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ADDRESS BY THE HONORABLE ALLEN W. DULLES

BEFORE THE US ARMY WAR COLLEGE, CARLISLE BARRACKS, PENNSYLVANIA.

9 JUNE 1959

"NSS" THE WORLD SITUATION

General Ennis, members of the Army War College, and distinguished guests, it is a great pleasure to be here with you today. I have had the honor and privilege to participate in many of your previous meetings of this character and I have always deemed it a high privilege. I don't know any better audience before whom one can appear than one such as this. It is always an inspiration to me to do it.

I wish to thank you General Ennis, for your kind words of introduction, you have had some very encouraging words to say about intelligence. I may say that the intelligence structure, as it is now organized in Washington is a composite, a coordinated, and a united effort. I have just come this morning before I arrived here, from a meeting of what we call the USIB, the United States Intelligence Board. In that during the past years, we have now collected together all those competent in the government to deal with intelligence, and we have put into that body dealing with all of our intelligence problems. I am deeply grateful for the cooperation which we receive in that Board from the Army Intelligence Organization, as well as from the Intelligence Chiefs of the other armed services, Defense, Department of State, Atomic Energy Commission, the FBI, and I should have put it earlier -- the Joint Chiefs of Staff. I hope General Ennis that you will kindly thank my good friend Wilbur Brucker for the very kind words that he has sent here today, the distinguished Secretary of the Army is an old friend, and a real leader.

You always give me a nice easy subject to deal with -- small in compass, succinct and one that can be easily encompassed in an hour or 50 minutes; namely, the World Situation. You will therefore excuse

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me if in dealing with it, I divide it up as best I can, touch upon the points that I consider the most important; but if there are grave admissions please do not necessarily conclude that I have ignored the particular problem you may have in mind but that I haven't been able to get it into the compass of the time allowed me, and that possibly during the question period, we can then deal with some of the matters that interest you that are not covered.

I propose therefore, to give what I might call a general balance sheet, rather than a detailed appraisal of the situation as we face it area by area. So try to give it analysis of the major forces of pro and con affecting our position vis-a-vis the Communist Bloc as our major potential opponent and the major trouble-maker in the world today. And then I will deal with other problems because while we can ascribe most of our troubles to the communists (well there were some troubles even before there were Communists and we can sometimes make the mistake of ascribing everything that we have to deal with to some Machiavellian plan invented either in Moscow or Peiping.)

The basic element in this analysis is an understanding of the objectives of international communist movement. Here I think we can agree that over the years there has been no change in purpose on the part of the leaders in the Kremlin or in Peiping. They still preach and they still believe in the ultimate overthrow of our free world system, they like to call it the Capitalist System and hence, the Communist take-over of the Free World. Their techniques change, they can alter their timetables, their objectives remain. And I think it is important to distinguish here between the aims of international communism and the aims of the more limited nationalistic objectives of the old Czarist Empire. If I can indulge just a moment in a personal remark, during these last weeks before my brother's death I had many talks with him, and the one thing that I think worried him the most as he looked toward the future was not our inability to deal with the Communist menace but possibly our difficulty

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in understanding its aims. I remember he said to me again and again:

"We must clearly distinguish we are not up against a Czarist type of objective, limited, it may be large, but still limited. The aims of the Communist movement are world-wide; they have no frontiers; they wouldn't be there and not satisfied with concessions but merely feed on concessions and as the French say, La petit croix mangent, the more we eat, the hungrier we are."

In promoting these aims the international Communist movement is trying to press back the outposts of freedom, like Berlin, the Taiwan Straits; it is probing weak spots around the periphery of the Communist orbit, Iraq, Iran, Laos, and then going further afield as trying to subvert the weak and newly emerging states even far away from the periphery of the Communist orbit; for example, Black Africa, Indonesia and the like.

An analysis of past balance sheets show serious debits in the latter days of World War II and the immediate post-war period. Then, it seems to me that our understanding of the aims of Communism were blurred by our military partnership with Russia, and by ill-placed hope in Soviet future intentions. During this period, Eastern Europe and Mainland China were lost to Communism, I haven't time nor haven't had any real inclination to try to pass on now whether this result could have been prevented by any action on our part short of war. I am merely constating that it did take place and possibly we did not realize clearly enough that it was taking place.

