

The above views, although not definitive, reflect the thinking of this Department at this time.

Sincerely yours,

R. B. ANDERSON

790.5/8-1954: Telegram

*The Chargé in Cambodia (Goodman) to the Department of State*<sup>1</sup>

SECRET

PHNOM PENH, August 19, 1954—7 p.m.

73. Prime Minister told me yesterday that with Foreign Minister back at work Cabinet will soon make formal study of Cambodia's post-Geneva security needs and international relationships, with particular attention to question of desirability make representations for possible membership Southeast Asia security organization. He emphasized his opinion that completely sovereign Cambodia has clear right to associate itself with any international grouping, and Geneva agreement recognized this right within limitations for regional organizations established by UN charter. He said further that before Geneva he had many times told visiting US statesmen of Cambodia's desire associate in such pact, but freely like any other member and not through intermediary of France or any other nations. This remains *sine qua non* of possible Cambodian involvement any alliance.<sup>2</sup>

GOODMAN

<sup>1</sup> Sent also to Saigon and repeated for information to Bangkok and Paris.

<sup>2</sup> In telegram 31 to Phnom Penh dated Aug. 24 (repeated for information to Paris and Saigon), the Department replied:

"We have discussed question of Cambodian relationship to proposed SEATO with Cambodian Ambassador and Nong Kimny is in agreement that it will suffice for Cambodia's present needs if it be given protection of any collective security pact without formal Cambodian participation in this new organization. Kimny said yesterday he would write PriMin and counsel him that Cambodians should follow policy of being silent partners." (790.5/8-1954)

S/S-NSC files, let 63 D 351, NSC 5429/2

*Note to the National Security Council by the Executive Secretary  
(Lay)*

TOP SECRET  
NSC 5429/2

[WASHINGTON,] August 20, 1954.

REVIEW OF U.S. POLICY IN THE FAR EAST

References:

A. NSC Action Nos. 1204 and 1206

B. NSC 125/2 and 125/6; NSC 146/2; NSC 166/1; NSC 170/1; NSC 171/1; NSC 5405; NSC 5409; NSC 5413/1

C. NSC Action No. 256

D. NSC Action Nos. 1086-b, 1104-b and 1112

E. NSC 5416

F. Progress Report dated August 6, 1954 by the Operations Coordinating Board on NSC 5405

G. Progress Report, dated July 29, 1954 by the Operations Coordinating Board on NSC 5409

H. Memo for NSC from Executive Secretary, subject, "United States Objectives and Courses of Action with Respect to Indonesia", dated July 12, 1954 transmitting a Progress Report dated July 1, 1954 by the Operations Coordinating Board on NSC 171/1

I. Progress Report dated July 16, 1954 by the Operations Coordinating Board on NSC 146/2

J. Memo for NSC from Acting Executive Secretary, subject, "United States Objectives and Courses of Action with Respect to Southeast Asia", dated July 19, 1954

K. Memo for NSC from Executive Secretary, subject, "U.S. and Free World Controls over Transactions with Communist China", dated March 3, 1954

The National Security Council, Mr. Tuttle, for the Secretary of the Treasury, and the Director, Bureau of the Budget, at the 211th Council meeting on August 18, 1954, adopted paragraph 8 of Section III of NSC 5429/1, subject to the changes therein which are set forth in NSC Action No. 1206-b.<sup>1</sup>

The Council also agreed to accept the statement of policy on Communist China in Alternative C of Section IV of NSC 5429/1, subject to the changes indicated in NSC Action No. 1206-c, as a basis for further consideration in the light of a review by the Secretary of State and report to the Council within approximately a month. (NSC Action No. 1206-e)

In connection with this action the Council also agreed (NSC Action No. 1206-f and g):

(1) that the Department of Defense should submit for Council consideration on September 9, 1954, recommendations as to U.S. policy in the event of a Chinese Communist attack on the off-shore islands held by the Chinese Nationalist forces.

(2) to the adoption of the recommendation of the Operations Coordinating Board, contained in the enclosure to the reference memorandum of July 19, 1954, that the plan for an International

<sup>1</sup> See footnote 11, p. 756.

Volunteer Air Group be held for possible future use not only in Southeast Asia but in any part of the world where required.

The President has this date approved NSC 5429/1 as adopted by the Council and enclosed herewith, with the understanding that the statement of policy on Communist China in Section I of the enclosure should be considered as a basis for further consideration in the light of a review by the Secretary of State and report to the Council within approximately a month. The President directs the use of Sections II-IV of the enclosure as a general guide in the implementation of pertinent policies toward the Far East by all appropriate Executive departments and agencies of the U.S. Government; and designates the Operations Coordinating Board as the coordinating agency for these sections.

