Turkey

UNITED STATES RELATIONS WITH TURKEY: QUESTIONS OF ECONOMIC AND MILITARY ASSISTANCE

316. Editorial Note

On January 5, 1955, at the 230th meeting of the National Security Council, during a discussion of national security policy, President Eisenhower, in response to Secretary of the Treasury Humphrey's comments on the need to progressively reduce United States economic aid on a worldwide basis, raised the question of Turkey. According to the memorandum of discussion, the President made the following comments:

"The President, turning to Secretary Humphrey, said that the real criterion with respect to the level of US economic assistance was the security advantage which the United States obtained. He pointed out that US economic assistance to Turkey was the best possible way to buttress our security interests in the Near Eastern area. Moreover, it was much better and cheaper to assist the Turks to build up their own armed forces than to create additional US divisions." (Eisenhower Library, Whitman File, NSC Records)

317. Memorandum From the Director of the Executive Secretariat (Scott) to the Secretary of State and the Under Secretary of State (Hoover) ¹


SUBJECT

Views on Turkey’s Deteriorating Economic Situation

Embassy and FOA Ankara have forwarded their comments on the report on Turkey’s economic situation which was prepared by Heuser, a Federal Reserve official on loan to FOA. ² The report has confirmed our officials’ feeling that the economic situation has deteriorated and will probably continue to deteriorate in coming months.

In light of the report’s conclusions on the advantages of using devaluation as a stabilization tool and of US objectives in Turkey, our officials suggest three possible alternative approaches. The first is to recognize Turkey’s determination to proceed with its development at the highest rate possible and assist with such means as we have at our disposal. This would probably require some increase in US aid and would certainly require frank discussion and acceptance by the Turks of economic policies designed to permit the best use of aid to the most advantage. The second is to influence the Turks to adopt economic policies more consistent with the presently scheduled aid. This would imply reducing the rate of economic growth admittedly below the level necessary adequately to support and maintain Turkey’s defense effort in a period in which NATO force goals are to be achieved.

The third alternative is to have a direct and frank expression of the official US view that unless Turkey adopts and implements a policy of greater internal stability and external solvency, the US has no choice but to reexamine its support of Turkish efforts in military and economic build-up. In considering this third alternative, the US would have to keep in mind our commitments to Turkish defense build-up, our acceptance of NATO force goals, unilateral Turkish commitments to the US, our encouragement of Turkey to assume

¹ Source: Department of State, Central Files, 882.00/1–555. Secret. A note on the source text in an unidentified hand indicates that the Secretary saw the memorandum.
² Transmitted in telegram 692, January 3. (Ibid., 882.00/1–355) The Heuser report has not been found.
leadership in the Balkans and the Near East, and of efforts made by Turkey to become independent of aid.  

WKS

A joint State-Treasury-Defense-FOA message to Ankara, January 12, noted:
"Believe our military and other objectives coincide Turks objective strengthen economy and attain sound economic development at maximum rate. Turks should understand attempt force development through inflationary means retards overall expansion production, diverts resources to uneconomic and less essential uses and tends defeat purpose. Although certain projects may be completed damage to overall and balanced development occurs, private investment discouraged, capital formation reduced, hampering controls instituted and economy distorted. Mistaken policies and efforts obtain through accumulation commercial arrears and inflation more resources than otherwise available may appear yield temporary gain, but Turkey is now at stage of real damage to economy." (Telegram 772; ibid., 782.5-MSP/1-555)

318. Memorandum From the Deputy Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Jernegan) to the Under Secretary of State (Hoover)  


SUBJECT

NSC 5510—US Policy on Turkey  
2—Item No. 3, NSC Meeting February 24, 1955

Discussion:

This is the first revision of the NSC statement of policy toward Turkey since prior to its adherence to NATO. Among other matters, it discusses and makes recommendations concerning: (1) the role Turkey is playing in developing Middle East defense arrangements; (2) the desirability of and the US commitment for building up the strength of the Turkish armed forces; and (3) current Turkish economic difficulties.

With respect to economic difficulties, Turkey is developing many segments of its economy at once, and at a faster rate than it can finance without inflation. Prices have advanced by at least 20

1 Source: Department of State, S/S—NSC Files: Lot 63 D 351, NSC 5510 Memoranda. Top Secret. Drafted by Lincoln and transmitted through the Executive Secretariat.

2 NSC 5510, February 14, was drafted in the Department of State. For text of the draft, see ibid.
percent in the past year, and Turkey has accumulated over $150 million of arrears in payments due to foreign suppliers. Turkey recognizes that it is in difficulties and has asked the US for a $300 million loan. It is our opinion (see paragraph 22) that Turkey can put its own house in order without loans of this nature.

Menderes, the Turkish Prime Minister, discussed Turkish military and economic matters in the US, particularly with Mr. Stassen, in June 1954. Menderes asked that the US increase the amount of military end items to be delivered to Turkey so that in four years the Turkish armed forces would be at a modified United States TO & E; this was estimated to require $200 million aid per year for the four years.

Menderes was told that the US intends to continue to base its military aid to Turkey toward meeting the requirements of the NATO approved force goals and, subject to certain caveats, the US was prepared in FY 1955 to meet one-fourth of the requirements to bring Turkish armed forces to NATO standards (a modified United States TO & E).

The Department of Defense believes it was not adequately consulted when the US made the commitment to Turkey as to military aid, and the Joint Chiefs go so far in their opposition as to question whether this Government made any commitment at all. The issue is posed in paragraph 20. The left side, supported by State,
proposes that we find out how much money we do have and then
determine how best to carry out an existing, but not precisely
delineated, commitment. The right side, advanced by the military, in
effect proposes that we determine how much money is available
and, regardless of the probable inadequacy of the amount, do
nothing more about it. The considerations listed on the right side are
obviously incomplete as they do not take into account political
effects in Turkey and elsewhere in the Near East.

319. Memorandum of Discussion at the 238th Meeting of the
National Security Council, Washington, February 24,
1955

[Here follow a paragraph listing the participants at the meeting
and item 1.]

2. US Policy on Turkey (NSC 36/2; NSC 109; NSC 5510; 2 Memo for
NSC from Acting Executive Secretary, same subject, dated
February 21, 1955) 3

In the course of his briefing of the Council on the reference
report (NSC 5510), Mr. Cutler read most of the General Considera-
tions and Courses of Action contained in the report. He emphasized
the Council that Turkey presented the United States with two
major interrelated problems, one military and the other economic. He
then indicated the reasons for the difference in point of view
regarding paragraph 20, 4 which dealt with the nature of the com-
mitment made by the United States Government to Turkey for
assistance in Fiscal Year 1955. The short alternative form of para-
graph 20, which had been proposed by State and certain other
agencies, called for a determination by April 1, 1955, of "how best
to fulfill such a commitment". The second alternative, on the right-
hand side of the page, proposed by Defense and other agencies,
called for a determination of "the extent to which the US can fulfill

1 Source: Eisenhower Library, Whitman File, NSC Records. Top Secret. Drafted
by Gleason on February 15.
2 For text of NSC 36/2, "Construction of Airfields and Stockpiling of Aviation
Gasoline in Turkey", see Foreign Relations, 1952-1954, vol. viii, p. 884. NSC 109 is
printed ibid., 1951, vol. v, p. 1148. Regarding NSC 5510, see footnote 2, supra.
3 The memorandum forwarded a memorandum from Radford to the Secretary of
Defense transmitting JSC comments on NSC 5510; see footnote 11 below.
4 See footnote 4, supra.
it [the commitment], taking into consideration the availability of funds, the ability of the Turkish armed forces to absorb increased military assistance, and the necessity of avoiding serious harm to the Turkish economy.

At the conclusion of his briefing, Mr. Cutler invited the comments of the Acting Secretary of State.

Secretary Hoover replied that the State Department felt, in view of the aide-mémoire of June 1954, that the United States had made a definite commitment to the Turkish Government, even if that commitment were qualified in some respects. No corresponding commitments had been made by Turkey in response to the US commitment. Accordingly, it appeared to the State Department to be a question of the US honoring what, at least in Turkish eyes, amounted to a firm commitment. For that reason, said Secretary Hoover, he supported the first alternative.

The President quickly stated that it was hard for him to believe that the United States could have made a commitment to Turkey in such very precise form without the President’s explicit agreement thereto (implying that he had not given such explicit agreement).

In response to the President’s questions, Mr. Cutler quoted certain sentences from the aide-mémoire which cast light on the nature of the alleged US commitment. The President replied that regardless of the aide-mémoire, one would have to presuppose that in all these deals between the United States and allies which it was assisting, consideration was given to how much assistance an allied country could profitably absorb. It therefore seemed indicated to him that a fresh look should be taken at the whole problem of assistance to Turkey. If this revealed that the Turks could make profitable use of more money, the President said he would be for giving it to them; but he was afraid that the gift of further money might harm rather than help an important ally.

Admiral Radford said that he strongly shared the President’s feeling on the subject. Of course, we wanted to be strong in the general area of Turkey. Moreover, we wanted to do all we could to build up the strength of the Turkish armed forces. But his own recent visit to Turkey, in November 1954, had shown him a number of serious difficulties. When he had gone to Turkey the previous November, neither he nor any of the Joint Chiefs of Staff had been made aware of the commitment which the United States had made

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5 Brackets in the source text.
6 The June 4, 1954, aide-mémoire dealing with US assistance to Turkey was transmitted in airgram 245, June 8, 1954. (Department of State, Central Files, 782.5-MSP/6-854). For a summary of the aide-mémoire, see telegram 1351 in Foreign Relations, 1952-1954, vol. VIII, p. 949.
to Turkey in June 1954. Admiral Radford then proceeded to illustrate the serious lack in the Turkish armed forces of career soldiers, sailors and airmen with sufficient technical skill to make profitable use of many of the modern weapons for which the Turkish Government was making requests on the United States. He added that the FOA authorities in Turkey and the United States Ambassador to Ankara likewise shared his own feeling that the Turks were trying to move ahead too rapidly in building up the strength of and in modernizing their armed forces.

Mr. Cutler asked General Porter (who was representing Governor Stassen in the latter’s absence) whether he could throw any light on the problem of the commitment the United States had made to Turkey. General Porter replied that since he had discussed this matter at length with Governor Stassen before his departure to the Far East, he believed he could throw some light on the problem.

General Porter proceeded to describe the circumstances of the visit of the Turkish Prime Minister to Washington, and the background of the aide-mémoire of June 1954. While he admitted that Governor Stassen had been obliged to “cut some corners”, and had not discussed the program of military assistance to Turkey with the Joint Chiefs of Staff, he had at least discussed the commitment with the Secretary of Defense. General Porter concluded his statement by commenting that Governor Stassen felt that the United States had made a firm commitment to the Turkish Prime Minister.

The President found this perplexing, and repeated that on the occasion of the Prime Minister’s personal call on him, he had talked in generalities, which was why he believed that our commitment to the Turks was only a qualified commitment.

Secretary Humphrey commented that it seemed a plain fact to him that we had “got ahead of ourselves”, and even so, the Turks were looking for further assistance. It seemed to Secretary Humphrey rather idle to debate the technical question as to whether we had made a commitment to the Turks, and if so, what kind. Turkey presented the United States with a colossal financial and economic problem. Secretary Humphrey again insisted that the United States had “out-promised” itself.

Secretary Wilson said that it was his view that all of us favored steps to strengthen the position of Turkey. If they would go ahead on their part to take these steps, we should do what was necessary on our side.

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7 Prime Minister Menderes visited Washington in early June 1954.
8 For Eisenhower’s account of this meeting on June 2, 1954, see Foreign Relations, 1952–1954, vol. viii, p. 944.
The President asked with some impatience whether the time hadn’t come for Britain and France to step in and help us with such problems as Turkey. Both these countries were eager to export manufactured goods, and desperately needed markets.

Admiral Radford expressed the judgment that our current program for assistance to Turkey contained about as much as the Turks could successfully absorb unless they were radically to improve their own capabilities.

General Porter expressed the view that NSC 5510 did not quite present in a fair light the program for the modernization of the Turkish military establishment. As estimated in this paper, the costs of such a program seemed to him too high. Accordingly, he proposed that the Council agree that the United States did have a commitment to Turkey, and thereafter “work it out” on the basis of Turkey’s ability to absorb this military assistance.

The President said he agreed in general with General Porter’s suggestion, and Mr. Cutler offered language to revise paragraph 20 accordingly. As he was doing so, the President said that when you got down to the bottom of it, what Mr. Cutler was saying was that the commitment should be of such a nature that its implementation would be useful to both Turkey and the United States. Accordingly, he felt that the problem should be urgently studied by a new high-level commission which should promptly go to Turkey and carry out this mission on the spot.

Admiral Radford pointed out that there were already several survey teams in Turkey. Secretary Wilson added the opinion that we could readily spend our money in Turkey if we could only be sure that the Turks were up to using the money effectively. Secretary Humphrey took issue with Secretary Wilson, and insisted that the Turks were not only ahead of themselves in the military sphere, but in the economic sphere as well.

Secretary Hoover offered certain revisions to Mr. Cutler’s proposed language for paragraph 20, which the Council agreed to accept.

The President then spoke briefly from his own knowledge of the background of Turkish military development since 1952, when he himself had last been in Turkey. He drew the conclusion that the Turks were not yet in shape to take a large amount of new US military equipment. Therefore, thought the President, it would be better for them to use money for training and men to make effective use of new equipment. If we presented this problem in the right way, the President was confident that the Turks would agree to our solution.
Secretary Hoover said all he wanted to add was a sense of urgency. We have got to get together and settle this matter with the Turks promptly. It has dragged on much too long.

After the Council had agreed on language dealing with the military problem in paragraph 20, Mr. Cutler invited the members of the Council to turn to what he described as the “sad part” of NSC 5510—namely, the problem presented by Turkey’s financial and economic condition. This, he said, was set forth most clearly in paragraph 11, which he read to the Council.

The President interrupted to point out that this appeared to be a situation in which we could be of real help by using our great agricultural surpluses, such as wheat. The President was insistent that this point be followed up. General Porter assured the President that the United States was already sending in wheat in exchange for Turkish chrome. General Porter was backed up by Dr. Elliott (sitting for Dr. Flemming), who provided figures on the exchanges of wheat and chrome.

Mr. Cutler then went on to read the Courses of Action dealing with the problems of Turkey’s economy. He pointed out that there was no difference of view in the paper on the economic courses of action, with the exception of paragraph 21, reading as follows:

“As an exception pursuant to NSC 5501, para. 55-b, be prepared to purchase from Turkey strategic minerals for long-term strategic stockpile in order to assist Turkey to meet its minimum essential civilian and military requirements.”

The Treasury and Budget members of the Planning Board favored deletion of this course of action. The Joint Chiefs, on the other hand, had indicated that they favored retention of the paragraph as written.

Dr. Flemming, who had by now joined the meeting, said that it was his understanding that the Treasury Department was now ready to withdraw its objection to this proposed course of action. He went on to describe briefly the US stockpile position with respect to chrome ore, noting that there was plenty of room in the stockpile for adding more chrome, and pointing out that if the current price of $48 were raised to $55, marginal producers in Turkey might be brought into operations again.

The President said that he failed to see why it was necessary for the United States to keep raising the price it would pay to stockpile chrome ore from Turkey. This problem, along with the others, should be put in the hands of Ambassador Warren as part of the

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9 Paragraph 11 of NSC 5510 was identical to paragraph 11 approved in NSC 5510/1 (infra).
new survey and as part of a package deal between the United States and Turkey.

Dr. Flemming again pointed out that the Council should realize that our stockpile position on chrome was not very good. The President replied that that might well be the case, but that it offered no excuse for us to jump what we were willing to pay for chrome from $48 to $55. Secretary Wilson agreed with the President, and said that if we needed it so badly we could buy chrome elsewhere than in Turkey. If we raised the price that we were willing to pay Turkey for her chrome, we might unwittingly add to Turkey’s embarrassing inflationary situation.