But going back a little over 10 years, beginning with the Truman Doctrine for Greece and Turkey in 1947, and following through the days of the Berlin blockade in 1948, and then later in North Korea, and its attack on the South, the war over North Vietnam, we began to gain increasing understanding of Soviet aims, increasing by appreciation of their techniques. And in this education we went through, the bloodless takeover by subversion of Czechoslovakia, and the very serious threat to France and to Italy, particularly to Italy in 1948 helped to educate us to the problems before us. However, I am not sure on a country-wide basis,

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and certainly this applies even more strongly to some other countries, whether we now have an adequate awareness of this problem that we face. It is too easy to be befuddled by the temporary appeasing attitudes of the Kremlin; which in my opinion are intended only to lure us into forgetfulness while they carry on their plans.

During this period I mentioned, if we look at it from a balance sheet basis -- that is, 10 or 11 years, the losses by the free world in terms of territory and people roughly balance the gauge. The one major loss that we had territory-wise, was in North Vietnam which passed behind the Iron Curtain and to balance that, we had the recovery for the Free World of the Soviet Zone of Eastern Austria. Hence, even looking at it from this point of view, I don't approach the future or even the immediate past with the pessimistic gloom that I find sometimes our columnists and others take. We haven't done so badly during recent years, we have not retreated and I don't see why we should retreat in the future.

Further, as we look at the balance sheet economically and politically, the major free world powers in Europe, and Japan in the Far East, have been very substantially strengthened during this period. Now to counter-balance that to some extent, we have the fact that the relative military power of the Soviet, particularly in acquiring a nuclear capability, and guided missiles has increased. So the Soviet vis-a-vis this country is certainly stronger than it was 10 years ago when they were just detonating their first nuclear bomb.

And further, entering into this balance sheet as possible debits but not necessarily so for the Free World, are the problems created by the liquidation of Colonialism, the revolutions of nationalism, particularly in Asia and in Africa and right here in this hemisphere we are now seeing more and more the growing pains resulting from rather inadequate and ineffective attempts at industrialization coupled in many places with the inadequate development of their own natural resources, one-crop economy, and political instability. But all these are problems which are challenges

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to us and we don't have to write off any of this area as gone, merely because the political situation or the economic situation is unstable and may remain unstable for some time.

Now turning from these generalities to certain specifics with regard to the present position of the Communist Bloc and I shall limit myself there to the USSR and Communist China without getting into much of the satellite situation, as the satellites do not add very much strength to the Communist Bloc, although they have certain advantages for the Communist bloc from the economic point of view.

First as to the USSR -- here we see the emergence of an educated class, and a managerial class under Khrushchey. Khrushchey as far as we can see today, is firmly entrenched. Mao is firmly entrenched in China. We do not see any immediate challenge to either one of these men; however, each face problems due to a variety of factors. One of these factors I have just alluded to is that in the USSR, change is the order of the day with education, with the decentralization of industry. We have new classes of people coming to the fore with new ideas, new ambitions, they will over the period of the future and I hope of the not too distant future, have some effect on the form of government in the Soviet Union. There have been far more changes in Russia over the last six years since the death of Stalin than I would have dared predict at the time of his death. Further while the Iron Curtain and Russia is still maintained from many points of view, they won't allow in our literature, our broadcasts, nevertheless, with the exchanges of missions between the two countries and delegations, trade, economic and industrial, which the Kremlin apparently does not dare us to stop. Although I think if we push ahead on this we may find them crying "Komrad" some where down the line. But so far they have not desired to stop these exchanges and we have a growing awareness and understanding in the Soviet Union, and the people of the Soviet Union, of what the outside world looks like and that may itself, be a revolutionary force. That is the first problem that Khrushchey has

