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THE WHITE HOUSE
WASHINGTON

De

STAFF NOTES NO. 69

January 30, 1957

1. British Thermonuclear Test. -- The British have invited us to send five observers to their Pacific air drop of a thermonuclear weapon during Operation "Grapple" in May. Defense has actively assisted British planning for the test, has published notices of the danger areas, will allow use of equipment and personnel at our Long Range Detection stations (about 200 miles from the site), and will allow the British to overfly the U. S. with their nuclear components en route to Christmas Island. By this cooperation we hope to induce British adoption of U. S. -type safety features and to improve our estimates of British weapons technology. This intelligence may be useful in setting the limits on exchanges of nuclear information with the British. (TS)

2. NATO Exercise. -- NATO's 1957 exercise will be the largest conducted to date. Three major NATO Commands, almost the entire US Atlantic Fleet, and SAC and TAC will participate. Naval activities in the Baltic will be relatively limited; surface units will operate more than 15 miles off the East German Coast. A US force of 25,000 personnel and 50 ships will participate in the Mediterranean phase of the exercise. Assault landing operations will be conducted by a US Marine Airground task force near the Dardanelles. A major part of the exercise will simulate a powerful nuclear strike against "equivalent" Soviet bloc targets located in Norway, the UK, the Netherlands, Belgium, and France. There will be no operations in the Black Sea. In the Mediterranean area the efficiency of ground atomic delivery units and the ability of NATO forces to implement the "Strike Concept" in special weapons operations will be tested on a simulated basis. (S)

3. Hungarian Refugees. -- A detailed opinion survey study of 1,000 Hungarian refugees indicates that the example of Poland rather than alleged encouragement from the West primarily motivated the Hungarian uprising. Seventy-four per cent expected U.S. military aid, however, and over half believed the American broadcasts gave the impression that the U.S. was willing to fight, if necessary, to save Hungary. Nevertheless, 87 per cent expressed esteem for the U. S. and for the President. (C)

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4. Azores Bases. -- State will accept the Portuguese offer to extend our peacetime rights in the Azores through 1957. Our efforts to obtain either a five-year extension or a new Defense Agreement have been unsuccessful. (S)
5. Hemisphere Security. -- We are vitally concerned with the security implications of a possible Uruguayan contract award to the Czech firm which submitted the low bid for a projected expansion of the Montevideo telephone system. State and Defense have expressed this concern to Uruguay and are considering other steps. (S)
6. Parity Report. -- Agriculture's parity report, to be submitted tomorrow at Congress' request, will recommend a change in the base period from 1910-14 to 1947-56. The average level of parity prices would be reduced about 2 per cent by such a change. (U)
7. Excessive Maritime Subsidies. -- Justice has approved a proposed settlement, recommended by the Maritime Administration, with American Export Lines, Inc., by which the Government will receive \$2,854,000 in compromise of its claims based upon alleged excessive subsidy allowances in connection with the construction and sale to American Export of the S. S. Independence, the S. S. Constitution, and four vessels known as the four Aces. The Comptroller General has no objection to the proposed settlement. (U)
8. Ferrous Scrap. -- A Commerce report to be submitted to Congress this week, as required by the Export Control Act, concludes that exports and domestic consumption at currently projected levels of ferrous scrap will seriously deplete our national reservoir of heavy-melting-types of scrap. Consequently, foreign and domestic consumers of ferrous scrap will be asked to reduce their requirements. (U)
9. Bombings in Alabama. -- In response to Governor Folsom's letter to the President welcoming a Justice investigation of the recent bombings and disturbances in Alabama, the Attorney General replied that "no information has been received to date suggesting the existence of jurisdiction for a Federal investigation of these incidents." He added that the FBI and the local authorities have been exchanging pertinent information and that the facilities and expert technicians of the FBI laboratories were available to render every possible assistance to the local authorities. (U)

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