Secretary Humphrey expressed agreement with Secretary Wilson, and pointed out that there was no use in the United States “bailing out” the Turks each successive time that they got themselves into trouble. What we needed to do was to go over to Turkey now and deal with the whole situation.

While the President said that he agreed with this statement of Secretary Humphrey, the latter should remember, or try to recall, the prevailing climate of opinion when we had made our promises to assist the building up of Turkey’s economy and military position. We were “scared to death” at that time and only too glad to welcome Turkey as a military ally.

Secretary Humphrey said that he understood this, but that we could not reorganize everything that was wrong with Turkey in a minute. The thing to do was to try to cool the Turks off. They were so steamed up in their hopes for economic advancement and modern military strength. Secretary Wilson queried whether we wanted to do too much toward “cooling the Turks off”. After all, there were relatively few nations who, like the Turks, were really steamed up on our side of the struggle against the Soviet bloc.

Dr. Flemming assured the President that the US stockpile proposal, as set forth in paragraph 21, could be made part of a US package proposal to Turkey, as the President had earlier suggested.

The Council indicated approval for the inclusion of paragraph 21, although the Director of the Budget warned that US stockpile transactions should be handled on the basis of the items of materials that the United States needed, and not solely on the basis of countries which the United States desired to assist by purchases for the US stockpile.

Mr. Cutler suggested that Mr. Dodge, as head of the Council on Foreign Economic Policy, might wish to add some comments on the economic aspects of NSC 5510.

Mr. Dodge said that he only wished to say that it was impossible to overemphasize the seriousness of Turkey’s internal and external financial and economic position. The Germans had found
themselves obliged to shut off all credit to Turkish buyers last August. Three months later they had offered to reopen credits, and they were now flooded with orders from Turkish businessmen. Mr. Dodge said it was also essential to remember that in their agreements with us the Turks had made a commitment to put their own financial house in order, and that thus far they had notoriously failed to do so. If they do not carry out this promise, Mr. Dodge warned, additional US assistance would amount to pouring money down a hole. The situation was very much like the situation in Japan, with which Mr. Dodge had been faced earlier in his career.

General Porter admitted that the Turkish economy was in dire straits, but said perhaps it might be considered a "ray of light and hope" that the Turks have asked the OEEC to send its people into Turkey to make a study of Turkey's economic problem. At least the Turks had got around to admitting that they did have an economic and financial problem.

As Mr. Cutler was suggesting language to revise paragraph 22 in the light of the previous discussion, the President said that he hoped that Ambassador Warren could be told to start work at once toward a solution of these problems. Admiral Radford suggested that one or two high-level people, not merely to compose a survey team but who were of a policy-making rank, should be sent to assist Ambassador Warren. Expressing agreement with this view, Secretary Humphrey said he would like to find "another Joe Dodge" for Turkey.

At the conclusion of the discussion, the President and Admiral Radford both warned the members of the Council not to overlook the fact, in their criticism of Turkey's economic condition, that the Turks were among the few people who had openly manifested the will to fight.

*The National Security Council:* 10

a. Discussed the statement of policy on the subject contained in the reference report (NSC 5510) in the light of the views of the Joint Chiefs of Staff transmitted by the reference memorandum of February 21. 11

10 Paragraphs a-c constitute NSC Action No. 1338. (Department of State, S/S-NSC Files: Lot 66 D 95, NSC Records of Action)

11 On February 18, Radford, on behalf of the Joint Chiefs of Staff, in a memorandum to the Secretary of Defense, transmitted by Gleeson to the NSC on February 21, forwarded the JCS comments on NSC 5510. Radford noted that the Joint Chiefs of Staff were "in general agreement" with the NSC paper's evaluation of the political and strategic importance of Turkey to the United States and with NSC 5510's proposed objectives and courses of action. In regard to the differing views contained in subparagraph 20a, Radford indicated that the JCS recommended the adoption of the second alternative proposed in the right hand column. With regard to paragraph 21, Radford noted that the JCS recommended the retention of this paragraph unless it was decided that the proposal was incompatible with the US stockpile program.
b. Adopted the statement of policy contained in NSC 5510, subject to the following amendments:

(1) Paragraph 18, 1st line: Change "review" to "reviews".
(2) Paragraph 20–a: Revise to read as follows:

"a. Determine by April 1, 1955, as part of the review of military assistance programs called for by NSC 5434/1, the nature of such commitment and action with respect thereto in the common interests of both countries, taking into consideration:

"(1) The amount of mutual security funds and equipment that can be made available without seriously affecting other country programs.

"(2) The extent of the ability of the Turkish armed forces to absorb the increased military assistance.

"(3) The necessity for not seriously harming the Turkish economy."

(3) Paragraph 21: Delete the brackets and the footnote relating thereto; change "strategic minerals" to read "chrome"; and change "in order" to read "as part of a program".

(4) Paragraph 22–a: Change "encouraging Turkey to take" to read "Turkey's taking".

c. Agreed that, after completion of the review of basic data which is now in the process of being gathered and evaluated, the Department of State should arrange for a high-level mission to Turkey, including other appropriate agencies, to coordinate the development of and to negotiate an over-all solution to Turkey's military and economic problems.

Note: NSC 5510, as amended and adopted, approved by the President, subsequently circulated as NSC 5510/1, and transmitted to the Operations Coordinating Board as the coordinating agency designated by the President. The action in c above, as approved by the President, subsequently transmitted to the Secretary of State for implementation.

S. Everett Gleason

Subject to the foregoing comments, the JCS recommended that the Secretary of Defense agree to the adoption of NSC 5510 as a statement of US policy on Turkey. For text of the JCS memorandum, see ibid., S/P–NSC Files: Lot 62 D 1, NSC 5510.

NSC 5434/1, "Procedure for Periodic Review of Military Assistance Programs, approved by the President on October 16, 1954, is printed in Foreign Relations, 1952–1954, vol. 1, Part 1, p. 786."

NSC 5510/1

NOTE BY THE EXECUTIVE SECRETARY TO THE NATIONAL SECURITY COUNCIL

The National Security Council, the Secretary of the Treasury, and the Director, Bureau of the Budget, at the 238th Council meeting on February 24, 1955, adopted the statement of policy on the subject contained in NSC 5510, subject to the amendments thereto which are set forth in NSC Action No. 1338-b. 3

The President has this date approved the statement of policy in NSC 5510, as amended and adopted by the Council and enclosed herewith as NSC 5510/1, directs its implementation by all appropriate executive departments and agencies of the US Government, and designates the Operations Coordinating Board as the coordinating agency.

The enclosed statement of policy, as adopted and approved, supersedes NSC 36/2 and NSC 109. 4

James S. Lay, Jr. 5

[Enclosure]

STATEMENT OF POLICY ON TURKEY

General Considerations

1. Turkey is of particular political and strategic importance to the United States because:

   a. It has a world outlook closely corresponding to that of the US and is thus a natural ally.
   b. It is the most stable and anti-Soviet country in the Eastern Mediterranean and Near Eastern area, thus making possible multiple security agreements of great value.
   c. It is located astride the water passage from the Black Sea to the Mediterranean. It also commands the most direct land route from the USSR to the Suez. Turkey borders the Soviet Union and Bulgaria, and lies within striking distance of important targets within

1 Source: Department of State, S/S–NSC Files: Lot 63 D 351, NSC 5510 Series. Top Secret.
2 See supra.
3 See footnote 10, supra.
4 Neither printed, but see footnote 2, supra.
5 Printed from a copy that bears this typed signature.
Communist borders. It has granted the US important military facility rights.

d. Its armed forces are strong, patriotic, well-disciplined, and determined to resist infringement of Turkish rights or territory.

2. Turkey is a target for Soviet ambitions. In 1945 the USSR presented claims to two eastern provinces of Turkey (Kars and Ardahan) and in 1946 proposed a new regime for the Straits to be established only by Turkey and other Black Sea powers, with joint defense of the waterways by Turkey and the USSR. Turkey consistently and firmly rejected these claims. Although Soviet aggressive demands have recently been toned down, there is no reason to suppose that Soviet objectives have changed. However, a direct attack upon Turkey by armed forces of the USSR, or its satellite Bulgaria, is unlikely unless the USSR is prepared to risk general war.

3. Turkey is consistently endeavoring to broaden and strengthen its ties with Western Europe and the United States, and has made great progress. It has taken a firm stand in the UN against Soviet acts of aggression and obstruction and is participating in other international organizations (NATO, Council of Europe, OEEC, EPU) in cooperation with the US and Western European countries. Turkey is extremely sensitive to its national security problem and alert to the need for collective defense. In 1939 Turkey, the U.K., and France signed a Treaty of Mutual Assistance 6 which, at Turkish insistence, was recently reaffirmed by the U.K. and France. Turkey, with US support, pushed its candidacy for membership in the North Atlantic Treaty Organization, which it entered on February 18, 1952.

4. On February 28, 1953, Turkey, Greece and Yugoslavia concluded a Treaty of Friendship and Cooperation, confirming the close economic and diplomatic collaboration which had been developing between the three countries and providing for contingent military planning. 7 On August 9, 1954, after consultation by the Turks and Greeks with the North Atlantic Council, this agreement was supplemented by a Treaty of Alliance 8 which provides that aggression against one would be considered aggression against all, and that in such an event the Governments would take the measures they deemed necessary, including the use of armed force, to counter aggression. Although Yugoslavia is committed only in the event of an attack on Turkey or Greece, it has committed itself to consult

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6 The Treaty of Mutual Assistance was concluded on October 19, 1939, at Ankara and ratified on November 16, 1939. For text of the treaty, see Cmd. 6165.


8 On August 9, 1954, at a meeting of the Ankara Pact Foreign Ministers in Bled, Yugoslavia, Greece, Turkey, and Yugoslavia signed the Treaty of Military Alliance known also as the Treaty of Bled. For text, see ibid., 1954, p. 197.
with Turkey and Greece in case of an attack on another NATO country. Despite the lack of a formal link of Yugoslavia with the NATO system, for all practical purposes a good defensive system for the Southeastern European area is being added to the NATO defense system. There has been some discussion of Italy's eventual participation in the Turkish-Greek-Yugoslav Alliance. The basis has therefore been laid from which a continuous Western defense system from Northern Europe to Asia Minor might ultimately develop.

5. On April 2, 1954, Turkey and Pakistan signed an agreement providing for continuing consultation on mutual security problems. This agreement, overtly originating in the region but given impetus by US encouragement, provides for accession by other states in the area. It may, therefore, eventually serve substantially the same purposes as were envisaged in the still-born Middle East Defense Organization sponsored by the UK, France, and the US and strongly supported by Turkey. In that event, Turkey will become of even more importance as a link between formal collective security arrangements of the Western world and the Middle East. Turkey has in fact been playing a leading role in seeking Middle East defense arrangements, particularly expansion of the agreement with Pakistan. A recent step looking toward the development of a northern tier was a statement by Turkey and Iraq on January 13 [12], 1955, of their intention to negotiate a security alliance.

6. Turkey is undergoing one of the most successful social, political and intellectual revolutions of modern times. Turkey desires to become a fully modern state based on western cultural ideas and has been developing democratic forms of government and institutions. From an inefficient, tyrannical and theocratic state, it has reached a point where, in some respects, it can well serve as an example of peaceful evolution for other underdeveloped areas.

7. From FY 1947 through FY 1954 the US expended $704.3 million in military aid to Turkey; from April 1, 1948 through FY 1954 the US expended $262 million in economic and technical assistance to Turkey. With this aid Turkey has undertaken major programs to modernize its military establishment and to develop its economy. Expenditure estimates for the FY 1955 aid program total about $348 million ($258 million military aid; $90.3 million economic and technical assistance).

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9 This agreement, known as the Turco-Pakistani Agreement for Friendly Cooperation, was signed in Karachi. For text, see ibid., p. 185.

10 In October 1951, the United States, France, Britain, and Turkey proposed that Egypt participate in a Middle East Defense Organization plan (MEDO).

11 For text of the Turco-Iraqi communiqué, see Documents (R.I.I.A.) for 1955, p. 286.
8. Although the Turkish armed forces have made great progress, present plans for building up Turkey’s armed forces in accordance with US interests will require continued substantial US assistance over a period of years. During FYs 1950–54 the US allocated one billion dollars for expenditure in those and following years on a program to build up the Turkish Army, Navy and Air Force. In June 1954 the Prime Minister of Turkey submitted a proposal to the Director of FOA for the partial conversion of the Turkish Army by 1958 to modified US Tables of Organization and Equipment along lines desired by NATO planners and the Joint Military Mission for Aid to Turkey. The cost of this partial conversion, estimated by the Joint Military Mission for Aid to Turkey at approximately $800 million, would be additional to the billion dollar program referred to above. By an aide-mémoire dated June 4, 1954, the US Government indicated to the Prime Minister that the US was prepared, subject to certain caveats, for FY 1955 to “increase the presently approved military assistance program by an amount to meet one-fourth of the unfunded US screened requirements of the Turkish armed forces to achieve NATO goals,” but there has been no common agreement between the countries as to the amount and rate of this increase. Nevertheless, the Turks consider that the US Government has made a firm commitment and, based chiefly upon the US-Turkish conversations, have in mind as implicit in the commitment the Joint Military Mission for Aid to Turkey $800 million four-year program. While the qualitative improvement of the Turkish Army along these lines would seem to be desirable from a strictly military point of view, implementation of such a program is open to question at the moment because of the lack of available US funds when global military assistance commitments are taken into account, and because of the impact of such a program on Turkish economy and the questionable ability of the Turkish armed forces to convert to greater mechanization so rapidly.

9. Based on current estimates, the maximum new money which can be made available for the Fiscal Years 1955 and 1956 would be something less than $300 million, and may be substantially lower, as compared with the over $600 million which would be required if the material called for by the $800 million augmentation plan were to be delivered by the end of FY 1958. The Department of Defense estimates that the funds required for the Turkish augmentation program can be found only at the expense of other military or economic assistance programs under already-approved policies, or by supplemental appropriations.

12 Attached as an Annex. [Footnote in the source text. The annex is not printed.]
10. If, however, the proposed augmented program were completed (assuming the US provides the necessary military maintenance dollar costs, which are estimated at $80–100 million per year), the continuing annual cost of maintaining Turkey’s converted forces ($610 million) would be, commencing about CY 1959, about double the total Turkish defense budget of CY 1953 ($366 million). Expenditures of this magnitude by Turkey from her own resources beginning in CY 1959 are unlikely. Consequently, there would be required a considerably higher level of US economic assistance than the $70 million currently programmed. It is estimated that total US aid, military and economic, might run as high as $200 million per year. In connection with the ability of the Turkish armed forces rapidly to absorb an augmented program, there are indications that the Turks will have increasing difficulty in maintaining equipment because of inadequate numbers of trained technical personnel and insufficient warehousing and maintenance facilities, as well as the general low level of experience in logistics management. Correction of these deficiencies will require considerable effort.

11. The Turks have attempted to carry out an economic revolution comparable to their social and political revolution, but their eagerness to modernize the country, combined with their unhesitating acceptance of military force goals suggested for them by NATO and the United States, has brought serious economic difficulties. In the early post-war years considerable economic progress was made and productivity increased substantially, in large part as a result of US aid and a succession of good crop years. However, Turkey has increasingly lived beyond its means; with the result that in the last two years foreign exchange resources have been exhausted, a burdensome external debt has been accumulated, and inflation has developed internally. Imports have been stimulated by foreign firms seeking markets, by importers’ hopes for quick profits spurred by the rising price level, and under the assumption that there would be a continuing US support of the Turkish economy. By and large, exports are no longer competitive in world markets, domestic private capital can no longer be successfully channeled into the most productive uses, and foreign investors are now unwilling to risk much long-term capital in Turkey, even though the Government has passed legislation highly favorable to private enterprise and foreign capital. In the last six months Turkey’s situation has been aggravated still further by a serious crop failure which has compelled Turkey, recently an exporter of wheat, to import cereals. At the same time,

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13 These figures represent Turkish lira expenditures converted into dollars at the official rate of 2.8 to $1. The current free market rate is about 6.8 to $1. [Footnote in the source text.]
European suppliers are becoming less anxious to extend further commercial credits. Thus, the time appears to be approaching when Turkish imports may decline as suppliers cease to ship until paid in cash.

