provide the greatest safeguard for the future. I am seeking your approval of this general procedure at this time because I am convinced that ultimate solution of this problem will involve the discontinuance of tripartite security safeguards on Germany in favor of some form of international control and that negotiations in Europe will lead us automatically in this direction.

I am asking the State Department to show this message to Bob Lovett since he participated in the discussions here and may wish to comment directly to you. I should hope that in view of our specific retention of final approval in Washington that he would join in my recommendations.

ACHESON

SMD:GMC

