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98 FORGING THE STRATEGY OF CONTAINMENT: NSC-68

NSC-68/1, 21 September 1950

Background

President Truman did not immediately approve the conclusions of NSC-68, but rather called for further study. The NSC created an ad hoc committee to develop a more detailed estimate of programs and costs for NSC-68 in response to the President's directive. The ad hoc committee held its first meeting on 2 May 1950, and set August 1 as the target date for completing its study. To support the ad hoc group's study, the various executive agencies were asked to commence programming on the basis of a "rough five-year projection" to implement NSC-68.⁷ According to accounts by those participating in the process, there was considerable opposition to the level of spending that appeared to be required by NSC-68 until, on June 24, 1950, North Korean forces invaded South Korea. The shock of armed aggression by Communist forces made the threat assessments of NSC-68 seem more realistic, and helped forge a consensus within the administration in support of the NSC-68 programs. Although the 1 August deadline was not met, by 21 September the ad hoc committee had completed NSC-68/1, consisting of a basic document and 10 annexes (totalling 99 pages) detailing specific programs or categories of programs for national security. NSC-68/1 took into account the implications of the invasion of South Korea. The total estimated price tag for fiscal year 1951 called for expenditures of \$35.3 billion, growing to \$63.4 billion by 1953. NSC-68/1 was submitted to President Truman along with a recommendation that he approve the report "as a tentative basis for proceeding with the initiation of the programs described" and, in light of the results of the NSC-68/1 study, approve as well the conclusions of NSC-68 "as a statement of current U.S. policy to be followed over the next four or five years."

⁷ "First Meeting of the Ad Hoc Committee on NSC-68" (Memorandum of Conversation prepared by the Executive Secretary of the National Security Council, James S. Lay, Jr., May 2, 1950). *Foreign Relations of the United States*, 1950, vol. 1, 297-298.

D R A F T

TENTATIVE REPORT BY THE
NATIONAL SECURITY COUNCIL

on

UNITED STATES OBJECTIVES AND
PROGRAMS FOR NATIONAL SECURITY

Part I

INTRODUCTION

1. The invasion of the Republic of Korea, which occurred while this tentative response to the President's directive in NSC 68 was in preparation, has amply demonstrated both the nature of the Soviet threat to the United States, and the willingness of the communist leaders to employ force to achieve their objectives as delineated in NSC 68, even at the risk of global war.
2. The programs which have been initiated pursuant to the President's message to the Congress of July 19, 1950, constitute an initial implementation of the long-term United States build-up as well as of specific measures to meet the situation in Korea.
3. The invasion of Korea imparts a new urgency to the appraisal of the nature, timing, and scope of programs required to attain the objectives outlined in NSC 68. The ending of the Korean operation, however, will not appreciably affect these estimates. As stated in the President's message, the nature of this attack has removed any doubt as to the willingness of the communist leaders to employ force, prepared in stealth and delivered with surprise, in disregard of international commitments and without provocation. The commitment of United States forces as a part of the United Nations forces to defeat this local act of aggression has reduced the capability of the United States to react locally in the event further acts of local aggression take place. The demonstrated effectiveness of the equipment and training of the North Korean forces in combat has necessitated an upward revision of our previous estimates of Kremlin-dominated military capabilities.
4. The invasion of Korea reinforces the validity of the following

position taken in NSC 68: "Frustration of the Kremlin design requires the free world to develop a successfully functioning political and economic system and a vigorous political offensive against the Soviet Union. These, in turn, require an adequate military shield under which they can develop. It is necessary to have the military power to deter, if possible, Soviet expansion, and to defeat, if necessary, aggressive Soviet or Soviet-directed actions of a limited or total character. . . . In summary, we must, by means of a rapid and sustained build-up of the political, economic, and military strength of the free world, and by means of an affirmative program intended to wrest the initiative from the Soviet Union, confront it with convincing evidence of the determination and ability of the free world to frustrate the Kremlin design of a world dominated by its will. Such evidence is the only means short of war which eventually may force the Kremlin to abandon its present course of action and to negotiate acceptable agreements on issues of major importance."

