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# NATIONAL SECURITY COUNCIL

## PROGRESS REPORT

by

THE DEPUTY UNDER SECRETARY OF STATE

**on the implementation of**

FUTURE COURSES OF U. S. ACTION  
WITH RESPECT TO AUSTRIA  
(NSC 38/4)

January 3, 1950

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DEPARTMENT OF STATE  
WASHINGTON

December 29, 1949

MEMORANDUM FOR MR. SIDNEY W. SOUERS  
EXECUTIVE SECRETARY, NATIONAL SECURITY COUNCIL

Subject: Implementation of NSC 38/4.

Pursuant to NSC Action No. 260, November 18, 1949, the following progress report on the implementation of NSC 38/4, "Future Courses of U. S. Action with respect to Austria" is submitted for the information of the Council:

1. Informal agreement has been reached between the Department of the Army and the Department of State that primary responsibility for the implementation of the reference report be allocated as follows:

<u>Paragraph</u>	<u>Substance of Conclusion</u>	<u>Action to be taken</u>	<u>Agency</u>
6	U.S. should insure adequate Austrian security forces prior to withdrawal.	No specific implementing action is required.	
7	An initial Austrian army of 28,000 required.	This U.S. view requires discussion first with British and French in Vienna to obtain tripartite agreement. Then it should be taken up with Austrian Government on a two party basis, with the Chancellor and Vice Chancellor, to secure Austrian concurrence.	Department of Army



<u>Paragraph</u>	<u>Substance of Conclusion</u>	<u>Action to be taken</u>	<u>Agency</u>
8	Treaty should not be accepted without regard to the security problem, nor should the Treaty be modified to extend withdrawal period to 180 days.	No specific implementing action is required.	
9	After signing Treaty to seek Soviet agreement for immediate creation of an Austrian army.	No action is required under this paragraph until after the signing of the Austrian Treaty. However, the difficulties involved in an approach to the Soviets relative to the creation of an Austrian army are currently under discussion on a diplomatic level with the British, French, and Austrian Governments.	Department of State
10	If Soviet agreement to creation of Austrian army prior to effective date of Treaty is unobtainable all feasible steps to create an Austrian army or expand the gendarmerie training program in the Western Zones without Soviet approval should be taken.	Alternative plans consistent with the policy decision in the conclusion set forth under paragraph 6 are currently under consideration with a view to covering the various contingencies which may arise. These plans will be coordinated on the working level with the Department of State.	Department of Army
11	In any event U.S. should take following steps immediately:		

<u>Paragraph</u>	<u>Substance of Conclusion</u>	<u>Action to be taken</u>	<u>Agency</u>
a.	Continue efforts to obtain cooperation of France and U.K.	The French and British should be pressed to render assistance and contribute aid. However, French and British assistance should be of such a nature as to avoid creation of unnecessary logistical problems.	Department of State with Army coordination. (Coordination to be effected in Washington.)
b.	Continue to impress on Austrians need for complete cooperation.	Appropriate representations to Austrian officials.	Department of Army.
c.	Program equipment for Austria under the MAP.	(1) Preparation of an Austrian MAP program.  (2) Allocation, rehabilitation, packing and handling of equipment.  (3) Preparation and presentation of appropriate legislation authorizing inclusion of Austria in the MAP.	Departments of State and Defense jointly.
d.	Ship equipment programmed for Austria to Austria and/or Germany for storage and retention under U.S. control.	(1) Planning for shipment and overseas storage.  (2) Execution of such plans.	Department of Army.



2. With reference to paragraph 7 of the conclusions, the Commanding General, U. S. Forces in Austria (Gen. Keyes), has been instructed by the Department of the Army to take the action referred to.

3. (a) With reference to paragraph 9 of the conclusions, the French Government recently proposed that the Soviet Union be approached immediately through diplomatic channels with a view to

seeking Soviet agreement to the organization of an Austrian army prior to the entry into force of the Treaty. This proposal, which was inconsistent with the September 15, 1949 agreement of the British, French and U. S. Foreign Ministers, was subsequently withdrawn following U. S. and British protests. Subsequently, the French Minister in Vienna recommended to his Government that the question of an Austrian army not be discussed with the Soviets at this time.

(b) The British authorities in Vienna recently expressed doubt that any approach should be made to the Soviets concerning the formation of an Austrian Army.