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to face, the second is the agricultural problem. He has gone into a great gamble in his new lands project, putting millions of acres into cultivation down the other side of the Caspian Sea. It is an area where the rain fall is marginal -- 15 inches, if he has his fifteen inches he has a marvelous crop, if he has 10 inches, he may have a dust bowl. So far nature has been good to him, but he has to watch (he, Khrushchev) his agriculture problem all the time. Then he is faced with the problem of balancing of the economic demands of his people against rapacious requirements of his vast military machine. That I will deal with later. We have the problem of the succession. Khrushchev so far, and it doesn't happen in dictatorships very often, but so far he has not attempted to build up any successor to himself. He is not young but I would be the last one myself to say that he was old, because he is a bit younger than I am. He probably leads a little tougher life than I do. The two men talked of in, at least in intelligence circles, as possibilities to succeed him are Kozlov and Kirichenko. Kozlov will be coming to visit us for the first time now in a few weeks. He is coming over to open the Soviet Fair in New York. We will have a chance to have a look at him. Mikoyan is probably the smartest man and the most experienced man in the immediate entourage of Khrushchev, but having had an experience with a Georgian we don't think they will choose an Armenian as the top man in Moscow, and further Mikoyan is no longer in his first blush of youth although still has some years ahead of him in all probability. Finally, next to finally, I see I have got one or two more still, we have the problem that I have alluded to briefly to whether the Soviet can maintain the Iron Curtain against ideas and meet the demands, the growing demands of the educated class in their country. That is one of the most difficult problems, and as I say I have already alluded to it once. And with all of this there is the growing pressure of the Russian people for a greater share of this world's goods. They hear Khrushchev talk about the vast production of the Soviet Union and how it is going to catch the United States

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in a decade, in the 70's or 80's; and yet they get a very small share of this. Fortunately for Khrushchev however, they started from such a low standard that they do see some gradual improvement in consumer goods available to them and to the general standards of living although it is still far below our own. It is possible however, that there will be growing demands and growing pressure in Khrushchev to divert a greater share of their gross national product to the consumer sector as against the military sector. Their gross national product today, is about 45% of ours, it is growing however, at a rate of about 7% where our own is growing at a rate of about 3%. That does not mean that the absolute gap changes very much but the relative gap is changing. But again they started from very low base and 7% of a low base isn't as much as a smaller percentage of a much higher base. They are moving rapidly and we cannot discount the power of their industrial achievement.

Turning briefly to their military situation which you will be discussing in much greater detail, we estimate that the current annual military effort of the Soviet Union in terms of military hardware, personnel, equipment and the like, is roughly comparable to ours and that is a great achievement when you think as I have said before, that their gross national product is a little less than half of ours. It is a hard comparison to make, I am not doing that in terms of dollars but we make this computation in terms of let's say, aircraft for aircraft, tank for tank, man for man, missile for missile, and the like. In some sectors of course they exceed us -- number of men under arms. In some I believe we exceed them -- in the nuclear field and in aircraft production. I will come to the guided missile field a little later, that is one of the most contentious points we face today. It is our estimate however, that the USSR does not propose to initiate general war now, and is not planning on war at any fixed determined period in the future, but in such a world as we live in, there is always the danger of miscalculation. Meanwhile, in developing its military establishment, the

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USSR has highly developed its defensive organization and worked day and night on its nuclear deterrent. And in the nuclear deterrent is the great power of military blackmail that they have used from time to time, they used it at the time of Suez with missile threats, and again in the crisis over the Turkish-Syrian incidents of several years ago.

One of the questions you will may be studying over these next few days is whether the USSR will be more adventuresome now that it has nuclear semi-plenty and a growing missile potential. There is some difference of thought in the Intelligence Community, we take into account the fact that Stalin even without nuclear capability was extremely adventuresome in his enterprises in Greece with the Berlin Blockade, and in clearly supporting and egging on Communist China to attack us in Korea. In fact you may remember that when Khrushchev made his famous speech, the de-Stalinization speech it is called, in February 1956 he attacked Stalin for willfulness in international relations. And when Khrushchev first came into power, he was rather cautious in his initial years; however, I think it is fair to conclude from his present actions with regard to Berlin, his aggressiveness in the Middle East, that he is exhibiting a growing willingness to take risks and that in the next five years, the Soviet may well be more active than in the past five years, more aggressive; but still in our view, not taking risks that the Kremlin would conclude would involve grave risks of war. Here again comes in the danger of miscalculation. Meanwhile we feel that the USSR will emphasize the subversive type of activities as they are doing in Iraq and elsewhere today and in particular they will capitalize on the incompetence of new countries to govern themselves. Their jobs much easier than ours. They can thrive on chaos and we have to thrive on reconstruction.

Now for the point of limited wars, which I know is one that you will be dealing with, here again there is some difference of views in the Intelligence Community. I think it is clear that we may have to face limited wars between non-nuclear powers. If a nuclear power intervenes in that limited war there is great danger that that war will

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then become a general war, unless the action of the nuclear power is so quick and so decisive that what one is faced with a fait accompli before intervention is possible.