12. The restoration of economic stability in Turkey and the maintenance of a sound economic development program will require either curtailment of the total rate of investment or the level of military expenditures, or both, unless the gap is met by additional aid from abroad. Most, if not all, of the adjustment needed to restore stability at the present level of US military and economic aid and the present level of Turkish defense spending could be obtained through fiscal and financial measures which would reduce investment and curtail credit but still allow a reasonable rate of economic progress. The problem is that the Turkish Government, while it has made some gestures in the direction of controlling inflationary pressures, has been reluctant to recognize the seriousness of the situation and to accept reasonable limitations on the rate of economic development. The Turkish Government has already turned to the United States in an attempt to obtain additional aid, and Turkish officials have taken the position that the US is committed to extend Turkey a $300 million loan. The US has made no such commitment. In this situation we must expect continued difficulty in persuading the Turkish Government to take the necessary actions. In view of Turkey's special position as a staunch ally which has consistently withstood Soviet threats, the US must consider carefully the effect of pressures and actions that would offend Turkish pride and adversely affect this basic US-Turkish relationship.

Objectives

13. a. Continuance of Turkey's independence, territorial integrity, identification with the free world, and will and ability to resist Communist invasion or subversion.

b. Turkish armed forces capable of repelling attack by a Soviet satellite or of providing maximum practical resistance to direct Soviet attack as part of a concerted allied defense.

c. Access by the United States and its allies to Turkish resources and military facilities necessary for the preservation and further strengthening of the free world.

d. Continued Turkish cooperation in NATO and in strengthening free world regional security arrangements in the Balkans and

14 New crises could be expected to develop even with increased aid unless the Turkish Government applied more restraint than it has been willing to apply up to this time in the field of credit and investment. [Footnote in the source text.]
furthering the development of such arrangements in the Middle and Near East.

e. Improved relations between Turkey and the Arab States.
f. Achievement of a stable Turkish economy which, with maximum Turkish efforts, can support an increasingly greater share of its defense expenditures, while maintaining investment outlays at realistic levels.

Courses of Action

14. Encourage such continued development of democratic ideas and institutions in Turkey as would help to insure Turkey's identification of interest with the western European and other free nations of the world.

15. Cooperate with Turkey as a full and equal member of the western European alliance of free peoples.

16. Encourage Turkey to participate in appropriate regional security agreements, so as to bring selected neighboring states into regional defense pacts aimed at resisting communist penetration of the area. Such agreements should provide for (a) integrated Southeastern European defense, (b) extension of security planning to include not only Pakistan, but also other selected states to the south and east of Turkey whose participation would be important to the defense of the Middle East and South Asia.

17. Continue a program of substantial military aid to Turkey which, when coupled with maximum Turkish effort, will serve the following military objectives:

   a. To implement existing military facilities agreements and assure the availability of Turkish facilities to the US and its allies in case of hostilities.
   b. In accordance with NATO-approved goals as accepted by the US, to achieve and maintain Turkish forces in a state of combat readiness, in order to be able to repel an attack by a Soviet satellite or to provide maximum practical resistance to direct Soviet attack as part of a concerted allied defense.

18. Reassess, in connection with the semi-annual reviews of military assistance programs called for by NSC 5434/1:

   a. Financial and force level implications for Turkey arising from its growing network of security arrangements.
   b. The resulting effect on US support for Turkey.

19. Expedite, in so far as practicable, deliveries under the FY 1950–1954 military assistance program in accordance with the US commitment to Turkey.
20. With respect to the commitment made by the US to Turkey for FY 1955:  

a. Determine by April 1, 1955, as part of the review of military assistance programs called for by NSC 5434/1, the nature of such commitment and action with respect thereto in the common interests of both countries, taking into consideration:

   (1) The amount of mutual security funds and equipment that can be made available without seriously affecting other country programs.
   (2) The extent of the ability of the Turkish armed forces to absorb the increased military assistance.
   (3) The necessity for not seriously harming the Turkish economy.

b. Further action on such four-year program should be subject to a reassessment based on the combined US–UK–Turkey military staff talks and on the USRO (Holcombe) study now in preparation.  

21. As an exception pursuant to NSC 5501, para. 55–b, be prepared to purchase from Turkey chrome for long-term strategic stockpile as part of a program to assist Turkey to meet its minimum essential civilian and military requirements.

22. a. In dealing with the impending economic crisis, rely primarily upon Turkey’s taking the necessary fiscal and financial measures, and in particular to limit the rate of its economic development to that consistent with a viable economy.

b. Pending the completion of the studies now underway, continue to provide economic and technical assistance at approximately existing levels, but do not agree under present circumstances to extend a long-term loan to Turkey.

c. Upon determination of the extent of US military assistance pursuant to para. 20 above and upon adoption by Turkey of the necessary fiscal and financial measures (subpara. a above), provide economic assistance based on the amount required to permit Turkey to fulfill its military program as approved by the US, while still allowing Turkey to carry out a reasonable economic development program.

23. Continue to encourage Turkey to improve the climate for investment in Turkey of both foreign and domestic private capital.

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15 See paragraph 8 above and the aide-mémoire of June 4, 1954, attached as an Annex. [Footnote in the source text.]
16 Reference is to a report prepared by a team headed by John L. Holcombe of the Department of Defense and including European representatives of US agencies, dealing with Turkish defense requirements and capabilities. Dated May 22, the report has not been found.
24. Extend appropriate encouragement to Turkey in its efforts to exert such influence in the Arab world as might eventually have a stabilizing influence on the Arab States.

[Here follow Annex A, a copy of the Aide-Mémoire of June 4, 1954; a Financial Appendix; and a Staff Study comprising two parts: Part I, "The Strategic Importance of Turkey," and Part II, "Economic Problems and Prospects."]

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321. Memorandum From the Deputy Under Secretary of State for Political Affairs (Murphy) to the Chairman of the Joint Chiefs of Staff (Radford) ¹


SUBJECT

Economic Situation in Turkey

As you know, we have for some time been concerned over the deteriorating economic situation in Turkey which, if allowed to continue, will, we believe, jeopardize the economic stability which is so necessary to the attainment of investment and defense goals in Turkey.

In an effort, therefore, to assist the Turkish Government in improving its economic and financial position, this Government readily acceded to a proposal by Turkish Deputy Prime Minister Zorlu that a Turkish-United States Economic Consultative Group be constituted in Turkey to survey the situation as a basis for determination of future policy. Simultaneously an Interagency Committee on Turkish Economic Problems, composed of representatives from the Departments of Defense, Treasury, and State and FOA, was established in Washington to develop policy guidance for the US representatives on the Ankara committee. ² In accordance with instructions from Washington, Turkish officials were informed that it was anticipated that the US-Turkish consultations would proceed

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¹ Source: Department of State, Central Files, 882.00/3-155. Secret. Drafted by Snyder on March 11. An identical memorandum was sent to Robert B. Anderson, Secretary of Defense. None of the tabs was found attached to the source text and none is printed.

² In accordance with a decision made by Hoover on January 12, an Interagency Committee on Turkish Economic Problems was established in Washington to formulate policy guidance for the Joint Turkish-US Consultative Group, which recently had been established in Ankara.
within the context of the availability of present resources and that no increase in the level of US assistance was contemplated (Tab A). 3

Turkish Prime Minister Menderes reacted violently when he was informed of this US limitation on the discussions, stating that, given this premise, they could result only in a suggestion to retrench on investments and/or defense, neither of which he would consider. The Prime Minister subsequently agreed, however, that the proposed consultations were necessary and, despite continued bitterness over the “imperious approach”, the Turks have decided to begin the formal discussions (Tab B). 4

Mr. Hoover has requested that I send you the foregoing information as well as a copy of a memorandum of March 2, 1955 (Tab C), 5 transmitting to him a report of the work of the Washington Interagency Committee (Tab D).

Robert Murphy 6

3 Telegram 959 to Ankara, February 16. (Department of State, Central Files, 882.00/2-755)
4 Telegram 986 from Ankara, March 1, reported Menderes’ reaction to the US limitation. (Ibid, 882.00/3-155)
5 Tab C was a memorandum from Waugh to Hoover, March 2. (Ibid.)
6 Printed from a copy that bears this typed signature.

322. Telegram From the Embassy in Turkey to the Department of State 1

Ankara, April 1, 1955—4 p.m.

1173. Re Embtel 1170, April 1. 2 There is so much sleight-of-hand going on in Mid-East at present, it is hard to keep the eye on the ball. Frankly, I feel our Turkish friends have demonstrated they have rather clearer eye-sight than some of the rest of us. I cannot avoid feeling we are letting them down badly—and against our own interest. “Northern Tier” is our concept, and in my mind, a sound one—not likely to add great material strength to free world military

1 Source: Department of State, Central Files, 682.87/4–155. Secret; Priority.
2 In telegram 1170, the Embassy in Ankara reported the substance of a meeting with Nuri Birgi to discuss developments in the Middle East. Birgi, who had called on Menderes’ instructions, indicated that the Prime Minister believed that the “weight of maneuvers and attacks” against the Northern Tier defense concept was coming not only from the Arabs, but from the French and the Israelis. The attacks, Birgi continued, “are really getting to be too much for Turco-Iraqis shoulders alone.” (Ibid.)
capabilities in the near future, but contributing (as one can judge by Moscow's violent opposition) an immediately powerful deterrent. I fear that such assurances as were given the Egyptian Ambassador in Washington (Embtel [Deple] 1230, March 30) seriously undercuts the position we have encouraged the Turks to take by our support of the Turco-Pakistani and Turco-Iraqi pacts; and that it may prolong the life of a Syrian Government hostile to us, encourage the Egyptians in a neutralist, if not actively anti-western course, and long delay the construction of a Middle East barricade deterring Soviet designs. I hope the desk will give prompt consideration to the Prime Minister's observations reported in reference telegram and give me a positive reply for him.

Warren

3 In telegram 1230, March 29, the Department informed the Egyptian Ambassador that the United States was not trying to prevent an Egyptian pact with the Syrians and the Saudis, although it indicated that the American people would favor a Turco-Iraqi pact directed against a "communist menace", rather than a Syrian-Saudi-Egyptian pact, which might have "other objectives". The Department also suggested that Nasser might wish to consider a defense arrangement that might include Turkey and Iraq. Warren was also informed that the United States favored the preservation of the status quo regarding the adherence of additional Arab States to the Turco-Iraqi pact. (Ibid., 682.87/3-3055)


5 In telegram 1252, April 2, the Department asked Warren to assure the Turkish Government that the United States "strongly supports" the Turco-Iraqi Pact, but that it continued to doubt the desirability of applying pressure on Iran to join the pact. Nor did the Department feel that the time was right for US adherence to the pact. (Department of State, Central Files, 682.87/4-155)

323. Telegram From the Embassy in Turkey to the Department of State

Ankara, April 21, 1955—4 a.m.

1289. I took leave last night of Prime Minister Menderes, in one of grimmest interviews in my career. I felt it desirable to reiterate Department's cautions on prospects any increased aid or loans, and

1 Source: Department of State, Central Files, 882.00/4-2155. Secret. Repeated to Paris Topol.
mentioned we entertained some serious misgivings as to some of Turk's assumptions and estimates, and as to economic policies involving danger of uncontrolled inflation. This led to outburst which, while in general tone "more in sorrow than in anger," was characterized by bitterness and by an intensity of conviction and determination beyond description. Following are highlights, which I shall try to fill in on my return: 2

1. Common interests and attitudes of Turkey and United States and resultant friendship must and would go on "forever," and would survive even refusal of aid.

2. Military aid was not in question. 3 This is invaluable. Even if Turkey had money, she could not procure indispensable material being provided. For this, he could only say profound thanks. At same time, he trusted Turkish armament served common purpose.

3. However, in economic field, United States was alone in being unwilling to extend credit to Turkey. Even "poor" Yugoslavia, Austria and Greece were doing so, in addition to stronger powers like England, Germany and France.

4. He had heard nothing but criticism and cries of inflation from Americans since he had been in office. In 1952 when Turkey had sought some special help in insignificant sum of $12 million, Draper, afraid to come himself, had sent Paul Porter to give him disaster line. Porter had predicted financial collapse within a year and no help had been forthcoming.

5. There is, in fact, Menderes said, no significant inflation in Turkey and no danger of any. Indeed, if Turkey had had bumper crop last year instead of failure, he would not be seeking help now and be in present position listening to our doubts.

6. What did we want him to do? What did we want him to change? Did we want him to stop productive projects, already 98 percent paid for, for lack of the remaining 2 percent? He could not do so. He would find the 2 percent somewhere. Did we expect him to turn down foreign offers of investment which would improve the productive capacity of the country and the standard of living of the people? He was not prepared to do so. Why should he take two

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2 Warren was returning to the Department for consultation.

3 On April 21, at the 245th meeting of the NSC, Robert Anderson raised the question of Turkey during a discussion of military assistance programs:

"With respect to Turkey, Secretary Anderson indicated that the Department of Defense was in a position to make available $180 million worth of military assistance to Turkey for FY 1955 to meet our commitment to that country. On the other hand, he believed that these funds should not actually be made available to the Turks until receipt of the views of the high-level mission to Turkey, which would attempt to reach conclusions as to the capacity of the Turkish economy to absorb this amount of US assistance without disastrous repercussions." (Eisenhower Library, Whitman File, NSC Records)
years to do things terribly needed in Turkey, which could and should be done in one?

7. The logical conclusion of our approach would be that since we cannot change his policy, we would have to change the government. Did we want Turkey to become another Syria? He feared we had no realization of the importance of Turkey vis-à-vis the Soviet Union of the essentiality of continued political stability in this critical spot.

8. He was beginning to feel that it would be better just to drop the whole matter. Turkey could get along and would confound our predictions. He was sure our refusal to help Turkey in her time of need would long remain to trouble our conscience.

Message Unsigned

324. Memorandum of a Conversation, Department of State, Washington, May 18, 1955

SUBJECT

Interdepartmental Meeting on Turkish Economic Problem

PARTICIPANTS

Treasury:
Mr. Andrew N. Overby—Assistant Secretary
Mr. C. Dillon Glendinning—Deputy Director, Office of International Finance

Defense:
Mr. H. Struve Hensel—Assistant Secretary, International Security Affairs
Mr. Charles A. Sullivan—Chief of Policy Division

FOA:
Mr. D.A. FitzGerald—Deputy Director for Operations
Mr. Cedric Seager—Director of NEA Division
General William E. Riley

1 Source: Department of State, Central Files, 882.00/5–1855. Confidential. Drafted by Brewster on May 23.
2 Deputy Director for Management, Foreign Operations Administration.
State:
NEA—Mr. George V. Allen, Chairman
NEA—Mr. William O. Baxter
NEA—Mr. Francis F. Lincoln
NEA—Mr. H. Daniel Brewster
FN—Mr. John Parke Young
Miss Matilda Milne

Mr. Allen opened the meeting stating that Mr. Hoover had expected to attend this meeting on the Turkish problem but, unfortunately, had had to leave for the West Coast a few hours earlier. He explained that Mr. Zorlu had arrived in Washington Tuesday afternoon and would be available Thursday, Friday, and Saturday morning for meetings with representatives of the Department of State and other agencies. He then called on Mr. Young to make a brief summary presentation of the conclusions of the Inter-Agency Committee on Turkish Economic Problems.