5. There are important corollaries of this position:

a. The build-up of military strength in the free world should be accomplished with the utmost urgency and should provide the necessary military shield on a continuing basis to be maintained during whatever period the threat of Soviet aggression persists. Any other basis for our effort would impair the prospect of securing a retraction of Soviet power without resort to war.

(1) The urgency of the military build-up is due both to the risks of local aggression at new points, and the possibility of a general surprise attack simultaneously upon our allies and ourselves.

(2) Our present military situation in Korea leaves no adequate margin of strength, and should there be additional instances of local aggression we would be in no position to take effective local action. In other words, our present military strength is grossly inadequate to protect our vital national interests. The longer we remain in such a position the greater are the risks of events progressing toward general war, or of our being faced with the necessity of surrendering areas or principles vital to our survival.

(3) Furthermore, there are indications that the USSR and its satellites are undertaking urgent programs of airfield construction, building up of advanced depots of supplies, and stockpiling with deadlines which make it appear probable that they are getting in a position to undertake operations in 1951 or 1952 involving a far more serious risk of war than the Korean aggression.

Document
NSC 68/1

September 21, 1950

NOTE BY THE EXECUTIVE SECRETARY
to the
NATIONAL SECURITY COUNCIL
on
UNITED STATES OBJECTIVES AND PROGRAMS FOR NATIONAL
SECURITY

- References: A. NSC Actions Nos. 351, 350-b, 342-b, 326, 321, 307,
304, 302, 295 and 289
B. NSC 68
C. Memo for NSC from Executive Secretary, subject:
"Intelligence Requirements and Mobilization", dated
August 8, 1950
D. Memo for NSC from Executive Secretary, same subject,
dated September 6, 1950

The enclosed tentative response to the President's directive in NSC 68, prepared by the NSC Staff with the advice and assistance of the Ad Hoc Committee on NSC 68 and of representatives from the President's staff, the Economic Cooperation Administration, the Bureau of the Budget, and the Council of Economic Advisers, is submitted herewith for consideration by the National Security Council, the Secretary of the Treasury, the Economic Cooperation Administrator, the Director, Bureau of the Budget, and the Chairman, Council of Economic Advisers.

There is also being circulated separately, for information in connection with this response, a set of ten related annexes, prepared by the respective departments and agencies as indicated in each annex.

It is suggested that the enclosed report (Parts I, II, III and IV), in the form adopted, be submitted to the President with the recommendations that he:

- a. Approve the enclosed report as a tentative basis for proceeding with the initiation of the programs described therein, with the understanding

that there will be continuous review and revision of the specific elements and costs of the various programs and that further study will be made of the availability of physical materials and of the problems involved in effecting their proper distribution.

b. In the light of the enclosed tentative report, approve the Conclusions contained in the report by the Secretaries of State and Defense (pages 60 through 65 of NSC 68) as a statement of current U.S. policy to be followed over the next four or five years.

c. Direct the National Security Council, together with the Secretary of the Treasury, the Economic Cooperation Administrator, the Director, Bureau of the Budget, and the Chairman, Council of Economic Advisers:

(1) To keep the enclosed tentative report under continuing review and to submit revisions thereof to the President when appropriate, and specifically to submit an initial revision not later than December 15, 1950.

(2) To submit to the President quarterly progress reports, beginning on December 15, 1950, on the implementation of the programs described in Annexes 1 through 7.

(3) To submit to the President, at the earliest practicable date, agreed recommendations as to U.S. policies on the subjects covered in Annexes 8 through 10.

It is further suggested that, if the President approves the above recommendations, the National Security Council direct the senior NSC staff, with the assistance of the Ad Hoc Committee on NSC 68 and the participating departments and agencies, to prepare for Council consideration the draft reports required in response to recommendation c above.

It is requested that this report be handled with special security precautions, in accordance with the President's desire that no publicity be given the NSC 68 series without his approval, and that the information contained therein be disclosed only to the minimum number of officials of the Executive Branch

* Page numbers refer to the source text.

who need to know.