Now where do we stand militarily? In the intelligence Community we do not consider ourselves qualified to give overall net estimates as to where the United States stands vis-a-vis Soviet Union in any particular element of military hardware; because that obviously requires a technical knowledge at where we stand and therefore the responsibility for preparing net estimates lies with others than the intelligence officers. However, I think that I have high authority, not my own, and a judgment that I agree with, that they are not overall ahead of us militarily but rather that we are today, ahead of them. They are tending of course, to specialize in the ballistic missile field, missile launching submarines, their nuclear capability and of course, strong conventional weapons. If we can believe our intelligence and I do, certainly if we believe what they themselves say, which I don't always do, they are down-grading the manned bomber and turning to the ballistic missile as their chosen weapon in the event of war with the United States. I think you probably will be discussing the so-called missile gap and I don't propose to get into any of the details of that in the short time that is allowed me here; there is no doubt that they started sooner than we did in the aggressive development of the ballistic missile. Looking back on it I think that we may have missed a bet ten years, fifteen years, at the end of World War II. There were probably good and sufficient reasons for it at that time, there was a great question as to whether a nuclear weapon could be made small enough in order to be used in a ballistic missile. That was one of the reasons I think, we did not push ahead as fast as possible as the Soviet did. But certainly from 1948 on, ballistic missile research development was a major consideration on the part of the Soviets and that they have carried on from there to the present time when they have considerable nuclear capability in all of the intermediate ranges

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the Commune issue in China he would run for cover and turn the subject as fast as he could. He didn't want to say anything one way or the other, because this issue has Soviet Russia over a barrel. You have got two alternatives, either the Communes will fail, if the Communes fail that is a black-eye for Communism even though it is not the kind of Communism the Russians like today. You have the alternative they might succeed. If they succeed and the Chinese Communist regime, Mao and company succeed in harnessing 500 million people to that rigid regime of the Communes you have got a mighty force there. The indications are today that they are not succeeding too well. The first blush is off, they have had to modify their regime in many respects. We pick up hundreds of letters from people in the Communes writing to their relatives outside in Southeast Asia, the overseas Chinese in Hong-Kong and other places, many of these letters are very pathetic reading and one thing that hurts China a good deal; a good many of the letters say don't bother to send us any money, because if you send us money all we have to do is turn it over to the Communes. You better keep it and spend it yourself. And the remittances from the overseas Chinese to China has gone down. Their project in the Communes of having these little blast furnaces, you know, sort of bath-tub, gin-type of blast furnaces in the back yard apparently have been pretty well a failure and they are cutting that down. The iron produced was not really worth using, it had to be reprocessed entirely. So that the Communes are the big question point today in China and I don't think they are entirely happy with them but they have not given them up. Their industrialization is going on at a pretty rapid rate; they claim tremendous advances in agriculture. They have had some, but recent reports indicate a good deal of trouble as regards to agriculture in China and they have stubbed their toe in Tibet. No matter what the result may be as far as Communist China is concerned, obviously if they put in force they can hold the country. But they have received a black-eye in all of Southeast Asia, much greater than any that they have ever had before. And if you consider the position of Communist China at the time of the Bandung Conference and the position of Communist China today in the eyes of the people of the Southeast

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and where they have presumably, or will have shortly a capability we believe, in the long-range guided missile.

Today if we exclude for the moment the danger of a planned war on us in the near future what are the basic objectives of the Soviet Union? First they want to solidify their position on their Western Front in Europe. That is I believe, one of the major purposes of their campaign in Berlin today. Their position in the satellite area has been a troublesome one, Hungary showed it up, and showed up its weakness. They do not feel adequately free to do what they want in the rest of the world as long as they are tied down to some extent in Western Europe and that is one of their major purposes. They wish to have more freedom to push their subversive activities in the Middle East, in Asia and in Africa. Obviously they want to break up NATO, they want to push us out of our forward nuclear bases in Europe and in Asia. They want to split the United States and Great Britain and its other Allies. That was one of their clear-cut purposes in connection with Berlin which I will come back to in a moment.