Mr. Young referred to a secret document, prepared by the Committee, on "US Aid to Turkey", dated May 17, 1955, which had been circulated to all those present and called attention especially to the summary, the conclusions on Page 2 of the document, as well as the measures needed to achieve economic and financial stability, noting specifically the points covered on Page 6. The general areas in which reforms were needed, he pointed out, were: (1) qualitative and quantitative control by the Central Bank over credit; (2) bringing the over-all budget into approximate balance, including expenditures for State enterprises; (3) measures to expand the export of Turkish products and to improve "the competitive position of Turkish exports on the world market" (This point, he explained, was a subtle way of referring to devaluation.); and (4) eventual elimination of control of imports and foreign exchange.

Mr. Young then explained that he had discussed the aforementioned points informally with International Monetary Fund representatives who agreed with them. He had also learned that the I.M.F. expects to send a mission of experts to Turkey on June 2, and Mr. Merle Cochran, who will head the mission, will arrive in Turkey on June 16 for a stay of ten days or so.

In opening the discussion, Mr. Overby stated that the problem before the group as he saw it was to determine what defense forces we want the Turks to maintain and how much we are willing to pay for them. Also, can that amount be found in the Defense Depart-

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4 In January 1955, a US Intergency Committee on Turkish Economic Problems, composed of representatives of the Departments of State, the Treasury, and Defense held its first meeting. The report is not further identified.
ment budget? This was a problem he considered primarily a Defense Department responsibility. He did not think the Turks would, for political reasons, be prepared to cut back their development program. In response to a question from Mr. Allen, he stated that he did not believe a loan in any traditional sense was a good or wise, or even a desirable, solution. The Turkish defense problem will go on for years and it would be a disservice to give them a loan. He wished to emphasize particularly that we do not want to bail out Turkey's short-term European creditors. Any aid we give should be closely associated with Turkey's defense effort. He indicated that after we decide how much aid we will give them for defense, the Turks will have to negotiate whatever extensions are necessary with their European creditors.

Mr. Allen pointed out that the Department's interest in extending extraordinary aid to Turkey was based on the Turkish military posture as the eastern anchor of NATO and a pivotal country in Middle East defense arrangements. It was Mr. Allen's understanding that a reduction in the numbers of the Turkish Army would not greatly reduce their defense budget and would not extricate them from their present serious troubles. Mr. Hensel picked up this theme and noted that 1954 actual figures (shown on Table 1 of Mr. Young's paper) indicated that total defense expenditures ran 912 million Turkish liras, whereas the total amount devoted to investment (in the economy, not limited to government expenditures) was 2,236 million liras. He, for one, was most anxious to wait for the Holcombe Study with its analysis of what the Turkish economy could support. He, in principle, did not believe the US could go on indefinitely supporting forces beyond the means of the country. As concerns the expenditures associated with the proposed additional 800 million dollars end-item program referred to in the Young report, he noted that the Joint Chiefs of Staff had never given that "commitment" its entire blessing, and there was considerable doubt in the Defense Department as to whether Turkey could effectively operate a "modernized" army equipped with this additional material.

When Mr. Allen asked whether the US Government had recommended devaluation to any other countries in so many words, it was pointed out that this step had been taken in a few cases such as Korea, but that usually such advice was given in a veiled way by pointing out that the country was "over-importing and under-exporting". Mr. Young warned against the US having to take the blame publicly for devaluation, especially in the light of the strong Turkish Government stand on this issue.

Mr. FitzGerald said that his answer to the question of where the money to aid Turkey is to come from, is that he does not know unless Congress is asked for a supplemental appropriation. Mr.
Overby said he felt such a request would be unwise. Mr. FitzGerald then pointed to the very real short-term problems, such as payment for oil imports, and the slow-down in certain manufacturing and processing industries due to a lack of imported raw materials. Mr. Baxter, at this point, stated that Socony, he had just heard, had been given oral assurances that a confirmed letter of credit would be opened by the end of May for June shipments. Mr. FitzGerald then stated that on the longer pull he was fairly pessimistic about the adequacy of the estimates of both the Embassy and the Young Committee unless there were substantial cuts in the defense and investment programs. He considered the price tag for economic aid to carry on both programs at present levels might be between 800 million and a billion dollars over five years.

A brief discussion took place about the excellent results achieved in Greece following a sharp devaluation preceded by an effective economic stabilization program. Broad aspects of devaluation, investment and hoarding were also touched upon.

Mr. Hensel then reiterated that none of the conditional commitment made last June for one-quarter of the 800 million dollars in hardware had as yet been met, and that in the 1.4 billion military aid program for Fiscal Year 1956 there was no additional money earmarked for Turkey. It was always possible to find money within the program for the most pressing military problems, but this always had to be done at the expense of other country programs. Mr. Overby stated that it was really a question of the priority to be given Turkey. He then asked if the Turks had been informed that a $300 million loan was not in the cards. Mr. Allen replied "no" . . .

Mr. Allen then asked whether the US Government was trying to get the Turks to cut their investment program because such a cut will be beneficial or because we are trying to find an excuse to refuse aid. Mr. Hensel replied we could find the money if it would help but without a stable economy, more aid would just be swallowed in the whirlpool. Mr. Hensel continued that Turkish force goals are illusory if the Turkish economy is not able to support the defense establishment planned. It would be in an unsound military position unless supported for the most part by the country's own resources. At this point Mr. Baxter noted that in the cases of both Greece and Turkey it had always been the US Government's understanding that we expected to have to supply end item aid and spare parts over a considerable period of time to maintain the desired level of forces.

Mr. Hensel also commented that Turks have seen this economic crisis coming on for some time and he felt that it was quite proper for the Department of State to be frank with the Turks. At that point Mr. Hensel raised the question of an adjustment in the
exchange rate and placing US personnel abroad on a gold payment basis. This problem, if raised by Mr. Allen, he thought might be an indirect hint to Mr. Zorlu of a need for devaluation. In response to a question as to what the Embassy’s views were on this problem, Miss Milne said that latest information was that the Embassy, MAAG and USOM/T did not feel the Turkish Government should be approached on this question at present, but that it should be settled only as a part of an across-the-board exchange rate change.

Mr. Allen then raised the question as to what tactics should be followed in case Mr. Zorlu agreed to our “conditions” concerning a modification of the investment program, a tightening up of credit, balancing of the over-all budget, control of imports, and possibly even devaluation. Should we, in response to his request for a loan on this basis, meet a request for perhaps $80 million to meet the immediate crisis? Mr. Hensel believed that if the Turkish Government was prepared to meet the conditions, and adequate assurances could be given to the US Government concerning their sincerity, we should say that we would use our best efforts to obtain additional aid for them. We would have to so space this aid that it would depend on Turkish performance. . . . Mr. Hensel stated that he would help if we can get the right commitments.

At this point, discussion took place about the “high-level mission to Turkey” and Mr. Hensel and Mr. Overby both questioned the desirability of such a mission. Mr. Overby believed that the decision on this matter had to be made in Washington and that the Turks know what to do as far as economic measures are concerned and will do it when they have learned that they will get only X amount of money and no more from the US. He again stressed that the US should make it clear that we will give no aid to bail them out with their European creditors. The group agreed that any financial stabilization program must include a provision that the Turks must fund their current short-term debts. In response to a question from Mr. Allen as to whether any additional aid should be handled through the present machinery in Ankara or by a special group, it was the consensus that the present team in Ankara, strengthened by the necessary additional technicians, could best do the work.

Mr. Allen then asked what his line should be with the oil companies if they threatened to discontinue oil shipments to Turkey. It was generally felt that State should take a firm line on this problem and inform the oil companies, if they inquire, that it was entirely their decision to make as to whether oil should be shipped to Turkey beyond what the Turks could pay for, and that their decision should be based on purely commercial reasons. Mr. Hensel agreed.
Mr. Allen proposed that very much the same group meet with Mr. Zorlu at one of the meetings scheduled before Mr. Zorlu's departure. It was considered best to have Mr. Allen and State representatives meet with Mr. Zorlu at a first meeting and that the remainder of the committee would be on call for a further meeting if Mr. Allen considered it desirable.

In a brief discussion as to the desirability of requesting Congress for additional aid to Turkey, it was considered that it would be undesirable because the presentation on the aid legislation is now well under way . . . . Mr. FitzGerald and Mr. Overby considered that aid in grant form was preferable to a "hard" loan. There was then some discussion of the possibility of some form of "soft loan".

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325. Telegram From the Department of State to the Embassy in Turkey

Washington, May 21, 1955—2:21 p.m.

1509. Assistant Secretary Allen and other Department representatives held first meeting with Zorlu and Esenbel May 19. 2

Zorlu made clear his main purpose in coming United States at this time was to discuss loan and he prepared to stay as long as necessary. He repeated well known Turkish arguments previously presented in Ankara Consultative Group meetings and Turkish memorandum. Turks fully aware their economic plight and do not want to find themselves in same situation again. He convinced that if requested aid extended Turkey could bring its economic situation into balance within few years. He believed problem simple one, i.e. United States must make decision in principle as to whether or not it prepared help Turkey.

Allen stated record clearly showed years of United States assistance to Turkey. Normal military and economic aid will continue and United States policy toward Turkey unchanged. As for loan request, careful study being given by all interested Washington agencies to Turkish memorandum and report developed by United States members Ankara Group. Holcombe report still missing element but

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1 Source: Department of State, Central Files, 882.10/5-2155. Confidential. Drafted by Brewster, Baxter, and Snyder and signed by Allen for the Secretary of State.

2 The full record of the meeting is in a memorandum of conversation by Brewster, May 19. (Ibid., 882.00/5-1955)
expected next week. United States Government position, Allen explained, still same as outlined to Esenbel April 27 (Deptl 1396). United States not convinced Turkey has yet taken measures aimed at stabilization its economy and controlling inflation and therefore believes present economic difficulties are not of temporary nature susceptible correction by large cash loan. In any event United States Executive not prepared support extraordinary loan request before Congress.

As difference of opinion existed whether measures already taken by Turkey adequate prevent serious recurring financial difficulties, Allen suggested meeting following morning for discussion specific issues with working level representatives all interested United States agencies.

Zorlu agreed and concluded with plea for serious consideration political aspects of question as purely budgetary approach could jeopardize Turkey's future.

At meeting May 20 with Defense FOA and Treasury representatives present Allen informed Zorlu he wished make clear no hope for United States loan magnitude $300 million. If any loan forthcoming it would be much smaller, but any extension credit would depend entirely on United States evaluation Turkish plans for creation proper climate of economic stability. He reiterated deep concern over inflationary trends in Turkey and over-ambitious long-range investment projects.

Zorlu repeated theme immediate remedy was $300 million after which further study could be given Turkish projections and future plans. Smaller loan would only be half measure. Said he recognized there is inflation in Turkey and Turks prepared to take corrective steps, but receipt of loan basic.

In reply specific question re subsequent lifting credit restrictions initiated last July, Zorlu attributed relaxation to wheat failure which created immediate imbalance of 300 million Turkish liras. Moreover, credit restrictions created bankruptcy threat many businesses. Zorlu added application 13% GNP to investment did not appear abnormal.

State representatives expressed appreciation Turkish potential but commented inflation core of present problem and high prices and costs making Turk exports noncompetitive. Zorlu countered price issue not primary in intra-European trade. In response Treasury query Zorlu gave assurances United States loan would not be used pay European debts.

3 Dated April 28. (Ibid., 882.00/4–2855)
4 A record of the May 20 meeting is Ibid., 882.00/5–2055.
Turkey 639

Zorlu and Allen then left meeting to see Secretary and Hoover. Secretary opened and closed discussion with warm expression appreciation excellent work of Turks at Bandung. Re Turkish economic situation he said both Turkey and United States want to see sound Turkish economy on which to base strong Turkish army. However $300 million loan far exceeded any amount that might be considered. If any additional aid proved feasible amount would be far less. Secretary stressed that prerequisite to any additional aid would be United States satisfaction that present difficulties not of recurring nature. Zorlu assured Secretary “Draconian” measures would be taken to meet emergency.

Dulles

5 According to Dulles’ Appointment Book, the Secretary met with Zorlu, Allen, and Hoover in the latter’s office from 12:36 to 12:50 p.m. (Princeton University) No memorandum of conversation of the meeting has been found.

6 In a May 19 memorandum for the record, Hoover reported on his conversation that afternoon with Robert Anderson, regarding the talks with Zorlu. According to Hoover, Anderson had discussed the question of Turkish aid with Wilson, Hensel, and Radford and all had agreed that a “firm approach” to Zorlu was required. All reportedly agreed that an “eventual showdown” was unavoidable and believed that it would be better if it occurred now than in the future when the situation might have deteriorated further. (Department of State, Central Files, 882.00/5-1955)

326. Memorandum of a Conversation, Department of State, Washington, May 21, 1955

SUBJECT

Turkish Loan Request

PARTICIPANTS

Mr. Zorlu, Deputy Prime Minister of Turkey
Mr. Esenbel, Turkish Foreign Office
Mr. Allen, Assistant Secretary, NEA
Mr. Baxter, Director, GTI

Mr. Zorlu asked to see Mr. Allen for a private discussion without the presence of a large working group.

Mr. Zorlu opened the conversation by expressing the strong hope that we would avoid any inter-relation between consideration

1 Source: Department of State, Central Files, 882.00/5-2155. Confidential. Drafted by Baxter on May 24.
of Turkey's loan request and the forthcoming mission to Turkey of the International Monetary Fund. The IMF group would go out in June; it would spend several weeks in Turkey; then it would prepare a report. This whole process might take several months, and the situation in Turkey called for immediate action, as the next few weeks were crucial. Furthermore, the IMF visit was a routine annual affair and should be kept separate from the need for extraordinary assistance. Mr. Zorlu felt that we were not making much progress and wondered just what procedure Mr. Allen would suggest for reaching a quick decision.

Mr. Allen regretted the necessity to agree with Mr. Zorlu that we weren't making much progress. There appeared to be a fundamental difference of opinion between the Turkish Government and the United States Government as to the nature of the present economic crisis in Turkey and the methods by which it might be improved. As Mr. Zorlu had heard personally from the Secretary the day before, the figure of $300 million was far in excess of anything which the United States could do, and, if extraordinary assistance in a lesser amount should prove feasible, it would have to be coupled with additional measures taken by the Turkish Government to insure that the present situation would not recur year after year.

Mr. Zorlu said he thought there should be some way to get out of the vicious circle of talks on the technical level. He believed that many of the technicians were too theoretical and tried to follow text-books without knowing the realities of European trade or of the particularities of Turkish economy. They all made a great issue of inflation, without understanding that there was no inflation in the usual sense of the word in Turkey, where 85 percent of the population had very little cash income and where importers' goods represented only 5 percent of the outlay of the average Turkish peasant. The technicians also talked as if Turkey were expanding its investment program, whereas it was in fact only finishing projects already started and had no intention of starting new ones. He believed too much emphasis had been given to our differences of opinion instead of to the large areas of agreement. The Turkish Government realized that it must try to get a balanced budget and was working to that end; it was also carrying out necessary credit policies and intended to slow down the rate of development in the future. Details on all of these matters could be worked out satisfactorily, he felt sure, but the first important thing to do was to establish the amount of the loan which the United States could make and then discuss how matters could be worked out. If the United States felt it could not extend a loan of $300 million, it certainly must have some figure in mind which it was prepared to make available. If the Turkish Government could know what
amount the United States had in mind, it could then decide what measures it must take.

Mr. Allen said that, if Mr. Zorlu wanted to know the answer as to what amount the United States could make available at this time and in the present circumstances, he must answer frankly that the answer was none. Mr. Allen explained that, though he had done most of the talking with Zorlu, he thought he had reflected accurately the view of other agencies—which is that any extraordinary aid we might find available would have to be accompanied by extraordinary measures instituted by the Turkish Government to get its economy on a sounder basis.

At this point Mr. Zorlu said that, if this was the answer, he would have to tell his Government that the United States would not help Turkey in its time of need.

