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DISASTER FILE

COPY NO. 52

NATIONAL SECURITY COUNCIL  
PROGRESS REPORT

by

THE DEPARTMENT OF STATE

on the implementation of

FUTURE COURSES OF U. S. ACTION WITH RESPECT TO AUSTRIA  
(NSC 38/4 and NSC 38/6)

July 6, 1951

DECLASSIFIED
Authority <u>NLE 2010-50</u>
By <u>MMK</u> NLDDE Date <u>10/22/6</u>

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DEPARTMENT OF STATE  
Washington

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July 6, 1951

MEMORANDUM FOR MR. JAMES S. LAY, JR.  
EXECUTIVE SECRETARY, NATIONAL SECURITY COUNCIL

Subject: Third Progress Report on NSC 38/4 and NSC 38/6,  
"Future Courses of U. S. Action with Respect to  
Austria" (including reference to NSC 63/1).

1. NSC 38/4 was approved as Governmental Policy on November 18, 1949; NSC 38/6, on May 5, 1950. It is requested that this Progress Report, covering the period December 15, 1950 to June 15, 1951, be circulated to the members of the Council for their information.

2. No further progress toward the conclusion of the Austrian Treaty has been made. The meeting of the Treaty Deputies in London scheduled for March was postponed until the end of the talks among the Minister's Deputies in Paris and now may not be held until a decision is reached concerning a meeting of the Council of Foreign Ministers. Every effort has been made to have the Austrian Treaty included on the agenda of a CFM if held. Tripartite agreement on a firm Western position would be sought prior to such Four-Power talks.

3. Efforts to reduce further the burden on Austria of occupation costs have been only partially successful. France and the United Kingdom still maintain that they cannot afford to pay their own occupation costs as the United States has done since July, 1947. In order to halt Soviet unilateral action to secure military occupation costs which the Allied Council had not allocated since 1948, the four occupying powers agreed in the Allied Council to a lump sum settlement in March which fixed allocations for 1949, 1950, and 1951. Under this settlement the Soviets agreed to the procedure already followed by the French and British of using the allocations to compensate for occupation expenses already paid by the Austrians. The United States continues to return its allocation to the Austrian Government.

4. The representatives of the three Western powers in the Standing Group of the North Atlantic Military Committee have agreed that the creation of SACEUR will only affect the status of their military forces in Austria in the event of hostilities and for planning purposes. Upon the outbreak of war these forces will come under the command of General Eisenhower in SACEUR, and in preparation for this contingency staff planning by the SACEUR and the Allied commanders in Austria will be undertaken. Tripartite agreement has been

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reached with the French and British Governments that any inquiries from non-NATO sources concerning the relationship of Western occupation forces in Austria to General Eisenhower's command will be answered to the effect that no US, UK, or French forces in Austria are assigned to SACEUR.

5. The United States, French and British Governments have reached agreement on instructions to their High Commissioners in Austria on the organization of an Austrian army, and the agreed instructions have been issued to the respective High Commissioners. As a result the High Commissioners and representatives of the Austrian Government have agreed that representatives of the US, French, and British commands in Austria together with three Austrian representatives will soon start meetings in Salzburg to draft legislation and regulations for the future Austrian army. For security reasons all discussions and documentation will be held in U. S. facilities.

6. With respect to the gendarmerie training program to provide a cadre for the proposed Austrian Army, the 1,500 man special gendarmerie regiment (500 man battalion in each Western zone) is now in training on an overt basis. With the exception of a few items all equipment for this force, which was drawn from a non-MDAP Army stockpile in Austria, was turned over to Austrian Gendarmerie officers in March and April. Recruitment of an additional force of 5,000 gendarmes on a covert basis has gone ahead after the start in May of the plan to transfer \$2.5 million to the Austrian Government over a period of 15 months for the purpose of financing the recruiting and training of these men.

7. Shipment of equipment for the 28,000 man Austrian army to be stockpiled in Germany and/or Austria was 72 per cent (money value) complete on February 15. It is anticipated that the program will be 90 per cent complete by September 1, 1951 and 100 percent complete by June 30, 1952. In view of the proposed change in the Line of Communications (LOC) of the US Forces, Austria from Germany to Italy and in view of the fact that the EUCOM LOC extends through France, it is considered that this equipment may be properly stockpiled on either or both of these LOC'S as well as in Austria or Germany as now specified in paragraph 11 (d), NSC 38/4.

8. To conform to U. S. evacuation plans and the change in LOC from Germany to Italy, the Austrian Government has decided to designate Innsbruck rather than Lienz as the emergency capital for the Austrian Government in the event it is forced to withdraw from Vienna.

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9. Surveys have shown that Nussberg in the American Sector of Vienna is unsatisfactory as the site for a Vienna airstrip. As an alternative the United Kingdom has agreed to permit the construction of an airstrip at Simmering in the British Sector of Vienna. UK and U. S. engineers in consultation with representatives of the Austrian Government are now preparing plans for this project. This airstrip will be operational primarily for C-47's. If the decision is made pursuant to paragraph 19 (b) of NSC 38/6 to prepare for the air supply of Vienna during a blockade, this Simmering airstrip may be enlarged to hold two 5,000 foot airstrips. Most of the equipment and materiel for construction of two 5,000 foot airstrips has been stockpiled in Vienna.

10. The United Kingdom stated in November, 1950 that it was unable to undertake the creation of an Austrian air force on a grant basis. Further efforts are being made to define the British position in order to clarify planning by the Department of Defense if it is clear that the British have definitely cancelled their own program. Should the need arise during fiscal year 1952 for the United States to equip an Austrian air force, it is anticipated that funds can be made available from Title I, MSAP (Mutual Security Assistance Program) appropriations for equipment of an initial air force which might comprise, for example, one composite squadron of four transport and six liaison aircraft.

/s/ H. Freeman Matthews

H. Freeman Matthews