Turning now briefly to Communist China. As far as we can see the alliance between the USSR and Communist China is still firm and strong. Are there fissures? I think one of the major problems that the USSR is now having with Communist China is one not entirely dissimilar to one we are having in certain areas as indicated in the morning paper; namely, the question of whether or not to give Communist China nuclear weapons. We do not have any intelligence at the present time that the USSR has yet turned over any nuclear weapons to the Chinese Communist military authorities. I am not sure that we would know it if they had done it, we are inclined to think they have not done it. Clearly whether they have stockpiled any in Communist China for eventual possible use either jointly or otherwise, that is another matter where the answer is not clear. We as yet have no evidence that they have done so. Certainly that is a potential cause of friction between the two countries. Another potential cause of friction is the Commune development in China. From all we can gather, from what the Soviets say, and I may say that when Mikoyan was here, if you tried to draw him out on

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Asia, there has been a great decline and a great plus for the free world, and the Tibetan thing isn't over yet. I will deal with Taiwan in just a moment.

Now having dealt with some of the basic problems and briefly with the position of the Soviet Union and China I want to deal topically with certain of the important grave issues that we face today. First Berlin -- I have indicated already what I think of Khrushchev's intentions were in starting the Berlin crisis. In the first place he thought he didn't have anything to lose and maybe something to gain. On the whole the Soviet Union can run a project of this kind, an international negotiation of this kind, for more easily than we can. It has no allies it has to consult. Occasionally it has to consult. Occasionally it has to consult with China if anything relates to China but China is not immediately involved here and of course it doesn't have to consult its satellite allies. We have to consult, we have to coordinate and while the unity of the alliance remains, nevertheless, it is a time consuming exercise and somewhat reduces one's efficiency in dealing with the monolithic power of the Soviet Union across the diplomatic table. And further while they send a man they call their Minister of Foreign Affairs, their Minister of Foreign Affairs is far down the ladder, he is not even a member of the Presidium. He is a hired hand, a pretty efficient hired hand. We on the other hand have to send our Secretary of State and many of the ablest men in our State Department and occupy them with Berlin while the rest of the world has to go on. That is another plus they get, that they can handle international negotiations somewhat more casually than we can. And having gained the reputation of saying but no for the first time in any negotiation it makes it fairly easy for them to proceed. In the Berlin issue, the problem of East Germany looms large. All I can say about that is, that in my opinion if you took a vote in East Germany today not 10% of the people would vote Communist, probably much less than that. Ulbricht, the head of the party is a stooge, Grotewohl is a stooge, there is no independence of thought there. They are like mannequins that operate exactly as they are told. I think there we have a weakness that can be and should be more exploited than it is, really show up the issue of the Eastern German situation, and to compare East Germany with West Germany is comparing black with white and they know it. They are sensitive to it and

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Mr Bolsche, who has been in Geneva has not handled himself in a way to endear himself either to any of the negotiators or the Swiss either. So there is a weakness in their armor to be exploited in the Berlin situation. Our problem in Berlin is very different than it was in 1948. Since 1948 Berlin has become a flourishing industrial city. It has a trade flow of over one billion dollars each way from Berlin to West Germany and then from West Germany of course out to other parts of the world, high rate of employment, high industry. Your problem is not as it was in 1948 though an airlift to keep the people alive and with enough fuel to keep them from freezing. Now you have not only that problem which is relatively simple, but you have the problem of feeding the raw materials into a large industrial machine and then importing the product of that machine out to the free world. So the problem is more difficult and more complicated than it was in 1948. And Khrushchey of course views, and Ulbricht has himself said that, "West Berlin is a cancer to them, it is a cancer right in the middle of their body politic." They would give anything to try to get us out of there, they would feel that would solidify their position for a long time to come in all of Eastern Europe, and while I don't think they expect to accomplish that by the present negotiations they hope to make a move towards it. Our problem is preventing their succeeding in that.

The next major problem I want to take up is the Middle East. Here we see that Communist and the old Imperialist Russian ambitions to some extent, coincide. Khrushchev's concentration on Iraq, if you look at the map, is a very natural one. All he would have to do is add to the Kurdish area of Iraq, Turkey and Iran to Iraq and then you have a territorial bridge right down from Russia to the Middle East. Fortunately the Kurds are not a very comfortable bridge. They run in all directions and the Kurds are by no means on the side of the Soviets, in fact, I think hardly a half of them are. So it is not an easy program to carry out. But if he succeeded in taking over Iraq and the Communist threat there is extremely grave today, he would have gone far in getting a base to realize his ambitions as far as the Middle East is concerned. For various