Mr. Allen said that, though it was Mr. Zorlu's privilege to report to his Government in any fashion he saw fit, he believed Mr. Zorlu would be making a mistake if he gave the impression that the United States was not interested in the future of Turkey or in helping Turkey as much as it could. The United States attaches great importance to the close and friendly relations between our two countries and is eager, as is Turkey, for Turkey to be strengthened in every way to play a major role in the area and in the defense of the free world. However, there is an honest difference of opinion as to how that strength may be achieved. We are not convinced that the remedy proposed by the Turkish Government is the one which will achieve the desired results, and, as the Turkish Government is asking United States assistance, it is unfortunately up to the Turkish Government to convince us that its policies are those which in our opinion will overcome the present economic difficulties and not allow them to become a chronic element in Turkish economic life.

Mr. Zorlu stated vehemently that the aid problem had always been kept separate from the broader and more important relationships between the two countries. No matter what the United States decision might be on the loan request, it would not be permitted to jeopardize cordial United States-Turkish relations, nor would Turkey reduce its defense effort, which it maintained for its own security as well as for the contribution it could make to NATO and the free world. He believed, however, that the United States would not be acting in its own best interests if it made a decision which would weaken a country so important to the free world and to United States objectives as is Turkey.

Mr. Allen asked if he were correct in inferring that the Turkish Government felt that its present economic difficulties were in large measure due to bad luck, specifically the crop failure of a year ago. When Mr. Zorlu indicated the essential accuracy of this statement,
Mr. Allen said that he feared the United States view was that Turkey could have taken steps which would have prepared it to be in a stronger position to meet such natural disasters, and that measures had not yet been taken which would prevent the present difficulties from recurring. Therefore, to answer Mr. Zorlu’s question as to what size of loan might be feasible, he must state frankly that, in the circumstances, he could see no source for any funds.

In referring several times to measures which the Turkish Government would take to improve the economic situation, Mr. Zorlu had taken the position that those could not be decided upon or usefully discussed until the size of the United States loan was known; otherwise, the Turkish Government would not have the basis on which to determine what steps should be taken and how drastic they should be. However, Mr. Esenbel had indicated that Mr. Zorlu would be willing to discuss those measures with a small group of high American officials, but, of course, because of their delicate nature, he could not be expected to talk them over with a large working group. It was, therefore, agreed at the close of the conversation that a meeting would be arranged early next week at which Mr. Zorlu could discuss such questions with Mr. Allen, Mr. Hensel, Mr. Overby, and Dr. FitzGerald. Mr. Allen pointed out that Mr. Hensel might not wish to say too much at that time, as his views would necessarily be dependent on the Holcombe report, which will not be received in Washington until the latter part of next week.

Throughout the conversation Mr. Zorlu frequently referred to the fact that FOA funds and credits from the Exim Bank, by being tied to specific projects, had the effect of pushing Turkey toward further development. Such sources of assistance were not required in the present situation. What the Turkish Government really needed was a cash loan (fonds de manoeuvre) with which to establish a stable import program.  

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2 In telegram 1522, May 26, the Department transmitted a report on Allen’s meeting with Zorlu to the Embassy in Ankara. (Ibid., 882.10/5-2655)
Memorandum From the Director of the Office of Greek, Turkish, and Iranian Affairs (Baxter) to the Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Allen) 1

Washington, May 25, 1955. 2

The vague uneasiness which yesterday’s meeting 3 raised in my mind was greatly increased by a call from Esenbel late last night. He said he wanted to see you urgently today (without Zorlu) preferably in the morning to discuss with you the “impressions” created by yesterday’s discussions. It was fairly evident that he had had a stormy postmortem session with Zorlu and that he hoped, by seeing you, to prevent an impasse—as he had tried to do yesterday when he pointed out that we should give serious consideration to the list of measures planned by the Turkish Government and which we had not heard of before.


Yesterday in talking to Erkin 4 the Secretary was unstinting in his praise of Turkey; its brave stand on defense in a perilous advanced position was an inspiration to the rest of the world. When we go to the Hill on defense matters, the Secretary said, Turkey is our No. 1 exhibit. Probably Turkey has been foolish and over-ambitious in offering to carry a much larger defense burden than it should support, but in general we and Nato have eagerly accepted their proffers and shouted “stout fellow.” And Turkey might say, with some justification, that its efforts in another direction have made a start on Middle East defense arrangements—where the combined efforts of the US, the UK, and France failed miserably. Turkey is looked upon as our chosen vessel. If it falls flat on its face

1 Source: Department of State, Central Files, 611.82/5-555.
2 A notation on the source text indicates that the memorandum was dated May 5. Baxter’s own notation indicates that the memorandum was written on “Wednesday morning”. Other indications in the source text, however, particularly Baxter’s reference to Dulles’ meeting with outgoing Turkish Ambassador Feridun Erkin, suggest that the memorandum was written on Wednesday, May 25.
3 On May 24, representatives of the Departments of State, Defense, and the Treasury met with Zorlu to discuss the economic situation in Turkey. During the meeting, Zorlu presented a list of proposed economic measures that the Turkish Government was prepared to implement. A record of the interagency meeting of May 24 and Zorlu’s list are in Department of State, Central File 882.00/5-2455. In telegram 1529 to Ankara, May 27, the Department transmitted a report on the May 24 meeting. (Ibid., 882.10/5-2755)
4 Erkin made a farewell call prior to assuming his new post at Madrid. (Memorandum of conversation, May 24; Ibid., 782.00/5-2455)
(and it makes no difference whether the US is “letting Turkey go bankrupt” or whether Turkey is going bankrupt because of its own bad management), other countries, particularly those of the Middle East, will wonder just how much US support is worth. . . .

I think we should face up to the fact that Turkey is going to cost us considerably more for the next few years than we had thought. Instead of trying to decide on the magnitude of an “accommodation,” should we not agree internally that our regular aid be increased and then, by sitting down with the Turkish and figuring out their requirements for the next two or three months, say, and then for the next six months or so, get them to institute the drastic measures we think necessary in direct connection with the release of funds for specific obligations. (I’m getting fuzzy here, but I think some of our qualified people in Treasury, the Department and FOA could spell out a program.)

Sorry for the early morning aberration, but this problem has been keeping me awake of nights. It’s one that has to be solved, not by-passed, and I can’t yet see the way through it.

WOB

328. Telegram From the Embassy in Turkey to the Department of State

Ankara, June 7, 1955—noon.

1519. Last Sunday night Istanbul when I was arranging with Prime Minister for release four American airmen still under charges of desecration of Turkish flag on Turkish Independence Day at Izmir, I inquired concerning the progress of Zorlu’s conversations in Washington. I had not then seen the Department’s memoranda of conversations of May 18, 19, 20 and 21. The Prime Minister was depressed.

He said that there was no positive reaction from any of the American officials to the suggestions Zorlu advanced for putting the

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1 Source: Department of State, Central Files, 882.00/6-755. Secret.
2 See Documents 325 and 326. The reference to a conversation of May 18 is not clear as Document 325 indicates that the first meeting was on May 19.
Turkish financial and economic house in order. I ventured that the study of the Holcombe report was not yet completed in Washington and that in my opinion the American position on what might be done with Turkey at this time could not be expected to be firmed up until that analysis was finished and related to other studies that have been under way during the past several months. The Prime Minister rejoined that meanwhile the situation on Turkey is deteriorating rapidly both financially and politically.

We then discussed the petroleum situation. The Prime Minister said he was following it closely and realized that unless he is able to do something positive in meeting the petroleum companies requirements for firm letters of credit before any further petroleum shipments are made supplies in the country will be exhausted by June 30. He had hoped to borrow $11,000,000 from the International Monetary Fund to tide him over this emergency but there had been delays in working this out with the IMFT and he feels that even if the loan were available it would be too little and too late to meet the country’s requirements following harvest and transport during the season that is already under way.

The Prime Minister was also depressed about the political situation. He said that Kalim Gulek, Secretary General of the RPP, was that very day, last Sunday, addressing a meeting of some 3,000 persons in Izmir, alleging that the Menderes Government is incompetent to manage the country’s economic affairs and has already brought the economy to the brink of disaster. Given the fact that this government still has three years to go before a general election, the Prime Minister says the country and its friends now face the risk of having to work with a government whose people become upset in a national sense, there is no telling what may happen. He said he is taking to the countryside immediately to answer these attacks but he believes the effects of these interchanges of polemics will do nobody good unless it is the Soviet.

I then inquired, since I had not yet seen the memoranda above mentioned, whether the Prime Minister considered recalling Zorlu and having Gork request the American Government to send a high level team immediately to Turkey to inquire into the situation here and to try to work out recommendations on how best to meet the situation. It may be recalled that this proposal was being considered favorably when I left Washington early May. The Prime Minister said he is prepared to do anything to ease the situation and I inferred that such a request would be forthcoming.

I recommend that if such a request is made it be entertained seriously. In my opinion no good purpose will be served if the opposing Turkish political parties wrangle throughout the countryside this summer over the responsibilities of their current economic
and financial crisis. Inevitably the United States will be drawn into the picture by adverse press comment. The only effective way to control this, in my opinion, is to have the Americans visit take place, with an understanding from both principal political parties that now is not the time for recriminations. I believe it possible to get such an understanding from the opposition party although relationships between the government and the opposition have deteriorated within the last two weeks, largely on account of some personal animus between the leaders.

Meanwhile Max Thornburg, who saw the Prime Minister after I did Sunday, was instructed to get on with his studies. 3 He had an intimation that the Prime Minister is convinced he should set up a special commission for economic and financial control and management and I gather he may want Thornburg either to head it or be the Secretary General. The indication to Thornburg was that if such an organization were undertaken it would probably have to continue for several years until the country’s economy was on its feet and until there was an integration of planning and coordination with respect to the public and private sectors in the Turkish economy.

Warren

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3 On July 15, Max Thornburg, a private American industrial consultant, completed his report on the economic situation in Turkey, which had been requested by the Government of Turkey. (Transmitted in despatch 126, September 29; Department of State, Central Files, 882.00/9-2955) In telegram 169, August 8, the Embassy in Ankara reported that Menderes had called Thornburg in to discuss the report and disputed Thornburg’s findings and recommendations. (Ibid., 882.00/8-855) Thornburg’s report concluded that no American loan could be obtained until Turkey strengthened its economic administration.
329. Memorandum of a Conversation, Department of State, Washington, June 8, 1955 ¹

SUBJECT
Turkish Loan Request

PARTICIPANTS
Mr. Zorlu, Deputy Prime Minister of Turkey
Mr. Esenbel, Turkish Foreign Office
Mr. Robert Murphy, Deputy Under Secretary
Mr. George V. Allen, Assistant Secretary, NEA
Mr. Thorsten V. Kalijarvi, Deputy Assistant Secretary for Economic Affairs
Mr. William O. Baxter, Director, GTI

After introductory amenities Mr. Allen referred to the useful discussions held with Mr. Zorlu during the past few weeks and assured him that the Turkish economic situation and the views of the Turkish Government had been given most serious and sympathetic consideration in all branches of this Government. The question had been taken up yesterday by the highest level officers of State, Defense, Treasury and FOA, and the decision made by them had only this morning been cleared with the President. The final position of the United States Government was set forth in a letter which Mr. Allen read aloud and then handed to Mr. Zorlu (copy attached). ²

Mr. Zorlu asked if he was correct in understanding that the Turkish request for a loan was rejected. Mr. Allen confirmed this fact. After most careful examination of the Turkish situation, he said, the United States could not recommend to the Congress a course of action that would involve Turkey in further international financial commitments that in our opinion would not be remedial in nature nor prevent the present situation from recurring in the near future. He wished to stress to Mr. Zorlu that we were most sympathetic with regard to the present difficulties and with the Turkish wish to develop industrial potentials and improve the stand-

¹ Source: Department of State, Central Files, 882.00/6-855. Confidential. Drafted by Baxter on June 13.
² Dated June 8, from Allen to Zorlu, not printed. The letter indicated that the United States was prepared to increase its economic aid to Turkey from $70 million to $100 million. It also noted that this assistance would be extended “in the confident expectation that the Turkish Government will take every remedial step in its power, along lines which have been brought out during our discussions.” Regarding the loan requested by the Turkish Government, the letter noted that the United States believed that “the incurring of additional financial obligations by the Turkish Government at this time would not be a remedial measure likely to prevent a recurrence of economic and financial difficulties.”
ard of living of the Turkish people. However, there was an honest difference of opinion between our two Governments as to how such an aim could be achieved. It was the view of the Turkish Government that a large cash loan was required, whereas the United States Government felt that this would only postpone the remedial measures which the Turkish Government must take to get its economy on a sound footing.

Mr. Zorlu said he wished to express the thanks of the Turkish Government for this offer of additional grant aid. It was a substantial amount which would be of assistance in the coming months. He was touched by this proof of United States friendship for his country. However, while he and his Government were thankful, they could not be "happy," as this was not the reply he had hoped to get. He believed that the magnitude of the problem and the great potentialities for strength in Turkey called for a large loan at this time. He summarized many of the arguments he had advanced in previous discussions, pointing out that Turkey had requested a loan rather than additional aid in the belief that it would be easier for the United States and that it would be an indication of Turkey's intention of standing on its own feet. He also made clear that Turkey had never tried to bargain or to threaten that it would cut back its defense effort if the loan were not forthcoming. "Turkey will keep its twenty-five divisions," he stated flatly, and expressed the opinion that they were worth something to the United States. He felt he must point out, however, that this decision will come as a great shock to his Government.

Both Mr. Zorlu and Mr. Esenbel then urged that the FOA loan guarantee provision be exercised at once in connection with Turkey's current obligations to the American oil companies. Such a suggested solution had been discussed with the oil companies in Ankara and had been forwarded by the FOA Mission to Washington, where it was turned down. It was pointed out to Mr. Esenbel that the loan guarantee provision had been written into FOA legislation by the Congress with the aim of encouraging new investment abroad and not with the idea of "bailing out" debts to existing American enterprises. Furthermore, it was not FOA policy to finance oil purchases or to guarantee loans for oil. Mr. Zorlu said that one exception he knew had been made in the case of Greece. Mr. Allen promised that this question would be taken under consideration.

After leaving Mr. Murphy's office there was an opportunity for a brief exchange with Mr. Hoover who reaffirmed our sympathetic interest and our willingness at all times to discuss frankly with the Turkish Government our views on action, most of which he believed would have to be measures taken by the Turkish Government, to work out of the present difficulties into a firm economic position.
13. In calls on Under Secretary Hoover and Assistant Secretary Allen Ambassador Gork has endeavored to reopen talks on economic aid as if conversations held with Zorlu had merely been suspended temporarily without any definite conclusion having been reached regarding $300,000,000 loan request. He has been informed in clearest terms that request for loan was very definitely refused and that we are not aware of any basis for reopening any talks regarding extraordinary aid until such time as measures discussed with Zorlu to correct basic causes for Turkey's economic difficulties have been put into effect and have shown results.

Mr. Hoover emphasized that Turkey would have to tailor its economic development program to fit its capabilities without relying on unjustifiable expectations of foreign aid. If Turks still expected to obtain large loan from US, they were entirely unrealistic. He said he thought $30,000,000 of additional aid found for Turkey last month should permit Turkey to use its foreign exchange resources to meet, for example, its pressing petroleum requirements.

Ambassador Gork was reminded that in current aid proposals before Congress, per capita provision for economic aid to Turkey would be about $3.50, for Paks about $1.00, and for India about $.30. This was indication of importance we attach to Turkish economic development.

Dulles

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1 Source: Department of State, Central Files, 882.10/7-255. Confidential. Drafted by Allen, who also signed for the Secretary.

