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July 7, 1961

MEMORANDUM by Henry Owen.

SUBJECT: Ten Key Berlin Issues Coming Up for Decision

1. Military Preparations. The Secretary of Defense will report by July 13 on the preparations needed to enhance Western capabilities for an airlift, naval harassment, ground action, and possible use of strategic airpower.

Decisions will be needed soon afterward on which of these suggested preparations are to be initiated in the near future -- so that we can inform and consult our allies before requesting any needed funds and authority from the Congress or taking other public action.

The basic issue will be whether these preparations should be undramatic but capable of being picked up by Soviet intelligence, as suggested by Ambassador Thompson, or whether more extensive preparations are desirable, as is being suggested by the Joint Chiefs of Staff. This decision will have a direct bearing on:

(a) The reactions of our allies, who have shown mild nervousness regarding dramatic U.S. military steps.

(b) The reactions of the USSR, which the experts variously predict will be (i) ~~impressed~~, or (ii) made more aggressive by extensive U.S. preparations.

(c) The scale of the ground action that we will be capable of mounting, if such action becomes necessary.

(d) The period of further preparations that will be necessary after blockage of our access before ground action can be taken. If a prolonged period of airlift is acceptable between blockage and any substantial ground action, then some of the more fearsome preparations can probably be put off until the peak of the crisis, as suggested in Mr. Acheson's report.

2. The DOD Budget. The Secretary of Defense will submit recommendations by July 13 as to the magnitude and character of a permanent increase in the size of the U.S. defense establishment which might be executed in the event Soviet actions regarding Berlin appeared to foreshadow a long

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period of greatly heightened tensions.

Sovietologists who disagree on most everything else all seem to believe that plans for such an increase would be a potent deterrent, if the Soviets thought that we actually intended to proceed along these lines.

A decision will be needed as to whether to plan for such a large and lasting increase in the DOD budget and as to the actions, (e.g., Congressional consultation and DOD planning) which should be taken to bring this prospect to the Soviets' attention, without seeming to want to do so. This decision will need to be made fairly soon, if any U.S. actions are to be taken in time to affect Soviet plans.

3. Economic Pressures on the Bloc. State and Treasury will report by July 13 on needed preparations for economic counter-measures.

It seems doubtful that new decisions will be required immediately. Inter-allied planning for economic counter-measures is well underway. If and as this planning generates a need for Presidential decisions, these will be sought on an ad hoc basis from time to time.

4. U.S. Economic Dislocations. The Secretary of the Treasury and the Chairman of the Council of Economic Advisers will submit by July 13 very preliminary views on what steps, if any, would be needed to protect the U.S. economy against economic dislocations resulting from military preparations.

Early decisions will be needed if the President decides on large-scale military preparations.

5. Subversion in East Germany. The Secretary of State [redacted] will submit by July 13 recommendations as to the preparations, if any, which should be undertaken [redacted] in event of a Berlin crisis.

When a decision on these preparations will be needed cannot be determined until we have the July 13 recommendations.

The nature of the decision is clear; we will need to decide on what scale the U.S. intends to prepare for action of this kind. There seems to be general agreement that the Soviets would be concerned if they thought we really meant business, but that they are too shrewd to be deceived by

anything less than genuine preparations for substantial action -- with all the unpredictable consequences that this would involve for them and for us.

6. Propaganda. The Secretary of State and USIA will submit recommendations by July 13 about our public posture.

Decisions will be needed very shortly thereafter on the main themes of that posture and on the steps which should be taken to give it effect. A key question will be whether and, if so, when a Presidential address should be made.

7. East German Controls. The Secretary of State will spell out by July 13 the alternative courses we might adopt in our posture toward East Germans when they appear along the access routes after a peace treaty.

A decision will be required soon. The British have been at us on this issue ever since the MacMillan visit, and they will not be put off. The critical question is whether or not we are prepared to allow the East Germans to stamp allied military papers, as the Soviets do. Mr. Acheson recommends that we permit this; current contingency planning specifies that we should not.

8. Negotiations. The Secretary of State will also provide by July 13 his preliminary views concerning possible alternative negotiating positions regarding Berlin and Germany which we might adopt prior to a peace treaty.

A decision will be needed on our early, and hence less serious, negotiating positions fairly soon. Determination of the positions that we wish to strike when the real bargaining begins can -- and probably should -- be deferred for some time.

9. Our Allies. The Secretary of State will outline on July 13 his views as to the best way of seeking allied agreement on the various elements of our program indicated above.

An early decision will be needed as to the level and manner of this approach, and particularly as to the degree in which the heads of government should be involved.

10. Congressional Consultation. The Secretary of State will outline by July 13 a possible timetable of Congressional consultation.

An early decision will probably be needed as to the role the President should play in this consultation.