(c) The Austrian Foreign Minister has informed the American Minister in Vienna that he is definitely of the opinion that it would be a mistake to raise the question of an Austrian army with the Soviets either before or after the signing of the Treaty. The Austrian Foreign Minister believes that it would be difficult for Austria to proceed with even more than elementary planning in the event the Soviets should refuse to consent to Austrian action prior to the effective date of the Treaty, and he is even more concerned as to the situation which would exist if the Soviets should agree to the formation of an Austrian army and should insist that such preparations be carried out under the supervision of the Allied Council in Vienna, in which latter case the Soviets could interfere endlessly with planning and at the same time create difficulties in connection with sources of equipment, costs of the program, etc. The position of the Austrian Government is that in the interim between signing and ratification of the Treaty preparations could be quietly conducted to a point where 20,000 infantry would be available for service on the day the Treaty became effective, and that, with U. S. assistance, the training and equipping of this group could be completed prior to the withdrawal of the occupation forces. The Austrian Foreign Minister stated that his Government considers that a force of 20,000 would be adequate for initial internal security and border patrol and that the remaining forces authorized under the Treaty could be built up rapidly under Western guidance in the following months.

(d) The American Minister in Vienna has expressed the view that it would be undesirable for the Western powers to approach the Soviets with a view to seeking agreement for the formation of an Austrian army prior to the coming into force of the Treaty. The American Minister has recommended that General Keyes be authorized immediately following signing of the Treaty to take such steps as he may find feasible, in the absence of Soviet consent, toward establishing effective Austrian armed forces prior to withdrawal of the occupation forces.

4. Action has been initiated by the Department of the Army to develop plans for the implementation of paragraph 10 of the conclusions.

5. (a) Further steps are being taken on a diplomatic level to obtain agreement by the United Kingdom and France to assume their share of mutual responsibility for the internal security of Austria, as contemplated by paragraph 11-a of the conclusions.

(b) Instructions have been issued to General Keyes by the Department of the Army to take the action referred to under paragraph 11-b of the conclusions.

(c) With reference to the conclusions contained in subparagraphs (c) and (d) of paragraph 11, the Office of Mutual Defense Assistance recently made inquiry concerning the timing involved in the programming and shipment of equipment. That office has been informed by the Assistant Secretary of State (Mr. Perkins) charged with responsibility for the implementation of this program, that it is his view that the intent of NSC 38/4 is that the programming and shipment of the equipment referred to should begin immediately, regardless of the status of the Treaty negotiations, and that informal indications are that the Army holds this same view.

6. General Keyes has submitted his recommendations for the storage of major items of equipment in the event that such equipment is made available under the MAP program (Appendix A), and he has been advised that a decision cannot be made at this time.

7. The Treaty negotiations have reached a final stage in which there are few remaining unagreed issues. The Soviet Deputy, however, recently took the position that he could not discuss the remaining unagreed issues of the Treaty pending the outcome of bilateral negotiations between the Soviet Union and Austria on the question of payment for supplies and services furnished since the end of hostilities (Article 48 bis). As a result, the New York negotiations were suspended on December 14. Negotiations are scheduled to resume in London on January 9.

/s/ DEAN RUSK

Attachment:

Appendix A.

APPENDIX A

CABLE P 4337 - 23 NOV 1949 - (CM IN 17866 - 23 NOV 1949) - TO  
Department of the Army for CSGPO Washington, D. C.

FROM: COMGENUSFA Vienna, Austria, signed KEYES

1. Reur WARX 96716 in the event that equipment for the Austrian Army is made available under MAP it is recommended that storage of major items be considered in one of the following places in order of priority (minor items of small bulk can be stored in Austria):

A. Italy (dependent on prior agreement with Italy). Has advantage of not disclosing our intentions, is safely located and could serve as a partial reserve in connection with PILGRIM plan.

B. Austrian Tyrol (French occupied zone). This has advantage of being easily accessible but creates difficulty of explaining its existence and could result in retaliatory measures by Soviets or Communist groups in Austria. The French have not been approached and may oppose this action.

C. American occupied zone. Has advantage of being under direct control of USFA and would permit easiest, most orderly and quickest issue to Austrians but has same disadvantages as French zone plus proximity to Soviet zone.

D. US zone of Germany. Has advantage of being under US control and on present LOC. Has disadvantage of not being accessible to USFA for support of present withdrawal plan in event of emergency.

2. Urad poses other questions (responsibility for implementation of Paragraphs 11A and B; etc) which we assume will be clarified by documents on this subj being forwarded by you. Further comments can be expected after study of documents in question.