2 On June 28, the new Turkish Ambassador, Haydar Gork, paid a courtesy call on Allen. The record of the meeting is ibid., 882.00/6-2855.
Memorandum of a Conversation, Ankara, September 14, 1955

Meeting in Ankara with Prime Minister Menderes, Ambassador Warren, General Riley, Melih Esenbel, Görk, Zorlu

I. After an exchange of pleasantries, in an appropriate way, there was an opportunity for the Secretary to advise the Prime Minister that the request for a $300 million loan had been definitely refused and that no such loan was either possible or in contemplation. The reason why this was so was explained by pointing out the extreme burdens which the US had assumed; a somewhat unbalanced budget situation with loss of reserves; tax reduction resulting in decreased revenues and from a financial point of view balancing its expenditures with its demands with its income to protect its own economic situation even to the point of the most careful scrutiny of the most minor items, down to every million dollars or less. Mr. Hollister then explained that we were obligated to accomplish 64 countries in varying degrees and that he was under the strictest obligation to consider proper distribution of his funds among the countries so that every minor item required the most careful consideration.

The Secretary then continued to explain that although the $300 million loan was impossible, both now and for the foreseeable future, that we were very proud of our association with Turkey; we regarded them as one of our most important partners in the preservation of the free world, and that we had every intention of supporting them to the limit of our ability, both militarily and economically, in about the area of past years' performance. However, such support would be undoubtedly declining as time went on and as our necessities and burdens became greater; that we thought it was only fair with a good partner to be perfectly frank with each other so that our partnership might endure on a firm and free basis, each knowing what to expect of the other and not to be deceived into impossible positions. It was further explained that all nations in the world are now facing the most difficult problem of balancing their military expenditures which they could afford with what their economy could support and that this was just as true of the US with

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1 Source: Department of State, Central Files, 882.10/9–2455. Secret. Humphrey and Hollister were in Turkey to attend the 10th annual meeting of the Boards of Governors of the IBRD and IMF held in Istanbul. According to a note to Hoover of September 24 attached to the source text, Hollister indicated that the memorandum had been dictated on a return flight from Ankara. The language, particularly the use of pronouns, suggests that Humphrey and Hollister may have dictated the memorandum to Riley or another official who then transcribed it.
its tremendous obligations as it was with Turkey. While we did not feel that our aid must terminate suddenly, nevertheless the time was approaching when all partners would have to be more nearly self-sufficient and balanced in their own economies. He explained that we were willing and anxious to proceed as rapidly as possible with determination of aid and in exact amounts and, to that end, we suggested information which we desired the Turkish Government to give to us to help us formulate our views; that there would be military matters discussed with the military; and economic information requested by the Ambassador, and as soon as the information from these various sources and particularly from them was available to us for study and consideration, we would look forward to meeting with them in Washington with all concerned to get the matter reduced to final figures. But that for the present and for today, all we can do is to reassure them of our intense support in their affairs; of how proud we were to be associated with them; and request that they proceed to help us reach a conclusion so that we both might have a definite basis for making plans for the immediate future. The Prime Minister responded with very complimentary comments of appreciation for past performances and hope for the future. There could be no possible misunderstanding that $300 million was not in the offing and that we were to resume conclusion of our mutual affairs in the area of previous performance.

Mr. Hollister stated that in the distribution of the funds available for the foreign aid program, the public relations was an important matter and that the events of the past few days in Turkey had raised some very serious questions, when a few hours of destruction might bring about loss equivalent to a whole year’s aid program. It was obvious that our country must see the whole picture in a new light before reaching any definite conclusions.

The Prime Minister stated that he regretted exceedingly the recent happenings and that it was his belief that the riots were largely the result of Communist activities and that the Government expected to take all necessary measures.

II. Just prior to lunch with the President, in the presence of our Ambassador, Mr. Hollister and General Riley, and the Deputy Secretary General of the Foreign Office, and part of the time the Prime Minister, the President stated pleasantly but bluntly that he was greatly disturbed and his country had been seriously embarrassed by the manner in which their request for the $300 million loan had

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2 On September 6 and 7, a series of violent anti-Greek and anti-minority rioting erupted in Istanbul and Izmir. The riots, primarily anti-Greek in character, resulted in widespread damage and destruction to Greek churches, shops, and other establishments.

3 Celal Bayar.
been handled and refused; that as a past banker, the method of handling the refusal of a loan was of prime importance to him. He referred specifically to the AP release on the subject from Washington and the embarrassment which its publication had caused him and his Government. The Secretary told the President that we had had a long and fruitful discussion with the Prime Minister, during which we had gone into full details with respect to the $300 million loan and all of the reasons why it was not possible to grant it. He explained that if in the handling of the matter there had been some embarrassment to him or his government, he had our humble apology and our assurance that it would not be repeated, but as to the merits of the case, there was no doubt in our minds that the matter was closed and would not be reopened and we requested the Prime Minister to explain the matter fully to the President and ask that he give him time to do so. As others are waiting for luncheon, there was no time to get into this at the moment. The Prime Minister agreed to do this and you may rest assured he will do this. We then proceeded to lunch and had a very agreeable time. The President was very affable. There were 16 top officials (12 Turks and our party of 4) present. After luncheon the Secretary asked the President for another five minutes of serious discussion. It was immediately granted, and he, Mr. Hollister and an interpreter stepped into another office with the President.

The Secretary again explained to the President his regret that any embarrassment had been caused and he assured him of our great pride in association with him; that our desire to cooperate in every way within our powers, but everything we had said about the reasons why increased aid could not be granted was reinforced and we again requested that he very carefully consider the reasons we had so meticulously given to the Prime Minister, which we asked him again to allow the Prime Minister to explain at length to the President. The meeting ended with relations in a cordial vein.

Additional Information on Conversation with the Acting Prime Minister Zorlu and Ambassador Warren at the President's Palace today

The Prime Minister said he thought it would be a good idea in any case for the President to receive the Secretary and Mr. Hollister; to take over the luncheon which the Prime Minister had arranged; and to take advantage of the occasion to say to the Secretary anything that was on his mind relating to relationships between the two countries in the fields of finance and economics. The President then replied under the circumstances he would be very pleased to
extend an invitation but that he intended not to hold his fire and to say everything that was on his mind. The President's blunt, and at the same time agreeable, approach to the Secretary on meeting him before the luncheon, was the carrying out of the President's intentions.

In conversation after lunch the President stated that it was his belief that higher authorities in Washington did not appreciate Turkey's position, and that they were being misled by reports that did not take into account the broader views of the relations between the two countries and Turkey's strategic position in the world. The Secretary assured the President that he was misinformed on this subject and absolutely wrong and that President Eisenhower and the highest authorities in Washington, all were fully aware of real conditions and they were not misled, and that the loan was impossible because of definite conditions affecting the US and its obligations. It was well understood by everyone in Washington as the Prime Minister would explain in detail to the President. The Secretary further explained that he and Mr. Hollister would cover the whole subject with President Eisenhower when they saw him within the next few days.

332. Memorandum of Discussion at the 264th Meeting of the National Security Council, Washington, November 3, 1955 ¹

[Here follow a paragraph listing the participants at the meeting and items 1 and 2, a briefing by Allen Dulles on significant world developments affecting United States security and a discussion of United States policy toward Formosa and the Government of the Republic of China.]

3. US Policy on Turkey (NSC 5510/1; Progress Report, dated September 7, 1955, by OCB on NSC 5510/1)²

Mr. Anderson briefed the Council on the reference Progress Report, stressing the two main problems: the military assistance program and the Turkish financial and economic situation. At the conclusion of his briefing (copy of briefing note filed in the minutes of the meeting), Mr. Anderson said that he understood Secretary Robertson wished to say a few words on the subject.

Secretary Robertson briefly outlined the present status of the funding of the program of military assistance to Turkey covering the Fiscal Years 1950 through 1956. He pointed out that the funding for FY 1957 was now under study. He thereafter read a letter which had been prepared for Secretary Humphrey just prior to the latter’s departure for the recent Istanbul Conference.

Secretary Hoover said that in view of the fact that the National Security Council was well aware of the difficulties confronting our program of assistance to Turkey in the past, he would confine his comments to the present situation. The State Department felt that the Turks had very good reason to believe that the United States had actually promised them a great deal more than the $200 million already provided. Accordingly, the State Department foresaw an excellent chance that the Turks would come to a parting of the ways with the United States if we do not shortly reach a firm agreement with them on the nature and extent of the US commitment to provide military and economic assistance to Turkey. Their economic situation, continued Secretary Hoover, was extremely serious. The United States must therefore face up to what we are going to do with Turkey within the next three weeks. This $64-question had been posed. Secretary Hoover recommended that the Administration take a well-thought-out position in this matter and inform the Turks of this position within the time period he had mentioned.

Dr. Flemming inquired about the course of action in the US policy toward Turkey (NSC 5510/1), which permitted the United States to purchase Turkish chrome for the long-term US stockpile. He also noted that the President had been interested in a more vigorous program of barter to the end of assisting the Turkish economy. There was nothing in the Progress Report on either of these matters, and Dr. Flemming asked if any member of the Council could provide any information about them. He believed that the ODM could do something in this field if the Council so desired.

² NSC 5510/1 is printed as Document 320. The Progress Report is in Department of State, OCB Files: Lot 62 D 430, Turkey 1955.
Secretary Hoover said that he had talked with the Turks about the availability of chrome and other materials. The fact of the matter, however, was that the Turks had about reached the limits of their chrome production unless the United States was prepared to provide large capital support to enable the Turks to open additional mines. Such a move might cost the United States $25 million in cash. Moreover, the Turks don’t seem very enthusiastic over this prospect, and we have not been able to extract very accurate information on the subject from them.

Dr. Flemming said that, in short, he was to understand that the responsibility for the failure to take these courses of action rested on the Turks rather than on the United States. Secretary Hoover replied in the affirmative, but nevertheless asked Dr. Flemming to give him a memorandum on how much elbow-room the ODM would have to purchase Turkish chrome and other materials for the long-term stockpile.

Mr. Hughes, referring to Secretary Hoover’s earlier statement, inquired where the Turks could go if they came to a parting of the ways with the United States. Secretary Hoover replied that he did not think they would “go” anywhere, but that they could cease to be satisfactory allies.

Admiral Radford commented that it was well within the realm of possibility that the Turks would withdraw from NATO and embrace neutralism. Such moves would greatly embarrass US policy. Admiral Radford went on to point out that we ourselves were largely responsible for the elevated force goals which the Turks had adopted. Our responsibilities for these force levels stemmed from the fact that our program of military assistance to friendly nations had begun in 1950 on an emergency basis. Accordingly, the Turks now have us over the barrel, and Admiral Radford confessed that he did not know how we were going to wiggle off the hook.

Mr. Rockefeller expressed strong support for the observations of Secretary Hoover and Admiral Radford. He said he believed that the United States was in danger of being accused by its allies and friends of rushing in with all kinds of promises when critical situations arose, and then of leaving its friends in the lurch when the crisis subsided. He believed that we must give some thought to our posture and reputation. We may have to work out something in the way of aid agreements, which did not recommend itself to us as sound from the strict economic point of view.

Secretary Robertson stressed that the Defense Department felt that it would be a grave mistake not to keep the Turks tied to us. If they prove to be willing to undertake the necessary economic reforms, we should design a realistic program which would call for another $100 million over and above what we have already given
them, to meet the commitments we have made to Turkey. Secretary Robertson warned, however, that this move could not be made if it was proposed to limit the over-all figure for US military assistance world-wide to $500 million.

The Vice President said that although the United States could not afford to overlook costs, it must keep firmly in mind its major objectives with respect to such allies as the Turks. He presumed that the State Department shared this view. The Turks were certainly among our best allies and could not be permitted to become disenchanted. The Vice President said that he further assumed that the new committee being set up at the Assistant Secretary level under OCB would take a hard-headed look at the Turkish problem, but that the committee would in the end realize that it must make a deal with the Turks.

Secretary Hoover confirmed the Vice President’s conviction that an acceptable deal with Turkey must be arranged. Dr. Flemming wondered whether it was not desirable for the Planning Board to review our present Turkish policy (NSC 5510/1). Secretary Hoover replied that for the present, at any rate, our policy was sufficiently broad, but if Assistant Secretary Gordon Gray and other members of the new OCB committee found it desirable for the Council to review the Turkish policy, this should be done.

Admiral Radford said that he wanted to reinforce the statements which Secretary Robertson had made. The United States simply could not gracefully get out of the commitments for military aid which it had earlier made to friendly countries all over the world.

Secretary Hoover expressed thorough agreement with Admiral Radford’s statement, and went on to point out that for every dollar of US hardware given to an allied country the United States had to pay another for the support of the soldier who uses the military hardware. He explained that he meant that US economic support had to be given to enable the economies of many of our allied states to support the military establishments which we desired them to maintain. This was more or less true everywhere, and particularly so in the case of Turkey.

Mr. Hughes said that while this might be so, we should take into consideration the reforms which the Turks must undertake to carry out if our assistance to them was to be meaningful. While of course we wanted the Turks as friends, we wanted them to be permanent and not temporary friends.

Mr. Anderson pointed out that Turkey was but one of a number of countries where we had problems with respect to our military assistance programs. He indicated that the Council would
presently be presented with a review of the whole extent of our military assistance programs world-wide.

Dr. Flemming pointed out that, particularly in view of the serious deterioration in the Middle East, this was no time for the United States to have to answer charges of bad faith from our friends.

The Vice President expressed agreement with Dr. Flemming, but also said that he felt that Mr. Hughes had made a good point. In short, the United States could not agree to demands upon it which, if fulfilled, would end up by doing the Turks more harm than good. The United States was going to be obliged to make a deal that “we can sell them on.” Secretary Hoover pointed out that the difficulty was compounded by the fact that if we try to build up Turkish forces amounting to 20 divisions, this move would require US economic assistance which will cost as much again as the figure for the military aid. He could see no solution except an effort to try to reduce the proposed force levels for Turkey.

Admiral Radford pointed out the difficulty of such a move, in view of the fact that it was the United States itself that had pushed the Turks into accepting the presently agreed military force levels. Moreover, the same thing was true in the case of Korea, Formosa, and Indochina. We would have to have very good reasons indeed to explain why we have changed our minds and have now come to feel that these countries no longer need as large military forces as we had initially urged on them.

Mr. Rockefeller felt that the best solution might be to cut our military aid program to Turkey and increase our economic assistance.

The National Security Council:

a. Noted and discussed the reference Progress Report on the subject by the Operations Coordinating Board, in the light of supplementary statements by the Acting Secretaries of State and Defense.

b. Noted that an interdepartmental committee at the Assistant Secretary level is developing a US position for early negotiations with Turkey on the Turkish military and economic situation and US aid programs related thereto.

[Here follow items 4-6, the Arab-Israeli situation, the situation in Brazil, and the status of National Security Programs.]

S. Everett Gleason
333. Telegram From the Department of State to the Embassy in Turkey

Washington, November 17, 1955—4:58 p.m.

878. Your 819. 2 In prospective talks with President your presentation should be along following lines which is reiteration US position:

1. US welcomes Turkish desire discuss their economic problems at highest levels with appropriate US officials Ankara. Such consultation is consistent with wholehearted cooperation our countries have had recent years in building free world strength against communist menace.

2. US gravely concerned over recent economic deterioration; believes difficulties are largely of internal origin centering around large monetary expenditures of government, state enterprises, and private sector which are beyond Turkish real resources. Seems to us difficulties are accentuated by magnitude bank credits, and specifically, scale of development program seems constitute heavier burden than Turkish economy can stand combined with defense efforts. We fear present difficulties are likely get worse rather than better unless stabilization program energetically undertaken.

3. Patiently explain disastrous consequences inflation.

4. Turkey has said it intends undertake economic stabilization program and at Turkish request US submitted statement on general nature measures necessary entitled “Measures to Relieve etc.” However Turkish measures taken so far do not appear adequate meet situation. Due to its significance in economic situation total budget for coming year will be special interest as indication Turkish intention this field. Ambassador should indicate US would appreciate statement by Turkish Government results thus far achieved toward economic and financial stability. Also desire detailed foreign exchange budget quarterly basis.

5. US believes stabilization program essential to solution economic difficulties and realization Turkish objectives. Allen letter June 8 3 to Zorlu said “future economic assistance will be based upon effectiveness measures to be taken by Turkish Government to bring about economic and financial stability, and upon appropriations of

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1 Source: Department of State, Central Files, 882.00/11-1555. Confidential. Drafted by Young, who also signed for the Acting Secretary. Repeated to Istanbul.