Accordingly, NSC 5429/1 is hereby superseded.

Also enclosed for Council information are the annexes originally contained in NSC 5429.

JAMES S. LAY, JR.

[Here follows a table of contents.]

[Enclosure]

STATEMENT OF POLICY BY THE NATIONAL SECURITY COUNCIL ON  
REVIEW OF U.S. POLICY IN THE FAR EAST <sup>2</sup>

PREFACE

*Consequences of the Geneva Conference*

Communist successes in Indochina, culminating in the agreement reached at the Geneva Conference, have produced the following significant consequences which jeopardize the security interests of the U.S. in the Far East and increase Communist strength there:

a. Regardless of the fate of South Vietnam, Laos and Cambodia, the Communists have secured possession of an advance salient in Vietnam from which military and non-military pressures can be mounted against adjacent and more remote non-Communist areas.

b. The loss of prestige in Asia suffered by the U.S. as a backer of the French and the Bao Dai Government will raise further doubts in Asia concerning U.S. leadership and the ability of the U.S. to check the further expansion of Communism in Asia. Furthermore,

<sup>2</sup> All sections of NSC 5429/2 except Annexes B and C are printed in Department of Defense, *United States-Vietnam Relations, 1945-1967*, Book 10, pp. 835-852. Annex C, a memorandum to the Secretary from Phleger entitled "Geneva Armistice Agreement Restrictions on Cambodia, Laos, and Vietnam", July 27, is printed in vol. xvi, p. 1552.

U.S. prestige will inescapably be associated with subsequent developments in Southeast Asia.

c. By adopting an appearance of moderation at Geneva and taking credit for the cessation of hostilities in Indochina, the Communists will be in a better position to exploit their political strategy of imputing to the United States motives of extremism, belligerency, and opposition to co-existence seeking thereby to alienate the U.S. from its allies. The Communists thus have a basis for sharply accentuating their "peace propaganda" and "peace program" in Asia in an attempt to allay fears of Communist expansionist policy and to establish closer relations with the nations of free Asia.

d. The Communists have increased their military and political prestige in Asia and their capacity for expanding Communist influence by exploiting political and economic weakness and instability in the countries of free Asia without resort to armed attack.

e. The loss of Southeast Asia would imperil retention of Japan as a key element in the off-shore island chain.

#### COURSES OF ACTION

##### *I. Communist China\**

1. Reduce the power of Communist China in Asia even at the risk of, but without deliberately provoking, war:

a. (1) React with force, if necessary and advantageous, to expansion and subversion recognizable as such, supported and supplied by Communist China.

(2) React with immediate, positive, armed force against any belligerent move by Communist China.

b. Increase efforts to develop the political, economic and military strength of non-Communist Asian countries, including the progressive development of the military strength of Japan to the point where she can provide for her own national defense and, in time, contribute to the collective defense of the Far East.

c. Maintain political and economic pressures against Communist China, including the existing embargo and support for Chinese Nationalist harassing actions.

d. Support the Chinese National Government on Formosa as the Government of China and the representative of China in all UN agencies.

e. Create internal division in the Chinese Communist regime and impair Sino-Soviet relations by all feasible overt and covert means.

##### *II. The Off-Shore Island Chain*

2. The United States must maintain the security and increase the strength of the Pacific off-shore island chain (Japan, Ryukyus, Formosa, Philippines, Australia and New Zealand) as an element essential to U.S. security. To this end:

\* Section I is to be considered as a basis for further consideration in the light of a review by the Secretary of State and report to the Council within approximately one month. [Footnote in the source text.]

a. Initiate and support appropriate measures which will contribute to strengthening the economy of Japan, its internal political stability and its ties with the free world.

b. Increase the military strength of Japan and the Philippines, improve the effectiveness of existing military strength of the Republic of Korea and of Formosa, and continue participation in ANZUS.

c. Provide related economic assistance to the local governments in those cases where the agreed level of indigenous military strength is beyond the capacity of the local economy to support.

d. Encourage the conditions which will make possible the formation of, and be prepared to participate in, a Western Pacific collective defense arrangement, including the Philippines, Japan, the Republic of China, and the Republic of Korea, eventually linked with the Southeast Asia security structure and ANZUS.

e. Intensify covert and psychological actions to strengthen the orientation of these countries toward the free world.