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reasons, and according to our latest reports, the Kremlin is advising the Iraq government to move a little slowly. They are not quite ready yet, I think, to take over and I don't say that they will take over or can take over. If Iraq went Communist and was taken over by Moscow that would presumably mean the cutting off of its oil supplies to the West. That alone as far as the West is concerned would not be too serious although it would be very unpleasant for the Iraq Petroleum Company, because there is an excess of oil in the Middle East; but it would mean that the Communists would have to supply the revenues to Iraq which would be lost by that and since they could not get oil, (it would take them years to build pipelines through there to get the oil). They are not very anxious to take over the great financial responsibility at the moment. But that is the situation that requires watching with the greatest of care. Next door, they have threatened Iran and Iran has stood up bravely to them so far. In Egypt, we have a field of greater opportunity than we had a year ago. While I don't say that Nasser has broken with Moscow, he has not, he seems to have broken with Communism, and that is a plus for us. And further we have seen over the past year that this "Pan-Arab" idea that so many people thought was going to sweep the Arab world is more of a mirage than a reality. There are more elements of disunity among the Arab countries than there are elements of unity, and while we should be the last to deny the validity of Arab nationalism, that does not mean that it will all be put together into one great Arab Empire. That does not seem to be on the card and I believe looking at the Middle East with all the difficulties that we have with Iraq today, that we have more opportunities (we -- I mean the Free World, the Western World) to move ahead in the Middle East than we had about this time last year when we had the revolution in Iraq and the difficulties in Lebanon and Jordan.

Now turning for a moment to the Far East: Quemoy, Matsu and Taiwan. The Chinese Communists have not given up their ultimate intentions to take Formosa, they realize today they haven't the ability to do it. And while

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we must watch daily the situation in Quemoy and Matsu, the general view in the intelligence community is that it is not likely to be stirred up in the very immediate future. That could change almost over night but the indications are that until they are ready to risk war with the United States, because I think they now believe that probably that would be the risk they would be taking, they will not attack Quemoy and Matsu or Taiwan. But as I say, in the field of intelligence one can never relinquish one's vigilance in a situation where in a very few days, forces could be assembled to add to the very substantial forces they have there. Aircraft could be brought down to forward bases and an attack could be mounted. We just don't think it is their policy to do so at the present time.

The next problem is Latin America, right at our doorstep. Now on the Caribbean we have more going on than has been the case for many years. Cuba has helped to stir it up. With the end of Rightist Dictatorships we are threatened now for exchanging them for Communizing dictatorships. And we have the issue of development of the national resources of this area, of industrialization which is effecting the Argentine, Brazil, Ecuador, Venezuela and a good many other countries. These are not easy to deal with and we can't blame all of this on Communism. I have no doubt that the Kremlin is doing what it can to aid and abet the trouble spots of the area, but some of it is inherent in this era through which they are going; inherent in the one crop situation that so many of these countries have; inherent in the fact that they have not developed their resources adequately and are jealous about inviting in those that might do it. I don't mean only the United States, I think that in the development of Latin America we should welcome European capital, German, British, French, Italian and other, Belgium so as not to give too much of the US imprint on all developments in this particular area.

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Now turning briefly from regional problems to a different type of problem which covers various regions, large areas. Today we have the problem of the woes of the new democracies in finding an alternative short of Communist-type dictatorships. We have seen over the last year or two a whole series of countries that have given up their so-called democratic forms of government and have gone over to military dictatorships -- Burma, Thailand, in part Indonesia but not wholly, Sudan, Egypt and a good many others. This poses the problem that you will be considering, maybe you will be considering over the weekend. I think that we in the United States started out thinking that we should try to induce all countries to adopt our form of government. I have no doubt that our form of government inherited as it is in part, from the British and in part original, is the best form of government you can have. However, it requires a sophisticated people; it requires a high degree of education; it requires characteristics that a good many of these countries don't have. It pretty nearly requires something like a two-party system. We have never tried to do it and I don't think we could make it go. You certainly can't run it with a twenty-party system. Now in these countries that I have mentioned, and there are many more that may go the same way, they have found out that pure democracy or maybe not quite pure but semi-pure democracy that they tried to adopt just hasn't worked. There has been graft, there has been corruption, there has been inefficiency and what has happened? Well, very largely the military has taken over and by-and-large the results have been an improvement. I don't know whether you military men are the best governors but you are pretty good governors and if you take the experience say, in Pakistan which I think I failed to mention; you take the situation in Burma, Pakistan, Thailand, Indonesia, the military men have come forward there and have taken over the government from corrupt politicians and they are doing a pretty good job. I say more power to them. It may not be the ultimate form of government, but if they

