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A-250, Aug. 2, 1963,  
Enclosure #1

MEMORANDUM OF CONVERSATION

DATE: Wednesday, July 31, 1963, 5:45 p. m.

PLACE: Palais Schaumburg, Bonn

PARTICIPANTS:

US

Secretary McNamara  
Ambassador McGhee

German

Chancellor Adenauer  
Minister of Defense von Hassel  
State Secretary Westrick (Economics)  
Herr Kusterer (Interpreter)

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Secretary McNamara met with Chancellor Adenauer for approximately two hours.

The Chancellor congratulated the Secretary on his accomplishments in putting the three branches of the armed forces of the United States together. The Chancellor then asked Minister von Hassel to summarize what had been discussed at the meeting he had had earlier with Secretary McNamara. ~~Von Hassel stated that they had agreed that the Test Ban Treaty did not provide any justification for relaxation of efforts. The Western nations must and will make greater efforts. He indicated that they had discussed the MLF and the deployment of tactical nuclear weapons and MRBM's. They found themselves in broad agreement concerning the deployment of these weapons.~~ Tomorrow they would go into the balance of payments problem. He was proposing that they reaffirm the memorandum of agreement of last May.

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The Chancellor suggested that the Secretary see Herr Abs, President of the Deutschebank, and Herr Blessing, President of the Deutsche Bundesbank, before he departed from Bonn, in order to get their views on the balance of payments situation.

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Secretary McNamara stated that if the Soviet actions over the last two years were examined closely one could conclude that Moscow responded only to power and pressure. Such signs of a relaxation of tension as the test ban agreement and the easing up on Berlin had resulted, in his view, from the increased military power of the West, particularly of the United States and Germany. ~~The number of strategic nuclear warheads of the United States forces had been doubled; there were now 2,400 which could be released within 15-20 minutes. The total force involved is 220,000 times that of the Hiroshima bomb. Tactical nuclear weapons in Europe have been increased 60%, combat forces in the United States 40%, combat aircraft in the United States 35%. He believed that it was necessary, however, for both the United States and Germany to continue to expand their forces, and he wished during his visit to discuss the possibility of a German increase as well as our own.~~ a 5

The Chancellor said that in 1955 when he was in Moscow Mr. Khrushchev had said to him that he could not handle both the United States and China. He said he needed Germany's help. He had shown particular interest at that time in Red China. The Chancellor of course had replied that he would not assist the Soviet Union against the United States, and he felt that Khrushchev had afterwards always held this against him. Two years later when Mikoyan visited Germany, Mikoyan said, in reply to a query from the Chancellor, that China and Russia were friends, and had refused to speculate about the future. The Chancellor had not taken much stock in this observation. He said Mikoyan had lasted a long time because he generally retires to a faraway place when the going gets hot. The USSR must today face China and keep up its strength vis-a-vis the United States, while at the same time trying to improve the lot of the Soviet people. It does not have the strength to accomplish all these tasks. a 5

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The Chancellor felt that the Soviets had made great efforts against China by the development of eastern Siberia, a territory of 7 million square kilometers, contrasted with the 9 million of the United States. The land was not suitable for agriculture but had abundant water and mineral resources. He understood that it is all a restricted area and is being developed by forced labor. He referred to a book "Siberien ist nicht mehr Siberien", by Marcel Gliglaris (published by Christian Wegner Verlag) which, he said, he would be glad to lend to the Ambassador as a study of much interest.

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Russia has actually been undergoing a shift in fronts from the West toward China. However, they have had setbacks, including a bad crop last year because of a lack of labor and agricultural equipment. One of the principal Russian deficiencies was lack of skilled workers. They could not be trained even as well as the Italians. When Khrushchev wants to change his policy towards China, i. e., to become more friendly to the West and more hostile to China, he will want to get something from the United States and the West to save face. Mr. McCone had expressed a similar view when here a few months ago.