JAMES S. LAY, JR.
Executive Secretary

cc: The Secretary of the Treasury
The Economic Cooperation Administrator
The Director, Bureau of the Budget
The Chairman, Council of Economic Advisers

TABLE OF CONTENTS

	<u>Page*</u>
I. Introduction	1
II. Tabulation of Cost Estimates	12
III. Brief Description of Programs	14 ⁸
IV. The Economic Implications of the Proposed Programs: Required Fiscal, Budgetary, and Other Economic Policies	19 ⁸

ANNEXES⁹

(Circulated Under Separate Cover)

- No. 1. The Military Programs
(Prepared in the Department of Defense, except for MDAP,
which was prepared in the Department of State)
- No. 2. The Economic Assistance Program, Including both Grants-in-Aid
and Loans

* The page numbers refer to the source text.

⁸ *Editor's note:* Not included here. For descriptions of the programs, see NSC-68/4; the economic implications are included as Annex B to NSC-68/3. Both are reproduced later in this volume.

⁹ *Editor's note:* Not included in this volume.

(Prepared in the Department of State and the Economic Cooperation Administration)

- No. 3. The Civilian Defense Program
(Prepared in the National Security Resources Board)
- No. 4. The Stockpiling Program
(Prepared in the National Security Resources Board)
- No. 5. The Information Program
(Prepared in the Department of State)
- No. 6. The Intelligence and Related Programs
(Prepared in the Central Intelligence Agency)
- No. 7. The Internal Security Program
(Prepared in the Interdepartmental Intelligence Conference and the Interdepartmental Committee on Internal Security)
- No. 8. Long-term Political and Economic Framework
(Prepared in the Economic Cooperation Administration and the Council of Economic Advisers)
- No. 9. Organization for Coordinating National Security Policies and Programs
(Prepared in the Bureau of the Budget)
- No. 10. The Economic Implications of the Proposed Programs: Required Fiscal, Budgetary, and other Economic Policies
(Prepared in the Council of Economic Advisers)

Appendix to Annex No. 10. Technical Assumptions and Analysis Underlying the Economic Projections for 1950-1955
(Prepared in the Council of Economic Advisers)

(4) There also are indications that early developments in the Korean situation shook the confidence of our allies in U.S. ability to assist in repelling aggression. Since the build-up of strength contemplated in the U.S. programs is a joint effort, urgent steps by the United States to carry forward our part of the plan are necessary to restore and maintain confidence and stimulate a proportionate effort by our allies.

b. The military strength of the United States and cooperating countries should be built up to provide readily available forces that will:

(1) Act as a deterrent against further Soviet or Soviet-inspired aggression.

(2) Be able to participate in appropriate United Nations enforcement action, in case of Soviet or Soviet-directed aggression of a limited character, subject to the considerations set forth in subparagraphs d and e of this paragraph.

(3) Meet a global war.

c. It must be pointed out that the brief descriptions of the military programs which are set out in Part III of this Report may be construed as being in conflict with the provisions of the section of NSC 68 which states: "...that it is necessary to have the military power to deter, if possible, Soviet expansion and to defeat, if necessary, aggressive Soviet or Soviet-directed actions of a limited or total character." If this paragraph in NSC 68 be interpreted to mean that our military power must be such as to be able to defeat Soviet or Soviet-directed actions in any theater which the Soviet would choose, without using the ultimate sanction of war against Russia itself, then the military programs set out in Part III hereof and the cost estimates based thereon cannot be responsive to the policies set forth in NSC 68. However, in determining the military requirements which have been used as a basis for the cost estimates contained herein, the Department of Defense has proceeded on an interpretation of NSC 68 involving the following bases:

(1) The United States should have a military strength sufficient to meet her two fundamental obligations:

(a) Protection against disaster.

(b) Support of our foreign policy.

(2) That in order to meet these two fundamental obligations the following basic tasks are envisaged:

(a) To provide a reasonable initial defense of the Western Hemisphere and essential allied areas, particularly in Europe.

(b) To provide a minimum mobilization base while offensive forces are being developed.

(c) To conduct initial air and sea offensive operations to destroy vital elements of the Soviet war-making capacity and to check enemy offensive operations until allied offensive strength can be developed.

(d) To defend and maintain the lines of communication and bases necessary to the execution of the above tasks.

(e) To provide such aid to our allies as is essential to the execution of their responsibilities.