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can help during a period of transition to carry these countries through and prevent the other alternative which might be Communism, I don't think we ought to be too critical, or even critical at all of the military governments that have been set up in this whole series of countries that I have mentioned. It is possible that they can slowly bring about an evolution and one can go back to some modified form of democracy but I predict it is going to be a long time before these countries, and when you come to the countries of Black Africa, the situation is the same but even more acute, before such countries can really effectively introduce the type of democracy that we have here today and that is something that must make us pause, something that we ought to consider very carefully and certainly we have got to use patience and restraint in our relations with these countries, and we are doing so and we are helping as best we can -- a good many of these new military governments that have gone into power in these countries that I have mentioned.

The next general problem I want to take up is the problem of competition with the USSR for the role of Economic Guides to the uncommitted world. The appeal of Russia is quite great in these countries from the economic point of view and for some reasons that are a little bit strange. They are inclined to think in some of these countries, say, the Middle Eastern, African countries that the American standard of living is so high they can't aspire to it. We are up in the clouds. They don't feel that in no matter how many years can they reach the standard of living that we have reached but they look at the Soviet Union, and say "40 years ago the Soviet Union was flat on its back; it was down as low as we are economically, and here in 40 years has gotten somewhere." It is a great appeal to them to, so they say, "maybe the Soviet pattern is the right pattern." Now I think this reasoning is specious but however it is appealing and it is one thing we meet in our aid programs in the underdeveloped countries. Fortunately for us I feel that the Soviet and to some extent, Communist China have made a good many mistakes in

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their economic programs. They have turned them on and off. I think one of the important features of the next decade will be the extent to which we can if we will, and I am sure we will, bring in the re-surg-ing countries of Western Europe and Japan and maybe some others, as partners in this whole program of dealing with the economic ills of the rest of the world.

Then a general problem - the problem of meeting the subversive threat. I could devote the whole time allotted me to this. I firmly believe that subversion is the chosen instrument of the Soviet, short of use of military power which is, as I have said before, I don't think they plan to use against us in the immediate future. They have developed it to a great degree, many books have been written about it, a matter on which I have been working myself for a good ten years and more. They have their organisms built up. They have the Communist parties, they have their Front Organizations; World Federation of Trade Unions; they have penetration organizations in every country in the world; they are putting hundreds of millions if not billions of dollars into this enterprise. We estimate it somewhere in the neighborhood of 2 billion a year. It is very hard to tie them down, we unfortunately don't see their books and I am not sure that they keep any ordinary books of this particular operation. However, I feel that in this general field we are making progress. There are no spectacular gains and the Communists have shown their hand and have made a good many slips in this area. Hungary helped wake us up. The Communist party in France has been weakened politically, not very much numerically. The same is true in Japan, Burma, Egypt, Berlin. They are somewhat down. In Sicily the other day just about the same as before, there are very few places where the Communist Party has been gaining, there are several places where the Communist Party has been losing. They have been pressing their luck in certain cases and we have caught them out rather badly. I think Tibet was a colossal error as I mentioned before that the Communist China made. They started to overplay their hand in Iraq.

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They overplayed it in Egypt. In this subversive business, whenever you try to go too fast and too furiously, like the iceberg, something comes up above the water that you can shoot at and then you can begin to make trouble for them. It is rather significant that at the last 21st Party Congress the Kremlin had there the representatives of over 60 Communist Parties throughout the world and they gave them briefings and we had some people present at some of those briefings and they were very interesting. They told these Communist Parties when they went back to their countries to play down their contacts with Moscow, to present themselves as Nationalist Parties, not as International Parties to maintain their connections secretly with Moscow but not to have any overt connection between the parties in Latin America and the other countries not to have any acknowledgeable relation with Moscow.

I have here the note that I was going to say a word on disarmament but my time is pretty well up so I will pass that, that is a subject in itself but I do want to mention this. As we attempt to tidy up our ballot sheet here that I have been going over, the question comes up as to whether agreements with the Soviet Union have any meaning and if so what meaning? I throw out the problem to you. I will give you my own answer. I think they have meaning if they are quickly executory. Take the situation in Eastern Austria. There was a time, they were going to get out; once they got out you had a different situation. That was a meaningful agreement, quickly executory, you could see it being executed, there wasn't any question as to its terms. I think these agreements are very questionable if they are long-term and require a good faith in their interpretation of execution.

