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FOR THE PRESIDENT FROM THE SECRETARY.

Dear Mr. President:

I am most grateful for your kind note of encouragement. It may be helpful to you to have some impressions from me at the end of the NATO meeting at Rome. The first is that the big problems remain unsolved and will need the most energetic work over the next 60 days, if we are to solve them.

In the international field we are experiencing what the production people call slippages. Three months ago we hoped that the Ottawa meeting would start the wheels moving for decisions at this Rome meeting on a defense program geared to economic capacity and upon the integration of Germany, both into the Western community of free nations and into the West defensive organization. But as you know, it became clear before this meeting, that the complexity of the German problem and the current stage of Harriman's work in the temporary council committee meant that the Rome meeting would have to be a spur to get decisions by the end of January.

Realization that the session could not reach important decisions affected the atmosphere in which the meeting was held. There was definite lessening of enthusiasm and interest.

Another depressing factor was the knowledge that after Harriman's report, governments will have to decide definitely on the precise degree of military economic and financial effort to be made in the next year. In Europe, this decision is hard because of low standards of living and, in many cases minute Parliamentary majorities. In France, the slender majority consists of a weak coalition of parties which do not see eye-to-eye on many key issues. The Communist parties remain strong in France and Italy and proclaim daily that the defense effort is leading to runaway inflation and economic chaos.

In this situation, our goals for this meeting were:

- 1. Convince the various nations to take the necessary steps

to achieve

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to achieve complete battle worthiness by the summer of 1952 for the military forces which now exist on paper.

2. Lay the ground-work for government decisions concerning the findings of the temporary council committee which should be expressed at the next Council meeting.

3. Ascertain the chances of success of the European Defense Community and establish a deadline by which the Paris conference, which has been drafting the treaty since March 15, will have to report either success or failure.

I think all countries now appreciate the urgency of making our existing forces fully combat-effective by next summer and of continuing to do so gradually as strength develops instead of placing our primary reliance on the development by 1954 of forces which at that theoretic date could, insofar as can be predicted now, insure the protection of Western Europe against Soviet attack. Here the US plays a key role. The combined effectiveness of the forces, which flank our own in Germany today depends upon our giving priority to equipping them instead of to reserve formations at home.

As to future action on Harriman's final report, our friends now know that it is quite impossible to expect an adequate defense without paying the corresponding price. They know that we cannot and will not pick up the check. I think that they will come through but it will take them longer than we had hoped. On our part, I think that we can and should demand greater efforts and greater efficiency in Europe, but we should not urge a degree of economic effort which is quite impossible for them to adhere to, and which, if attempted, would have internal social and economic results which would set back the whole rearmament program.

We were able to accomplish very little in the Council on the European defense force and the related question of a German contribution to defense. Schuman made a progress report on the status of the negotiations in Paris for the establishment of a European force which would include Germany. I reported briefly on the tripartite negotiations with the Germans regarding their future political status, saying that we were driving to finish our negotiations on this range of problems by Dec 31 and urging all to complete their defense arrangements by about that same date. This would allow us to take final action on both of these matters at the next Council meeting. A resolution was adopted indicating that this was the desire of the Council.

The formal discussions in the Council on this subject did not reflect the confusion and strain presently in Europe over

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the establishment of a European defense force. There is a general feeling among Foreign Ministers that the project is not going well, that the French chairmanship of the discussions is weak and confused, and that the people making plans for establishment of the force are making a theoretical approach to the problem without regard to political and parliamentary realities in Europe. Both Stikker and Van Zeeland are extremely worried along these lines. De Gasperi seems prepared to go much farther towards a transfer of substantial sovereignty in the hands of central European organizations.

Although Adenauer did not raise the question, his key advisers indicated to us in Paris their concern that present plans of the French led to a half-way solution which would not work without complete federation in Europe. They indicated on their part that they were ready to go all the way to federation. In this situation the French, deeply divided at home and unsure of Parliamentary approval, seem uncertain as to which way to move. The problem is further complicated for Schuman in that there are two completely opposite views held in French circles as to the proper approach to Germany. In general the Foreign Office clings to its view that Germany is a major threat of the future and must continue to be bound by restrictions of an occupational nature while those Frenchmen working on creation of a common force in Europe are convinced that there must be real equality given Germany or the whole effort will fail.

I spoke to Schuman privately about this range of problems making it very clear that in our judgment these negotiations must be completed by the end of the year and success or failure registered by that time. I assured Schuman that we considered the European defense community formula to be the best method of obtaining Germany's participation but that I had serious doubts that agreement could be reached unless negotiations were taken up by the Ministers themselves, particularly such matters as the establishment of common budget and common production program. This has been arranged. I am asking Bruce to furnish me without delay with actual texts now under negotiation at Paris and for all other information that may allow us to take a still more active role than we have heretofore in an effort to guide this complex project to early realization.

Eden shares my view that we must move quickly or face possible complete stalemate on the creation of a European defense force. He asked my view as to whether we thought it would help if they took a more active role and was considering, I believe, possibility that British forces on the Continent could be placed inside the common force through some arrangement.

I said that



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I said that injection of this new element now would complicate negotiations and make impossible meeting the deadline of December 31. He should therefore hold off now. But in the end it may be the catalyst that can pull the whole matter together. If it later becomes obvious that the French Parliament will turn down the French initiative for the creation of this force or if the BENELUX nations, with their close ties to Britain, appear about to bolt from the effort, a move by Britain along the above lines could be extremely beneficial. In view of the traditional British position towards developments on the Continent, I consider Eden's statement to me to be significant and extremely encouraging.

In separate meetings here with Schuman and Eden on tripartite matters left over from Paris, we reached sufficient agreement upon a short-term solution to the question of Germany's financial contribution to defense to allow McCloy and his colleagues to start negotiations with the Germans. With a reduction of expenditures by allied forces in Germany to the minimum consistent with military efficiency, and with a realistic appraisal of the cost of raising German forces during their fiscal year which starts in April, we expect the Germans could meet expenditures there without any serious gap during that period. This whole problem is complicated by the fact that a common budget, of which Germany would be a member, is under discussion in another forum. McCloy will have a difficult time on this subject but, with his observers at the Paris conference, is in a position to work the matter out as well as anyone. I am giving him this responsibility.

We did not reach agreement upon the nature and extent of prohibitions of manufacture of military items in Germany. I shall send you shortly a separate message on this subject.

While the visible efforts of the Rome meeting are not impressive, I believe that the meeting served to impress everyone with the urgency of moving forward. The frictions and anxieties mentioned above are bound to accompany decision of matters affecting Germany and the establishment of a common force in Europe. It is useful that Ministers here had a chance in private to express their deep feelings on these problems. If solution to these problems is found before our next council meeting, it will be mainly because everyone is convinced that a solution must be found and that dragging matters along would spell failure. There is no (rpt no) doubt, however, that to reach a solution we will have to take a very active part, particularly with the French, to help them make their own plan and initiative a success.

It was Bob Lovett's first experience at a NATO meeting. He was most effective in all the discussions in which he participated and so of course was John Snyder.

We are sailing on Tuesday on the INDEPENDENCE, with John Snyder and Charlie Brannan.

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and Charlie Brannan. All of us are looking forward to a week's rest before plunging into the turmoil of the next session.

I hope that Key West has done for you everything that we hoped and that you are rested and thoroughly well.

With the warmest greetings to you and to Mrs. Truman, if, as I hope, she is with you. Respectfully and affectionately yours.

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