### *III. General Political and Economic Measures in the Far East†*

3. Encourage the prompt organization of an economic grouping by the maximum number of free Asian states, including Japan and as many of the Colombo Powers as possible, based on self-help and mutual aid, and the participation and support (including substantial financial assistance) of the U.S. and other appropriate Western countries through which, by united action, these free Asian states will be enabled more effectively to achieve the economic and social strength needed to maintain their independence.

4. Take all feasible measures to increase the opportunities of free Asian countries for trade with each other and with other free world countries.

5. Provide technical assistance to help develop political stability and economic health.

6. Develop and make more effective information, cultural, education and exchange programs for the countries concerned.

### *IV. Southeast Asia*

7. *General.* The U.S. must protect its position and restore its prestige in the Far East by a new initiative in Southeast Asia, where the situation must be stabilized as soon as possible to prevent further losses to Communism through (1) creeping expansion and subversion, or (2) overt aggression.

8. *Security Treaty.* Negotiate a Southeast Asia security treaty with the UK, Australia, New Zealand, France, the Philippines, Thailand and, as appropriate, other free South and Southeast Asian countries willing to participate, which would:

†See also Annex B to NSC 5429. [Footnote in the source text. Annex B to NSC 5429 is identical to Annex B to this paper.]

a. Commit each member to treat an armed attack on the agreed area (including Laos, Cambodia and South Vietnam) as dangerous to its own peace, safety and vital interests, and to act promptly to meet the common danger in accordance with its own constitutional processes.

b. Provide so far as possible a legal basis to the President to order attack on Communist China in the event it commits such armed aggression which endangers the peace, safety and vital interests of the United States.

c. Ensure that, in such event, other nations would be obligated in accordance with the treaty to support such U.S. action.

d. Not limit U.S. freedom to use nuclear weapons, or involve a U.S. commitment for local defense or for stationing U.S. forces in Southeast Asia.

The U.S. would continue to provide limited military assistance and training missions, wherever possible, to the states of Southeast Asia in order to bolster their will to fight, to stabilize legal governments, and to assist them in controlling subversion.

9. *Action in the Event of Local Subversion.* If requested by a legitimate local government which requires assistance to defeat local Communist subversion or rebellion not constituting armed attack, the U.S. should view such a situation so gravely that, in addition to giving all possible covert and overt support within Executive Branch authority the President should at once consider requesting Congressional authority to take appropriate action, which might if necessary and feasible include the use of U.S. military forces either locally or against the external source of such subversion or rebellion (including Communist China if determined to be the source).

#### Annex A

SECRET

#### FAR EAST

#### *Proposed Assistance Programmed for FY 1954-FY 1955*

(Millions of dollars)

| Country           | FY 1954    |                |        |         | FY 1955     |                |        |         |
|-------------------|------------|----------------|--------|---------|-------------|----------------|--------|---------|
|                   | Military   | Econom-<br>ic† | Other‡ | Total   | Military    | Econom-<br>ic† | Other‡ | Total   |
| Associated States | 1,093.0    | 25.0           | .5     | 1,118.5 | 1,108.5     | 21.0           | 3.5    | 1,133.0 |
| Burma             | —          | —              | **3.0  | 3.0     | —           | —              | .5     | .5      |
| Formosa           | ††326.0    | 82.0           | .3     | 408.3   | ††108.0     | 63.0           | 3.0    | 174.0   |
| Indonesia         | —          | —              | 3.5    | 3.5     | —           | —              | 5.1    | 5.1     |
| Japan             | \$\$\$77.6 | (10.0)         | 2.7    | 80.3    | \$\$\$102.1 | —              | 3.2    | 105.3   |
| Korea             | 5.3        | *320.1         | .6     | 326.0   | 5.4         | *252.0         | 1.3    | 258.7   |

(Millions of dollars)

| Country     | FY 1954  |          |                    |         | FY 1955  |          |                    |         |
|-------------|----------|----------|--------------------|---------|----------|----------|--------------------|---------|
|             | Military | Economic | Other <sup>§</sup> | Total   | Military | Economic | Other <sup>§</sup> | Total   |
| Malaya      | —        | —        | 1.5                | 1.5     | —        | —        | 1.5                | 1.5     |
| Philippines | 7.7      | †15.0    | †1.7               | 24.4    | 4.4      | 12.4     | 9.2                | 26.0    |
| Thailand    | 41.7     | —        | 9.9                | 51.6    | ‡17.7    | —        | 6.4                | 24.1    |
| Totals      | 1,551.3  | 442.1    | 23.7               | 2,017.1 | 1,346.1  | 348.4    | 33.7               | 1,728.2 |

FY 1954 and FY 1955 Total—\$3,745.3

Special Note: a) Programmed amounts are from FY 1955 Congressional Presentations of the Foreign Operations Administration, U.S. Information Agency, and the Educational Exchange Division of the Department of State, made prior to the conclusion of the Geneva Conference.

b) Funds which might become available from the sale of U.S. surplus agricultural commodities are not included.

c) Direct U.S. Department of Defense expenditures in the area, which have an important effect on the economy of each country are in addition to the above programmed amounts.