The Chancellor said he must in all frankness say that he did not believe the Moscow agreement was a great success for the United States. The Treaty had been discussed that day in the Cabinet and there had been a great deal of criticism of it. He showed me a copy of the German newspaper Deutsche Zeitung which carried an article assessing the situation resulting from the Treaty as being a gain for the USSR. The Chancellor recommended the greatest possible caution in future negotiations with the Soviets following upon the Treaty. ~~When the opponent is changing in your favor, there is no need to hurry. We have waited since 1945. We must wait until the Soviet price goes down.~~ He told the story of a businessman who, when his competitor came to ask if he would sell to him, knew that the latter had gone broke. 234  
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~~Secretary McNamara said that we did not believe that this was a time for relaxing but one for "cautious discussion with continued build-up of manpower".~~ The Chancellor agreed that the West must keep strong; he was not opposed to discussions but believed we should be cautious. As a result of the Test Ban, said the Chancellor, your partners will decrease their efforts. The Norwegians and Belgians have already reduced the length of their military service. Will anyone make an effort if the Treaty is to be "the beginning of a new era"? e 5

Secretary McNamara said that he did not believe and had not said that the Treaty was the beginning of a new era. He also pointed out that the Norwegian and Belgian actions had taken place before the Treaty. The US and Germany were the main elements in the Western Alliance and, if they

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make the necessary effort, they "can pull along the others".

The Chancellor insisted, however, that he was afraid the general complacency would be increased by the Test Ban Treaty. He was afraid that the Treaty would result in recognition of the Soviet Occupied Zone. The term "state" used in the Treaty is the most outspoken term which could be selected. If as the Treaty provides, one third of the adherents call for a conference, a conference must be convened. This might result in the two Germanies facing each other, which would imply recognition. President Kennedy's visit to Berlin would be negated, the German people would be shocked. He hesitated to say whether Germany would accede to the Treaty.

Secretary McNamara reassured the Chancellor that the Treaty did not imply recognition. The US Government had made this very clear to the Soviets. By their own actions the US and Germany can make this clear to the world.

The Chancellor repeated his grave doubts. He had asked Mr. Tyler what the United States would do if there was an attempt to convene a meeting. Any such action taken under international law, the Chancellor continued, implied recognition. ~~He added, with a trace of bitterness, that Germany had not been consulted in the drafting of the Treaty. This made it difficult for Germany to adhere to it. When Germany raised the issue of slight changes in wording, they were told it was too late. Although he had been working to hold the line, he doubted if he could get a majority in Parliament.~~ The Deutsche Zeitung article to which he had referred earlier said, moreover, that the Treaty would serve to handicap the United States in the development of an anti-missile missile.

Secretary McNamara replied that the Soviets were not ahead in the development of an anti-missile missile. The United States had in Kwajalein, an island in the Pacific, an anti-missile system that has intercepted several missiles from California. He believes we are ahead of the Soviets. The problem is not one of nuclear warheads to be solved only by additional tests, but one of radar and decoy detectors. ~~Apert from its many other advantages, he believes the test ban will leave the United States with~~

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~~an atomic technology which the Soviets will never be able to obtain~~ He repeated the President's statement in the Paulskirche speech that the United States exposed its cities to save the German cities, which he said proves our determination to defend Germany. "We hurt ourselves if we weaken you". Under no circumstances, said the Secretary, would the United States take actions which would have the effect of recognition of East Germany. Blas

The Chancellor asked if Secretary McNamara would ask Mr. Rusk to make a clarifying statement along these lines. Mr. McNamara replied that he would ask Mr. Rusk.

Mr. McNamara said he had one more problem he wished to present to the Chancellor. The United States, in the light of its balance of payments problems, just cannot continue the present rate of military expenditures abroad. We have already taken many concrete steps to improve our position, as recently reported by the President to the Congress. We appreciate greatly the assistance that Germany has rendered in the past through offset purchases of military equipment. It is, however, absolutely essential that we receive as an offset the full amount of our dollar expenditures in Germany---\$1.3 billion in the next two years, not the \$1 billion that has been suggested. Von Hassel stated that although \$1.3 billion over two years is still the objective, he doubted if actual purchases this year could exceed \$1 billion. After 1965, he felt that there should be a new intergovernmental agreement between the two countries with respect to the future of the offset arrangement.

Secretary McNamara emphasized once more that the United States wanted to leave its forces in Germany but will not be able to do so unless there is a continuing full offset agreement. He said, however, that he and Minister von Hassel would discuss the matter further tomorrow. The Chancellor made the parting remark, "You better get covered by someone."

As we parted, Secretary McNamara paid tribute to the great contribution the Chancellor had made to post-war Germany and the Free World.

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Suite 701, Gelman Library, The George Washington University,  
2130 H Street, NW, Washington, D.C., 20037,  
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