(3) These estimates do not include additional requirements which are certain to develop in the field of guided missiles.

(4) The existence of the forces recommended herein will not insure that the United States will be secure against attack by air or unconventional means. Furthermore, the forces recommended by the Department of Defense will not be adequate to defeat the probable enemy unless augmented by the full mobilization of the United States and her allies. It is believed, however, that the forces recommended will materially assist in the maintenance of peace.

d. The defense of Europe, in conjunction with the NATO powers, and the defense of the Western Hemisphere are essential elements in present planning to meet the contingency of a global war. With the forces recommended it would be possible to make available limited forces from the U.S. military establishment to participate in possible United Nations enforcement action to meet aggressive Soviet or Soviet-directed action of a limited local character, although this might result in some increase in the calculated risks in the event of global war. Whether these forces, in conjunction with available forces of our allies, would be able to defeat such aggressive Soviet or Soviet-directed action of a limited local character would depend upon the extent of the forces which would be made available to resist such action, as well as the extent of the forces which the Soviet and those whom they direct might make available in such aggression. Action against local aggression also requires an increase in the capacity and will to resist in the areas subject to such aggression, and the full cooperation (political, military, and other) of all members of the Community of Nations which oppose aggression.

e. Aggressive Soviet or Soviet-directed action might be of such magnitude or in such an area or areas around the periphery of the USSR that the force requirements covered hereby will not, even in conjunction with the forces of cooperating countries, provide a basis to defeat the aggression. Attempt to defeat such Soviet-directed action would seriously dissipate our strength without ever involving the USSR directly, the one nation which holds the power of decision.

f. Our degree of effectiveness to meet the various possible actions outlined above is directly related to the time we have to effect our build-up.

6. The following programs are expressed in dollars. Spending, however, is only one of the means necessary to a realization of the ends. Of more fundamental importance are a heightening of will and effort and the development of organization and procedures among our allies and between our allies and ourselves to insure that the results sought will be achieved.

7. The requirements include adequate organization among the nations concerned and adequate management within them. Precision and responsibility in planning and execution of policies are now developed in varying degrees among the various nations involved in these joint programs. Along with material assistance the United States must be prepared to give guidance to such recipients as will need it in order to make the material assistance effective. The United States must be ready to insist upon and assist in the development of standards of performance in the degree necessary to insure success. In a struggle in which ideas and principles play an equal part with guns and butter, such imponderables are as indispensable to the accomplishment of the fundamental purpose of the United States as are the tangibles with which this report principally deals.

8. Aid pumped abroad without regard for the factors of management and organization would at best be vain and at worst harmful. An alert regard for opportunities to encourage and give effect to the willingness of others to do their part must guide foreign assistance. Not with our efforts alone but with their efforts as well, properly organized, and conducted in accordance with advanced methods of control, will we jointly provide the desired results—the development of strength adequate to free the world from the threat of aggression. If such efforts on the part of other free nations are not forthcoming, there would have to be a general reappraisal of our over-all policy. It will be essential, therefore, to assure that the effort of our allies keep pace with our own and that the sharing of the burdens imposed by the rearmament effort be equitable. Machinery for this latter purpose will also

be required.

9. It must be emphasized that the programs and estimated costs in the following tabulation are not final. In the critical, complex, and rapidly changing international situation, it is impossible to blueprint the specific steps and the costs involved. It is our intention to keep the problem of NSC 68 under continuous scrutiny. But the course we must take and the magnitude of the effort required are clear. The principal value of these first estimates is that they furnish a starting point for the major effort essential to our national security and to our national objectives.

10. Time has not permitted a thorough examination of the material requirements necessary to effect the several programs outlined here in terms of the timetable for which they are scheduled. It is clear, however, that these programs will be competing among themselves and with civilian demands both here and throughout the non-Soviet world. Physical limitations of supply will necessitate decisions both as to the relative importance of the elements in the several programs and as to their timing. This will mean that, in addition to machinery already in existence for domestic allocation of materials, organization for global allocation of materials and the stabilization of their prices will have to be established within the next few months. Such machinery would have to reconcile the competing demands for scarce materials for the civilian economies of the United States, our European allies, and the rest of the non-Soviet world, on the one hand, with the military and stockpile requirements for the U.S. and its allies, on the other. Such machinery would in fact have to perform all of the functions which were performed in the last war by the combined materials, production, and munitions assignment boards.

