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DEPARTMENT OF STATE

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May 17, 1954

SPECIAL ASSISTANT TO THE SECRETARY

S/AE

MAY 18 1954

TO: S/AE - Gerard Smith

FROM: UNA - David W. Wainhouse D.W.W.

SUBJECT: NSC Study Concerning Whether and Where to Proceed with the President's December 8 Proposals in the Light of the Soviet Note of April 27.

You might wish to consider the following points in preparing the NSC study on this subject:

1. We should proceed with the President's A-Bank proposals in spite of the Soviet refusal in their note of April 27 to discuss this proposal barring agreement on the Soviet call for a ban on the use of atomic and hydrogen weapons.

(a) It is doubtful that the USSR's response of April 27 was actually a rejection of the proposals. It is framed in terms of a refusal to discuss the proposals until agreement is reached on the Soviet call for a ban on the use of nuclear weapons, but is not a rejection per se as was confirmed by USSR Representative Malik in the London meetings of the Disarmament Commission subcommittee (London's 5141, May 15). Moreover it must be read in the light of the fact that the U.S. has not officially responded to the Soviet proposal in their Aide-Memoire of January 19 that the President's Proposals and the Soviet proposals be discussed in rotation. Consequently, the Soviet move might have been designed to force some indication on our part of the way in which the conversations would be carried on. Prior to the April 27 Aide-Memoire, I had wondered whether the USSR would in fact reply to the outline amplifying the President's Proposals since in the meanwhile the Disarmament Commission had been reconvened on Western initiative and the way in which atomic energy control would be handled obviously would be a point susceptible of discussions in the Disarmament Commission subcommittee meetings and thus would affect the Soviet approach toward the A-Bank proposals.

(b) Even if the USSR in fact intends at some point to reject the President's proposals, it would not be advisable to base our approach to the problem on this assumption, while of course taking this possibility into account. It might be worthwhile recalling, in regard to the USSR attitude on this whole subject, that it is generally agreed the Soviets made a tremendous diplomatic mistake in their rejection of the Marshall Plan and that the present leaders of the USSR may very well have decided that it was better not to reject the President's Proposals outright, because of their initial favorable impact on world opinion and the unfavorable impact of an outright Soviet rejection. To base our approach solely on the assumption

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TOP SECRET

TOP SECRET

- 2 -

the USSR had or would reject the A-Bank proposals would limit our maneuverability when the USSR is behaving in a more sophisticated fashion which enables them to deny that they had rejected the proposal and to point up the fact that the proposal does not deal with the basic issues of atomic disarmament.

(c) If, as the President said, one of the principal purposes of his proposal was to reach agreement with the USSR in an area more susceptible to agreement because of its limited scope, as a step in opening up "a new channel for peaceful discussions . . . to make positive progress toward peace", then it would seem advisable to proceed to develop and implement the President's Proposals in the hope that the USSR would at some stage join in the operation.

(d) Another major reason for proceeding with the President's Proposals is the unfavorable effect on world public opinion should the U.S. cease this effort, and the beneficial impact on world opinion resulting from our going ahead even under adverse circumstances in this effort to help the world realize the beneficial aspects of atomic energy instead of fearing atomic development. Furthermore, this course is valuable to help provide balance to the various statements on "massive retaliation", the effect on world opinion of the thermo-nuclear tests' "fall-out" in the Pacific, and the uncertainty of the Indochina situation. In brief, I think the U.S. badly needs to demonstrate its interest in helping the world realize the benefits of the peaceful uses of atomic energy, in order to counterbalance fears that we are set on a course of unloosing atomic and thermo-nuclear weapons. It certainly should help our relations with our allies, as well as stimulating a more favorable attitude on the part of the neutral nations, thus enhancing our basic security interests.

2. The President's Proposals should be developed within the UN framework rather than elsewhere.

(a) I believe that the A-Bank proposals should be developed and implemented within the UN framework. Certainly, this was their initial concept, as demonstrated by the fact the President made the proposals at the General Assembly; that he stated "we would expect that such an Agency (the IAEA) would be set up under the aegis of the UN"; and that this is the course proposed in the outline amplifying our views, transmitted to the USSR on March 17. It would be difficult to reverse this trend and proceed outside a UN framework, although it would not be impossible. It can be predicted that there would also be a rather unfavorable reaction by many United Nations members to our proceeding outside the UN. These countries would hope to receive the benefits of such an Agency's operations and would think that they would have a better chance to realize these benefits if the operation was carried out within a UN framework, rather than on a bilateral or limited multilateral basis in which the U.S. would be able far more easily to obtain specific benefits favoring the U.S. at the

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- 3 -

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expense of what other states might believe was their own national interest. Conversely, it can be said that the U.S. would gain definite international prestige by demonstrating its willingness to go ahead with the creation of an international organization with apparently less control over the operations than it would have if it were a bilateral agreement, thus demonstrating an apparently unselfish desire to help the world attain benefits from the peaceful uses of atomic energy within an international framework. In fact, as is clear in the present organizational framework of the IAEA, the U.S. and its principal allies would have the controlling voice in the Agency's operations, so that there is no difficulty for us with the international agency approach.

(b) Moreover, the presently suggested amendments to the McMahon Act for the domestic control of atomic energy would enable the U.S. to satisfy the needs and desires of certain friendly nations, such as Belgium, who would prefer bilateral arrangements with the U.S. to an international arrangement of the sort presently envisaged for the IAEA. This would seem to provide added reason for proceeding with the President's proposals within the framework of the United Nations.

(c) It will certainly be all the more difficult for the USSR to explain any refusal to discuss the President's Proposals or to join in the operations of the Agency should it be set up, if the Agency is established within the framework of the United Nations. The international nature of the organization renders it much less susceptible to Communist attack than would be the case if we proceed on a bilateral or on a more limited multilateral basis.

cc: G - Mr. Murphy
S/P - Mr. Bowie
Mr. Gullion

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