2 Telegram 819, November 15, reported on Warren’s meeting with Zorlu on November 14 concerning Turkey’s economic situation. The discussion touched upon methods the Turkish Government might undertake to study and correct their economic and financial problems before approaching the United States for aid. (Ibid.)

3 See footnote 2, Document 329.
US Congress for foreign aid, subject of course, to requirements for assistance of other nations."

6. US Government is prepared keep Turkish economic situation under constant review. 4

Hoover

4 On November 29, Prime Minister Menderes submitted his resignation as a result of strong opposition to his government's economic policies. President Bayar requested that Menderes form a new cabinet, which was announced on December 9. In telegram 981 to Ankara, December 9, the Department informed the Embassy that until the new Cabinet's attitude and program toward the economy was known it would be inadvisable to attempt to determine a firm US line of action. The Department added that in the absence of new developments other than the appointment of the new Cabinet, it would be inadvisable for the Embassy to approach the Turkish Government. (Department of State, Central Files, 882.00/12-355)

334. Memorandum of a Conversation, American Embassy, Ankara, January 13, 1956, 10 a.m. 1

PARTICIPANTS

The Ambassador
Mr. E. Perkins McGuire
Mr. John H. Haskell
Mr. Foy D. Kohler
General William E. Riley
General L. R. Dewey
Mr. John Holcombe
Mr. Gardner Patterson
Mr. G. Lewis Jones
Colonel Clayman
Mr. John Goodyear

SUBJECT

Briefing on Turkey

Mr. McGuire opened the briefing by referring to the original statement of Mr. Harold E. Stassen which had been the basis for the commitment in the Aide-Mémoire of June 4, 1954, handed to Prime Minister Menderes on the occasion of the latter's visit to Washin-
ton. He emphasized the importance of the time factor in program-
mring, and specified that if we completed a program of a certain
magnitude in six years instead of five, the country concerned some-
times made a case that the original five year program had not been
completed. He continued that in his opinion the United States had,
in the Aide-Mémoire referred to above, made a definite commitment
in terms of material for one-fourth of the four year program for
Turkey involving a buildup of military forces to United States
approved NATO force goals.

The Ambassador then gave the background of Prime Minister
Menderes’ visit to Washington in June 1954. He said that only a
month previously, the Prime Minister’s Democrat Party had been
swept into power, gaining 508 of 541 seats in the Grand National
Assembly. Menderes thus felt that he had a definite mandate from
the people (though actually the popular vote was in no way compar-
able to the overwhelming majority obtained in the GNA, the Demo-
crat Party having gained approximately 60% of the popular vote in
that election as opposed to approximately 55% in the previous one).
Menderes had come to Washington with the hope of assistance from
the United States to build an economic base in Turkey capable of
sustaining the projected Turkish military posture in four years time
(without taking account of replacement, spare parts, etc.). He esti-
mated that the military (Army) program then envisaged to bring
Turkey up to NATO force goals called for an $800 million military
aid program over a period of four years, with an expenditure of
approximately $200 million a year. Further, the Prime Minister was
seeking a $300 million economic aid loan, in addition to the econom-
ic program then envisaged for Turkey, at the rate of $75 million a
year.

In Washington, the Prime Minister was told (the Ambassador
continued) that there would be no four year commitment, but that
the United States military authorities were sympathetic with Tur-
key’s plans, and were therefore willing to underwrite an immediate
commitment for one-fourth of the four year program. In reply to
Menderes’ request for economic aid, the United States Government
suggested that there be a full, frank discussion of the problems
involved, including the exchange rate for the lira, before there could
be any consideration of a special accommodation. With some indig-
nation, the Prime Minister said that “under no circumstances” would
he discuss the exchange rate. Economic discussions thus ended on a
frigid note, though when he left, the Prime Minister did have in his
pocket a commitment for one-fourth of the military aid program and
over $75 million economic aid for that year. Concurrently, the
United States agreed to accelerate delivery of the sum of $500
million in the military aid pipeline.
Upon his return to Turkey, the Prime Minister was to undertake a stabilization program and to discuss further the matter of economic aid with the Embassy. However, he passed the summer pleasantly in Istanbul; took no action toward opening negotiations with the United States; took only a few measures toward stabilization; and was confronted with a sharp Turkish business reaction to even those he had taken. At the same time, the attitude of his principal advisor, Acting Foreign Minister Zorlu, was that Turkey should pump for $300 million in cash for purposes of "maneuver" and without strings.

Mr. McGuire interrupted to pose a few questions. Was it the Embassy's opinion, he asked, that there was an implied willingness on the part of the United States to consider the possibility of making allocations for the last three-fourths of the four year military aid program for Turkey, but no definite commitment to meet three increments? The Ambassador and Mr. Kohler said yes. Was there a commitment by Turkey, Mr. McGuire pursued, to discuss economic problems with the United States Mission? Again the answer was yes, with the comment that this commitment had not been fulfilled. The Ambassador then noted that there was a close relationship between the economic and military problems in Turkey, but that they were not as close as Mr. McGuire's questions implied. In our relations with Turkey, the Ambassador continued, we must assess the importance of the following admitted assets of the country: (1) geography; (2) manpower; (3) psychology. No one could gainsay that Turkey was extremely strategically located; or that her military manpower was superior to that of any other in this area; or that, finally, the Turks have an ingrained anti-Soviet outlook. It was necessary, he added, to make definite decisions on our military program for Turkey, and to make them soon. Military strategy would not wait five years.

Mr. McGuire said that was all very well, and one must balance advantages and necessities, but he pointed out that many officials in Washington are asking: "What good is a bankrupt ally?".

The Ambassador . . . said that the Turkish view was: "What we have is yours", but that concurrently they felt that what the United States has (in the form of credits, matériel, etc.) should be the subject of discussion by the United States with Turkey.

There ensued an exchange about the effect of United States relations with Germany upon United States-Turkish relations. Mr. McGuire wanted to know what the attitude of the Turkish Government would be if the United States substantially stepped up its military aid program to Germany. The Ambassador replied that, in general, the Turks have a strong regard for, and a substantial reliance upon, Germany as a military mentor and provider; and that
consequently, anything which increased German military potential was attractive to the Turks, since it would be presumed that part of that potential would be directly advantageous to Turkey.

The Ambassador then referred briefly to the fact that Turkey had been honored by the visit of some 100 United States Congressmen during the past year, and that the Embassy had been very careful to give these United States officials a very thorough briefing on Turkey. He spoke of the favorable attitude toward Turkey of such congressional leaders as Senator Saltonstall, Senator Green and Congressman Judd. He noted that out of the entire group there was only one dissonant voice, that of Senator Capehart, which could be explained by the fact that there are a number of Greek constituents in Indiana, who might be pressured to be emotionally interested in the Istanbul/Izmir riots of last September over Cyprus.

Mr. McGuire noted that in United States thinking, the Middle East was the number one priority in FY 1957, and asked about the relationship of a military aid program in Turkey to the Arab-Israeli conflict. The Ambassador pointed out that Turkey was the only country in this area which recognized the State of Israel and which did not observe the Arab economic boycott of that country. On the other hand, he noted that Turkey was doing everything in its power to improve its relations with the Arab States, and he adverted to the Turkish role in the formulation of the United Nations Resolution of 1951, and in the formulation of the Baghdad Pact. To indicate how carefully Turkey was treading in the delicate field of Arab-Israeli relations, the Ambassador referred to the fact that the Turkish Government did not even allow the Israeli Symphony Orchestra to come to Turkey last year to give a concert, or even to permit individual members of the orchestra to come to Ankara and give performances.

Mr. Kohler interrupted to say that he thought it was important to keep in mind that from the point of view of Israeli-Arab relations, a stepped-up military aid program for Turkey would not involve the complications that similar program to Iraq would involve, since the latter would presumably have to be balanced by some quid pro quo for Israel.

Discussion then ensued concerning recent Soviet overtures to Turkey. Mr. Kohler reviewed the Soviet Chargé's recent conversations with the Deputy Secretary General of the Foreign Office (Mr. Melih Esenbel). He noted that Mr. Esenbel had turned a cold

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2 Leverett Saltonstall of Massachusetts, Theodore F. Green of Rhode Island, and Walter H. Judd of Minnesota.

3 Adopted by the Security Council in September 1951, this resolution affirmed the right of shipping to and from Israel to transit the Suez Canal. For text, see U.N. Doc. S/2322.
shoulder to these Soviet blandishments. Still, the Soviet approach had been strong, with a concurrent statement by Khrushchev, and a warm reception of the new Turkish Ambassador to Moscow. For the first time, Mr. Esenbel had expressed concern for the reaction of public opinion in Turkey should the Soviets choose to publicize the definitive economic and financial offers which they had made. Continuing the discussion, the Ambassador noted that actually there was a certain amount of Soviet-Turkish trade going on all the time, amounting, among other things, to the transfer across the eastern border of some 100,000 head of cattle a year in exchange for Soviet POL products.

Mr. McGuire brought up the subject of training Turkish military personnel. He stated that he had learned during his visit to Turkey that there were two problems involved here, (1) the problem of teaching English; (2) the problem of having technicians come back to Turkey and do what they were trained to do. He said that he had heard that all too frequently, for example, trained radar operators were assigned to kitchen police. It was agreed that this was indeed a problem, and that before technicians were brought to the United States for training, they should learn English; and that upon their return to Turkey, it should be understood that they should be indentured to the job for which they were trained.

Referring to the question of a relief brigade for Korea, the Ambassador pointed out that this question was a part of the Turkish trading position on the United States military aid program, and that the Turks might take the position that they would agree to ship a new relief brigade to Korea if the United States met certain conditions with respect to military aid.

The Ambassador continued to give Mr. McGuire the substance of the Embassy’s draft Progress Report on Turkey for the period August 11, 1955–February 11, 1956 (Embassy’s Despatch No. 299, January 11, 1956). 4

Following this, Mr. McGuire brought up the specific question of the effect of fulfillment of the projected United States military aid program for Turkey upon the Turkish economy.

General Riley 5 and Mr. Patterson 6 replied that, in essence, a stepped-up military program for Turkey, within reasonable limits, would be no serious drain on the adequate Turkish manpower pool. Neither would such a military aid program be a major drain upon the output of the Turkish economy since the Turkish Army’s big

4 Not printed. (Department of State, Central Files, 611.82/1–1156)
5 Deputy Director for Management, FOA.
6 Gardner Patterson, Special Assistant to the Director for Economic Affairs, Ankara.
requirement was for food and clothing and these would have to be provided for the personnel whether they were in the Army or not. Mr. Patterson noted that, at present, Turkey devotes approximately one-third of its central government budget to defense expenditures, and is actually planning to increase such expenditures in the future. It would, of course, be an anti-inflationary move if these funds could be frozen and not spent on defense, but there is no reason to believe that the Turkish Government would collect the present taxes if the proceeds were to be sterilized. He noted, incidentally, that one advantage to the civilian sector of the economy of a military aid program was the fact that many of the recruits were illiterate, and returned from their military service with a capacity to read and write.

Mr. Patterson agreed with a statement by Mr. McGuire that the United States did not want "bankrupt allies," but stated that he did not believe cutting down United States military aid was a way of bringing Turkey out of bankruptcy—rather quite the contrary. He pointed out that because the Turkish Government was so intent upon fulfilling its military obligations to NATO it would probably make a serious attempt to do so whether or not the country were granted military aid, and that consequently lack of United States support for Turkey’s military program would mean that the Government would squeeze its defense financial requirements from other sectors of the economy, to the overall detriment of the Turkish economic situation. On the other hand, as regards to economic aid, Mr. Patterson said, it seemed quite clear that United States should hold to a firm policy of extending only the minimum amount of aid necessary to keep Turkey’s head above water unless and until Turkey were to undertake policies of living within her means and so restoring stability and solvency. Otherwise, Turkey could, and would be encouraged to, follow policies which necessitated ever-increasing amounts of foreign help.

In this general connection, brief mention was made of the use of economic aid as a foreign policy tool.

Following this, Mr. Patterson gave a briefing on the current Turkish economic situation. He pointed out that from 1949 to 1953, the gross national product of Turkey increased at a rapid rate, but that it fell off in 1954 as a result of the drought. The earlier increases of the GNP were caused by a fortunate conjunction of several factors: good weather resulting in good crops; the initial material improvements (investments) often had the most spectacular effect and by the consideration that the price of minerals during the period were high and thus increased the value of Turkish exports. United States aid was also an important contributing factor to this increase in the GNP. Possibly even more foreign assistance was
obtained from Western Europe and this too had helped increase GNP. The result of all these things was that the Turkish officials became over optimistic and undertook an overambitious investment program. Turkey attempted to do more than it had the resources to pay for. The domestic device used for supporting the rapidly expanded investment program was a tremendous increase in money supply. Since this greatly exceeded the physical resources to match it, Mr. Patterson continued, the results were (1) a price increase (which had an adverse effect, though an admittedly limited one, on the military program with respect to trainees and to costs); (2) a larger foreign trade gap; and (3) a depreciation in the value of the lira. Soon, Turkey had no reserves; it had a large exchange deficit; it suffered from a shortage of imports—and yet the Turkish Government continued to lay new cornerstones almost every other day, and to undertake a headlong investment program. As a consequence, it finds itself in urgent need of ever increasing economic help from the United States.

At Mr. McGuire’s request, Mr. Patterson gave a detailed briefing on the use of counterpart in Turkey. He said that in the past couple of years, it had been used 100% for the military budget but that this year, as an anti-inflationary measure, the United States Government, by the use of its veto power over counterpart, has frozen some 30 million Turkish lira for future unspecified use. In addition, Mr. Patterson said, the United States had been parceling out economic aid piecemeal, again as an anti-inflationary measure, since it was hoped this policy would serve to convince the Turks that the United States was serious about the need for economic reforms. They had this year so far advanced only a “first slice” to Turkey, amounting to $12.5 million.

In this same connection, mention was also made of the administration of Public Law 480.

Mr. Haskell posed a question concerning the Central Bank. General Riley and Mr. Patterson indicated that the Central Bank in Turkey did not perform the classic role of such an institution in other countries, but that rather it was merely an adjunct to the Finance Ministry.

A discussion concerning loans brought out Mr. McGuire’s view that in general he considered loans to many undeveloped countries

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7 John H. Haskell, Deputy Representative, North Atlantic and Mediterranean Area.
unwise, because it was unrealistic to believe that such countries could actually make interests payments upon them.

A discussion then ensued concerning those members of the Menderes Cabinet who seemed to be behind real Turkish economic reforms. General Riley, Mr. Patterson and Mr. Kohler, together with the Ambassador, all agreed that the Minister of Foreign Affairs, the Minister of Finance, the Minister of Economy and Commerce, and the Minister of State Enterprises (and probably also the Minister of Defense) were strongly behind a program of realistic reforms in the economic field.

335. Telegram From the Embassy in Turkey to the Department of State

Ankara, January 17, 1956—noon.

1180. Paris for Wallner and Knight. Rome for Maffitt. Admiral William Fechteler has given me synopsis his conversation yesterday with President Bayar. Conversation began at midday and lasted one hour and fifteen minutes. In addition President and Admiral, there were present on Turkish side Acting Chief of General Staff and Deputy Chief of General Staff with President’s private secretary, Chief of his Secretariat and an interpreter. Admiral Fechteler was accompanied by his Chief of Staff, Major General Frank P. Roberts. Prime Minister, Foreign Minister and Defense Minister formed party for luncheon where members of American country team, Lt. General Riley of ICA, Maj. General Dewey Jammat and I were additional guests. Conversation at luncheon was general.

