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Notes on Remarks by President Kennedy before the National Security Council
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In the matter of Europe, the US has been faced since 1958 with deGaulle's position. . . . nuclear veto by French . . . President Eisenhower reviewed the problem and took the position that it should be reviewed by the NATO nations — the NATO nations would not act. . . . no agreement between the Three. That decision this Administration also supported. However, this decision has not produced the present contention with the French. Even when I was in Paris last June, de Gaulle said he would make some proposal in regard to NATO itself. All through his speeches and his memoirs he indicates it is his desire to have a Europe in which France would be a dominant power speaking to the USSR and to the Western World as an equal. J

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Regarding our attitude toward the neutrals. There is criticism about our lack of difference between the Allies and the neutrals. The Pakistanis are critical, but we must recognize the importance of the Indians. If they joined the Chinese we would have no free south Asia. The Pakistanis are struggling against the Indians and the Afghans. They will use or attempt to exploit our power. Our interest is to make a strong sub-continent.

While doing this we have moved away from the Pakistanis and they are moving closer to the Chinese and against the Indians. We have not been able to persuade

the Pakistannis or the Afganistans to chance their policy on India. These forces were there long before we came on the scene and we cannot do much about it — we cannot settle all the disputes, but we want to keep them free from the Communists. We cannot permit those who call themselves neutrals to be completely taken into the Communist camp. We must keep our ties with Nassir and others.

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With regard to AID which is going forward under General Clay, we hope we can tie this whole concept of aid to the safety of the United States. This is the reason we give aid. The test is whether it will serve the United States and if we can equate it to that. AID is not a good word. Perhaps we can describe it better as Mutual Assistance — though this is an old term. Some countries can go it alone, but we must do all we can. We must make every effort to keep a country out of the communist bloc. It is more difficult to get a country out of a communist bloc once it is in. It sometimes seems hopeless. The Congress may cut the heart out of Foreign Aid and this is a great danger to the safety of the United States. Even the French give more aid than we do on a per capita basis. We will probably take a cut, but we do not want to hurt our Defense effort. We would not like four or five countries to suddenly turn communist just because we did not give a certain amount of aid. We must look this over very carefully and put aid on the basis it will best serve our own interest.

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Turning to the domestic scene, we will have a deficit of about \$12 of \$12½ billion. We have made an effort to hold the deficit down and we have in the past three years. Except for Defense and Space and Interest on the Debt we have ~~not~~ increased the National Budget but it has been increased less than it was under the previous Administration. With the tremendous movement from the country to the cities, we have had many problems. While the costs have increased, the receipts have dropped. We have only increased about 1½ a year in the growth rate during the past ten years. This is serious, particularly with the great increase in population.

I think this Tax Bill is very important. If we get another recession in this country it will ~~have~~ have a bad effect on the gold reserve. It will have a bad psychological effect on the people of the U.S. And when we see the strong position that Mr. Khrushchev is taking with regard to agricultural and other domestic sections of the economy -- and if we just drift, we will look very bad to other nations.

Furthermore, the deficit is a reflection of the fight in the hot and cold war we have been fighting during the past fifteen years. If we go to a deficit of \$12 billion, this would be a most serious affair for the United States. If we can go forward with the present Tax Bill, we will be in much better shape. All of these matters -- the tax program, AID, defense, etc. are all related.

The Military are disturbed because of our failure to go forward with certain programs. For instance: The B-70, Nike-Zeus, Skybolt. As a matter of fact, we are going forward with a large program and there is a limit to how much we can do, and if the necessity develops we will do more.

This Administration has spent a good many millions more than has been appropriated for Space and Defense -- and perhaps we should spend more.

One of our big jobs will be to persuade our colleagues in Europe to do a better job themselves. If we maintain six divisions in Europe and they only maintain a force which will permit them to fight only two or three days -- if we have sufficient force to fight and supply for ninety days and those around us can only fight for two or three days, then we should take another look. France carries their burden abroad, but not in Europe. We should consider very hard the narrow interests of the United States as well as the interests of the Free World. If we grow weak economically, our influence will grow less and less and if that happens, our Free World's position will grow weaker. De Gaulle is basing his whole position on the position of the United States. He can do this because he feels we will maintain our military power in Europe and he can bank on it.

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Thanks for your cooperation. All worked well together and harmoniously. Hope we can maintain the mutual relations which have been so good in this Administration.