11. It will be essential to assure that neutrals acquire a fair share but no more of the available critical materials and other goods. In this connection, it should be noted that it will also be necessary to limit or deny the Soviet world's access to scarce essentials, and this problem will raise again in acute form the general issues of East-West trade discussed in NSC 69/1.

12. During the first two or three years of a military build-up the risk of global war within that period may be increased. This risk must be accepted, since the alternative is to abandon the attempt to wrest the initiative from the USSR and accept piecemeal defeat at the hands of the Kremlin.

13. Furthermore, attainment of the military strength contemplated by these programs will not in itself eliminate the threat posed by the USSR and assure the achievement of U.S. objectives as outlined in NSC 68. The military build-up is a shield behind which we must deploy all of our non-

military resources in the campaign to roll back the power of the USSR and to frustrate the Kremlin design. The United States must at the same time, both by its actions and demeanor, make clear to all that it has no aggressive intentions; that it is not threatening the security or independence of any peaceful country. The United States must also convince the other free nations that this program is the only way, so long as the USSR continues its present policies and practices, to achieve eventually a peaceful and prosperous world.

14. For the citizens of the United States and its allies, this effort will involve heavy sacrifices. The citizens of the free world will be accepting temporarily a sacrifice in their standards of living to make secure their right to live by free standards.

Part II

TABULATION OF COST ESTIMATES

15. The estimates in the following tabulation represent a reasonable approximation of the scope and magnitude of the programs required by NSC68 as a basis for their initiation, although it should be clearly understood that:

- a. The individual programs in the tabulation have not yet been fully developed, examined in detail, or appraised jointly as a balanced total program by the departments and agencies concerned.
- b. They would compete with the civilian economic needs of the United States and other friendly countries and with each other for many items in short supply.
- c. It would be essential to set up domestic and combined machinery to determine the allocation of scarce resources as between these competing purposes.

TABULATION OF COST ESTIMATES PREPARED BY THE VARIOUS DEPARTMENTS AND AGENCIES (in Billions of Dollars)*

FISCAL YEARS

	1951		1952		1953		1954		1955	
	OBL	EXP	OBL	EXP	OBL	EXP	OBL	EXP	OBL	EXP
U.S. Armed Forces	54.032**	28.128**	44.540	42.767	44.500	47.346	43.270	46.042	35.543	39.583
MDAP	5.200	.950	5.500	3.600	5.900	6.000	3.600	6.800	3.600	5.100
ABC***	1.100	1.000	1.300	1.300	1.300	1.300	1.000	1.100	1.000	1.000
OTHER MILITARY	1.000	-----	2.500	3.000	2.500	2.500	2.500	2.500	2.500	2.500
FOREIGN GRANT AND LOAN ASSISTANCE	3.950	3.880	2.720	3.570	1.960	2.535	1.620	1.850	1.380	1.520
INFORMATION AND EDUCATIONAL EXCHANGE	.112	.086	.107	.115	.150	.125	.126	.137	.109	.118
NET DRAIN ON EXIM - BANK LEADING CAPACITY		.230		.250		.300		.290		.270
CIVILIAN DEFENSE	.147	.050	1.076	.376	1.354	1.054	1.580	2.380	.890	1.000
STOCKPILING	3.7	.800	-----	1.500	-----	1.800	-----	.300	-----	-----
INTERNAL SECURITY****	.266	.200	.268	.260	.277	.260	.283	.270	.291	.270
INTELLIGENCE	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
TOTAL	69.507	35.324	58.811	57.238	59.241	63.420	54.179	61.770	45.313	51.361

* These estimates will need to be revised to reflect price changes.

** Includes 12.944 for support of Korea.

*** These estimates are under review by the interested agencies and are subject to some upward revision. The increases contemplated would be slight in comparison with the total amounts for all programs.

**** These cost estimates are in addition to the sum of \$495,839,510 includes in the Department of State estimates for internal security.