† "Economic" includes Economic Assistance and Mutual Defense Support. (This and following footnotes are in the source text.)

§ "Other" includes Technical Assistance, Information Services and Educational Exchange.

¶ This amount includes: Mutual Defense Assistance—\$348 million and Direct Forces Support—\$745 million.

|| This amount was programmed prior to the Indochina Armistice as: Mutual Defense Assistance—\$308 million and Direct Forces Support—\$800 million. A similar amount has been requested of the Congress for support of U.S. policy in the general area.

\*\* The Technical Assistance for Burma was terminated on June 30, 1954 when the deliveries made from contracts placed in prior years were completed. The termination was made at the request of the Burmese Government.

†† This amount includes: Mutual Defense Assistance—\$296 million and Direct Forces Support—\$30 million.

‡‡ This amount includes: Mutual Defense Assistance—\$83 million and Direct Forces Support—\$25 million.

§§ This does not include material already transferred or to be transferred from the Department of Defense PECOM Reserve. As of March 31, 1954, materiel with a replacement value of \$600 million was earmarked for transfer.

||| This amount is to be financed by sales proceeds under Section 550 of the Mutual Security Act of 1953, as amended.

¶¶ This figure represents only the costs for training Koreans in the U.S. The bulk of U.S. assistance to Korea is provided directly by the Department of Defense through Defense appropriations. Such direct military assistance, not included in the figures above, were approximately \$500 million in FY 1954 and should be approximately \$400 million in FY 1955.

¶¶¶ This amount represents all funds expended under the Korean Relief and Rehabilitation Program.

¶¶¶¶ This amount includes both Economic and Technical Assistance for this year.

¶¶¶¶¶ A \$25 million U.S. commitment to Thailand is in addition to these figures and will have to be financed by a transfer from other programs in the area.

## Annex B

## A SUPPLEMENTARY EXPLANATION OF SECTION III—"GENERAL POLITICAL AND ECONOMIC MEASURES IN THE FAR EAST"

(Prepared by the Foreign Operations Administration)

FOA believes that the following are illustrative of the actions which a Far East-South Asia economic grouping might adopt:

a. An interchange of experience in development programs and techniques.

b. The elimination of conditions restricting mutually beneficial trade.

c. Joint consideration of the forms of outside aid that most effectively would supplement their own efforts, and the integration of that aid (U.S., Colombo Plan, UN).

d. Action to ameliorate conditions adversely affecting important crops and raw materials of the area.

e. Regional coordination in economic development.

f. Regional organizational arrangements that would facilitate continuing collaboration and united action on these and related matters.

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Conference files, lot 60 D 627, CF 348

*The Australian Embassy to the Department of State*<sup>1</sup>

TOP SECRET

SEATO—AUSTRALIAN VIEWS

*1. Scope and Nature of Military Planning*

Canberra has requested information on U.S. thinking on the following questions:

(a) What is to be the scope and nature of military planning under SEATO?

(b) Will planning go to such an extent that we will know that specified forces, including U.S. forces, will be available at specified places for specified purposes under specified circumstances?

(c) When and where will this planning be done?

(d) What are the contingencies that may be expected to arise?

(e) With what resources are such contingencies to be met?

(f) What commitments may be expected from SEATO members?

Canberra feels that unless SEATO members are prepared to join in the planning with the definite understanding that certain forces will be available in certain contingencies, SEATO will be of only limited help in planning for the defence of South East Asia. Moreover, SEATO would fall short of what the Australian public expects. In addition it would run the risk of being a treaty that would bind all of us to support military action without any prior planning or understandings as to the form or availability of forces. It is important for us to know this. The Prime Minister has presented SEATO to Parliament as an arrangement which will define our task, give clarified direction to our defence organisation, mark out our zone of possible operations, and show us the nature and size of the forces we need.

*2. U.S. Military Representation*

Has any decision been taken on U.S. military representation at the Conference? If so, at what level?

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<sup>1</sup> This undated paper is included in the Conference series as SEAP D-2/6. It is attached to the following covering note (dated Aug. 20) by Trulock:

"Attached is a memorandum given us by the Australian Embassy requesting information for Canberra on US thinking on a number of questions and outlining certain Australian views."