Now I will conclude in a minute or two. I want to just say a word as to the prospects for the balance sheets of the near future. I am not a pessimist. I think that the United States and the rest of the free world are relatively better equipped than they were 10 years ago to deal with the various types of Communist aggression other than all-out war, and all-out war as I have said before, the balance has changed a little because of their nuclear power, and because of the

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emergence according to the political temperature of the country in question. They went into Yugoslavia on a big scale and when the Yugoslav politics didn't jive with that of Moscow, off went the aid. That hurt them all over the world because that was known in all these countries and there are several situations, not quite as dramatic as the Yugoslav one, but several situations of that kind. So that it hasn't all be easy sailing for the Soviet. They have certain advantages. They don't have to go to Congress to get their money; they don't have to plan on a one-year basis; they don't have to cajole their people to go out and run these programs; they just send them there. As a result with less money than we have spend, they have gotten a certain return. This whole matter is up for study, their various programs that are being planned, various reports are being made, and I don't think I need to dwell on it longer except on one point. It seems to me that this whole aid matter in the underdeveloped world should become more a united effort on the part of the United States than say, Western Europe and Japan and other countries. There is no reason at all as I see it, why we should bear the entire burden of it. These other countries are willing now to go in, and you may have been reading of some of these discussions in London at the Atlantic Community Conference where they are urging NATO to develop a broad economic program to change certain features of their charter and to take on a broader economic program not only in the Atlantic Community alone, but further afield in the world. Whether that is the way to do it or not I don't know, but certainly this is the development that is going to come and we ought to welcome it. I think of a long period after a war these countries were down flat on their back, most of them as a result of the war devastation with few exceptions, and for too long I think we felt that we had to do everything ourselves. We have in Western Europe, we have an area much smaller than we here, but still with a population some larger than our population, of highly sophisticated people, well trained people. They will be able to

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join us not only in the economic field but in the military field in many ways in the production of military hardware, and the missile. I think that the Free World is better aware of the nature of the Communist threat. As I have said the Communists have shown their hand in Hungary, the Middle East, in Tibet, Kerala I should have mentioned before. They made a mess of it in Kerala. All of this has hurt them. In the last decade our allies and some friendly free countries have gained in strength, particularly economically. Hence, in the future as I have just said, we won't have to go it alone.

Some of the so-called "neutrals" particularly India, Indonesia, Egypt, Burma are more cautious in their approach to Communism, more truly neutral, and we on our side have a better understanding of their problems and don't quarrel with true neutrality. The Free World has and can continue to maintain, in my opinion, a position of overall superiority over the communist world. We can do it if we remain united and militarily prepared. If we refuse to retreat under the threats of blackmail from international communism; if we move in a united way with assurance and speed in helping to deal with the economic problems of the emerging new states; if we continue our progress in maintaining alertness to the nature of the international communist threat and continue to see that other less aware peoples gain in their knowledge of it. Finally, we must inevitably conclude that the same type of conflict will continue indefinitely between the Free World and the Communist World. I believe there is some hope that this need not be our conclusion. As I have pointed out, there has been evolution in the Soviet Union over the past six years since the death of Stalin. Education, contacts with the outside world, the growing demands of the Soviet people for a greater share of consumers' goods may bring about a slow change -- it may give the people themselves a greater share of the decisions of their own government. This hasn't happened yet, but it may come. Past history shows that revolutions as they run their course slowly lose their proselytizing

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fervor, their desire for continual future conquest. While there is little sign of this today in the Kremlin or in the Regime in Peiping itself, there are some slight indications of this among the peoples of the Soviet Union. Also the peoples of China are patently unhappy under the type of commune regime that is attempted to be imposed on them by their masters. These may be only straws in the wind, but over the next decade or so, these trends may grow if in the meantime, we maintain our strength and our faith and our institutions, and continue to play a vigorous part in maintaining them and then pushing forward the frontiers of the world of freedom.

We live in a world of challenge and response as Toynbee has preached. We may have to pull in our own belts, we may have to work harder to meet the challenges. Thank you very much.

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