President thanked Admiral Fechteler for taking trouble to come Turkey at his invitation and said he considered it necessary talk about critical situation in Turkey and its implications before there is a catastrophe. President said he wished discuss political, military and economic aspects of Turkish situation in that order. According to Bayar, Russians have stepped up their campaign against Turks. Thousands of leaflets printed in Lebanon in Turkish are smuggled through Syria to Turkey and distributed in principal cities especially Izmir, where, as in Istanbul, there is floating population of marginal workers running into tens of thousands people. These leaflets attack

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1 Source: Department of State, Central Files, 782.00/1-1756. Secret. Repeated to Rome, Paris, and London.
Government of Turkey as accepting hazards from West and at same
time undergoing economic privations, both result of mistaken policy
by Turkish Government. Leaflets call for changes in Government
and particularly removal of Prime Minister Menderes from office
because of his attachment to West and his commitments beyond
capacity of country to accomplish with resultant privations now
experienced by Turkish people. At same time this campaign going
on, which government attempting control largely through its intelli-
genence agencies, Soviets both in Moscow and Ankara are offering
Turks as neighbors in need, unlimited economic aid in goods as well
as in loans to help them out of their present financial and economic
straits. President had before him report of new Ambassador to
Moscow, Mr. Kavur, in which President of Soviet Union at time
Ambassador presented his credentials last week, made offers of
economic aid to Turkey, “without any strings attached”. To these
Russian overtures, threats and intrigues, President said, “Turkey is
well alerted”. This country he told Admiral, is irrevocably commit-
ted to West and particularly to United States and has given ample
proof whenever opportunity has been presented to demonstrate its
loyalty, but he does not minimize danger of subversion particularly
with large elements of urban population now living marginal exist-
ence as result of scarcities of necessities of life which, however, do
not include food.

On military side, President said United States has been dragging
its feet past two years in giving Turkey equipment necessary enable
its defense forces meet their NATO commitments. Promises made
Prime Minister when he visited United States June 1954 of military
equipment not only have not been kept, but no explanation was
offered Turks as to why they were not being met. However, added
President, as result of recent visit to United States of Acting Chief of
Turkish General Staff Tunyoglu, \(^2\) and his conversations with re-
sponsible officers of Pentagon, it is believed by Turks that situation
now in process of correction and that they can look forward with
confidence to continuance of American military support that will
enable Turkey to build and maintain its defense establishment up to
standard required by its NATO responsibilities.

In economic field, however, situation now faced by Turkey is
critical. Arguments that have been advanced by various American
officials who have discussed Turkish economic situation are not,
President’s opinion, sound. He cited as instance World Bank which
has refused further minor credit to Turks and at same time is party
to a four hundred million dollar commitment to build a dam in
Egypt. He said that there were other instances of American generosi-

\(^2\) Presumably a reference to General Tunaboglu.
ty to countries whose political and military commitments to United States are in no sense comparable to that of Turkey and whose position in no sense is as important at this particular time as that of Turkey in Middle East. He said, as his conviction, the financial needs of Turkey arising out of Turkish determination to build economy able support their defense effort within the lifetime of present government, have not had fair hearings. In his opinion, Turkish needs have been gauged by “bookkeepers and small minded men who have kept from attention of President Eisenhower true state Turkish needs and Turkey’s importance to United States”. Feels situation is so critical that it is vital President be informed. Then went on to mention that communiqués will be issued simultaneously in United States and Turkey today that Clarence Randall, who made earlier visit Turkey April 1953, 3 will be coming this country again end of this month to make personal investigation of Turkish economy. He hopes as result of Randall visit Government of United States will realize dangers being faced this country as well as its needs and that two Governments may come to understanding to their mutual benefit.

Admiral said President made no specific demands on him in any way of requested action. He has impression that Bayar hopes have passed along Bayar’s estimate of interlocking relations between two countries and the hope that United States may be disposed regard any exceptional aid that may be extended to Turks from political strategic point of view rather than financial and economic one.

Admiral Fechteler returning Naples today.

Warren

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3 In January 1956, the Turkish Government requested that Randall come to Turkey as an adviser on the economic situation. Randall had visited Turkey in August 1953 as the head of a private investment mission.
336. Letter From the President’s Special Consultant (Randall) to the Secretary of the Treasury (Humphrey) and the Under Secretary of State (Hoover) ¹

Washington, March 6, 1956.

GENTLEMEN: At your request ² I flew to Turkey on January twenty-eighth, returning on February eleventh, and the purpose of this letter is to present to you as succinctly as possible the present state of my thinking with regard to the economic problems of the Turkish Republic.

My colleagues, Forest Siefkin ³ and Dr. C. Edward Galbreath, ⁴ are preparing a factual report, which will be available very shortly. ⁵ The essential parts have already been communicated verbally to the staffs of the interested Departments.

Before leaving Washington we had the privilege of being intensively briefed by a wide variety of Departments and agencies that had knowledge of the Turkish problem, and enroute we had the benefit of conferences with the economic staffs of Ambassador Perkins and the Embassy in Paris, as well as with General Gruenther and his staff at NATO, and with Admiral Fechteler at Rome. I have the feeling that we were adequately prepared for our task.

Our objective was twofold: (1) to present to the officials of the Turkish Government the state of American public opinion with regard to economic aid, and (2) to persuade the Turkish Government to undertake prompt and decisive measures for the solution of their fiscal problems.

On this second point, we had an extraordinary break, caused not by anything we did but rather by the fact of our going.

While we were in Paris on our way to Turkey, Prime Minister Menderes faced up squarely to his financial problems, and announced to his people a program of financial reform containing nearly every element that we had had in mind for presenting to him. He had apparently decided that he should do this on his own, and

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¹ Source: Department of State, Central Files, 882.00/3–656. Confidential.
² According to a January 6 memorandum from Hoover to Dulles, Hoover and Humphrey, after learning that the Turkish Government wished to obtain an economic adviser and mentioned Randall in particular, met with Randall to urge him to accept the assignment. (Ibid., NEA/GTI Files: Lot 58 D 610, The Randall Mission 1956–January)
³ General Counsel, International Harvester Company.
⁵ A copy of the Randall Mission report is in Department of State, NEA/GTI Files: Lot 58 D 765.
not have it thought by his people that he had done it under compulsion from the United States.

The essentials of his program were as follows:

1. A balanced budget
2. Strict measures to control the further issuance of commercial credits by the Central Bank
3. The requirement that each State Enterprise operate within its own revenues, and not be dependent upon the Central Budget
4. No further increase in agricultural subsidies
5. Orderly procedures for the allocation of available foreign exchange.

In my private conferences with the Prime Minister and the President, I received the most categorical assurances that this reform program would be carried out meticulously, and my associates, in their dealings with the staffs of the various economic ministers, received the impression that everybody in Government meant business on this program. The Prime Minister repeated these assurances to us in front of his Cabinet, and at that time informed us that the following three executive decrees were being issued:

1. One to police the limiting of credit
2. One to police the individual budgets of the State Enterprises
3. One to regulate foreign exchange.

It seems to me, therefore, that consideration of the Turkish problem must now be undertaken on the hypothesis that Turkey has, in good faith, taken the initial governmental steps which the United States has long urged it to adopt.

More problems remain to be solved, but the beginning thus made is a courageous undertaking by the Prime Minister, and a direct turnabout from the laxity of the last two years.

It remains, of course, to be seen whether the Government will follow through on this program, and to that end, if you should so desire, I am prepared, with my colleagues, to return to Turkey early in May to check their progress.

I have come to the conclusion, however, in my own mind that the action presently undertaken by the Turkish Government merits a strong reciprocal vote of confidence from the United States, the details of which I shall discuss later.

Military Problem

My first impression on studying the Turkish problem was that this country was undertaking a military burden beyond its means, and that this should be reduced. The more I studied the problem, however, the more I doubted the soundness of that conclusion.
From the strategic point of view, it must be borne in mind that Turkey is of extreme importance to the United States. If we should lose Turkey, we might lose all of the Middle East. Both General Gruenther and Admiral Fechteler assured us that in terms of military cooperation, the relationship with Turkey was satisfactory. She has a good army, that is rapidly becoming well equipped.

Furthermore, her position vis-à-vis the Soviets is taken out of deep conviction, and would not change even though we should abandon aid. Speaking roughly, some 26 percent of her budget expenditure is military in character, which is about 8 percent of her Gross National Product.

Since the end of the war the number of men bearing arms has been reduced, and the present army is far more effective than it was, because of increased fire power.

NATO would strongly resist any cutback in Turkey’s force assignment because to do so would take the pressure off other allies who have been far less cooperative than Turkey.

This whole military question is moot, however, in my judgment because Turkey would never consent to cut back her forces. They have fought Russia for 300 years, and I think it would be politically impossible to persuade them to reduce their military effort.

One thing, however, in the military field needs doing and doing at once. All vagueness as to what the commitment of the United States is to Turkey on the military side should be eliminated. That whole program should be brought into sharp focus, and a new arrangement negotiated, if necessary, in order that hereafter there may be no further misunderstandings on this score. I have discussed this with Gordon Gray, and I am prepared to work with him on making our commitment clear.

Immediate Need

Short-term the Turkish economy is in desperate straits. For all intents and purposes their entire gold reserve has already been pledged, and they have almost no capacity to finance the most immediate import necessities. Such industry as they have is grinding to a halt for lack of imported raw materials and spare parts, the agricultural industry lacks motor fuel and lubricants for its new equipment, and so forth. There is reason to believe that in a period of perhaps two to three years, the new reform program, coupled with the completion of some of their public ventures that have not yet brought value into the economy, might restore some sort of balance to their trade. But the country may come close to bankruptcy in the next few months. It would do us little good to have an ally that is militarily strong only on paper, if the economy should go
dead. The dangers of the internal unrest that might result are obvious.

To relieve this situation, I am altogether opposed to a soft loan. Furthermore, I do not believe the Turkish Government is going to request another loan in the near future.

They must have cash and have it now, however, and this would be my recommendation:

I propose that our staff in Turkey be forthwith given authority to obligate our Government for sufficient dollar-aid to Turkey to bring that country up for Fiscal 1956 close to the 100 million dollar total of aid which they received in Fiscal 1955. It is my understanding that these funds are available.

I propose that the time and manner of making these commitments be left to the discretion of our staff in Turkey. I was impressed with their caliber, and believe they can be trusted so to administer this fund as to bring the greatest possible benefit to the Turkish economy.

Time is running out, however, and I urge strongly that they be given this authority and be given it now.

*Debt Problems*

Turkey has a serious problem of short-term debt due to various European nations for capital equipment, and other items, purchased in the course of their too rapid industrial development.

These obligations are being handled on a hand-to-mouth basis without orderly planning. Turkey is pursuing a bilateral approach to these questions, trading as best it can with each nation, one at a time. This is costly to the Turkish economy. It forces them to buy in selected markets rather than buying on the best terms wherever available. They are being charged higher prices than competition would justify. I think that the only intelligent approach to that question is the familiar multilateral plan of having all the creditors around one table, and that the agency for accomplishing that would be OEEC. I recognize the apprehension felt by some of the Treasury staff that this would at once bring the United States into the picture, but I believe that that danger can be obviated, and I think that the multilateral solution is the only rational answer. Knowing the Treasury feeling, I did not urge this upon Turkey, but I do feel that I should make my viewpoint clear to you. In my opinion it is the only solution that will give all countries a new and fair start on trading with Turkey. Furthermore, we would thus greatly widen the number of countries that would have a stake in the economic survival of Turkey.
The long-term debt of Turkey is something over 900 millions of dollars. It ought to be refinanced. I would not be prepared to say that this is too much debt for the Turkish economy to bear, but the maturities need to be spread out over a longer period of time.

In our talks with the International Monetary Fund, we found that they hold the considered viewpoint that once Turkey embarks upon a monetary reform program, this international debt can be refinanced, possibly by bringing into the situation private banking capital from the United States and other countries. I was so impressed with what Messrs. Rooth, 6 Cochran and Sturc 7 said that I urged strongly to the Prime Minister and his Cabinet that they seek the early advice of the officials of that Fund with regard to their debt problem. I think that Merle Cochran should go back to Turkey just as soon as he can, and I believe that under his wise guidance a new and helpful debt program might be worked out for Turkey.

Devaluation

At no point while I was in Turkey did I let the word “devaluation” pass my lips. This was a studied effort on my part. I came to the conclusion that the logic of events almost inevitably will take Turkey to devaluation, and that it was highly important that this decisive step should be taken by the Turkish Government on its own initiative, and without compulsion from the United States. My slender stock in trade vis-à-vis Turkey is my personal relationship with the Prime Minister. I believe that we understand one another and have mutual respect for each other. I felt that all of that good will might be jeopardized if I let myself be in the position of recommending devaluation to him, because in earlier years he had publicly taken so strongly the position that he would never permit it. My colleagues, in talking with the staffs of the economic ministers, sensed that at the junior levels there is an understanding of the ultimate necessity for devaluation, and I think it would be wiser to let that pressure build up, so that devaluation comes about from inside forces rather than outside pressure.

I shall be available at any time to any of the interested agencies for further discussion of the Turkish problem, and of course to you for any further counsel that you may think I can give.

Sincerely yours,

Clarence B. Randall

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6 Ivar Rooth, Managing Director and Chairman of the Board of Executive Directors, International Monetary Fund.
7 Ernest Sturc, Deputy Director European Department, International Monetary Fund.
Telegram From the Department of State to the Embassy in Turkey

Washington, March 8, 1956—8:21 p.m.

1468. There are disturbing indications that, despite Randall’s clear statements to Turkish officials of scope of his mission, Turkish Government still has lingering hope that his report and recommendations to US Government may result in some spectacular US gesture. Impression gained that Turks might expect US to produce solution their problems without their pursuing path of gradual but sound economic stabilization. Randall did not and does not intend report or recommend to US Government anything beyond his recommendations to Turkish Government. Although Turkish economic problems are serious ones they are of magnitude which, in his and our opinion, can largely be managed by Turkish Government facing up resolutely to period of belt-tightening and vigorously implementing stabilization measures to which it already publicly committed. In addition would seem wise for Turkish Government immediately act on Randall recommendation to consult IMF on financial and foreign debt problems. Delay in moving forward simultaneously on all stabilization lines can only aggravate already grave situation. This connection Randall, who was convinced of Turkish sincerity and resoluteness, fully expected that immediately following his departure Turkish officials would begin consultations with appropriate US officials as to needs and requirements of next few months. Officials in Washington disappointed at evident reluctance Turkish officials to get down to business.

As misunderstanding seems still to exist, Turkish Government should be immediately disabused of idea that US will come forward with massive aid or loan. US is prepared make available to Turkey full extent FY 1956 assistance in conjunction with successive steps in their own implementation of stabilization measures. US also prepared explore other avenues which might relieve situation, e.g., PL 480, release of counterpart, etc. Further US prepared consider possibility some additional economic assistance from ICA appropriations for FY 1956 but Turkish Government should not be under any illusions amount would be large in terms their previous loan request. FYI Possibility of need to increase current aid by $30 million has been envisaged by ICA for some time. End FYI.

Turkish Government should not lose sight of fact that US has staunchly supported Turkey politically, economically and militarily

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1 Source: Department of State, Central Files, 411.8241/3–856. Confidential. Drafted by Baxter.
to significant extent over last decade. Our mutual interests and objectives dictate continuing support for Turkey of kind which will give country more solid economic base on which to continue building its strength and influence in area. This, we believe, can be accomplished only by sincerest cooperation and most earnest efforts on part of both countries to agree on programs that can be supported with resources available to Turkey including US assistance.

You are authorized to use any or all of foregoing information except figures in FYI portion in frank discussions with Prime Minister and other Turkish officials.

Hoover

338. Letter From the President’s Special Consultant (Randall) to the Secretary of the Treasury (Humphrey) and the Under Secretary of State (Hoover) ¹

Washington, April 17, 1956.

GENTLEMEN: Together with my associates, I have endeavored today to review the Turkish problem.

The purpose of this letter is to submit some specific recommendations.

In the morning we had an exploratory conference with the new Ambassador, ² Mr. Warren, with Patterson and Scott from Ankara, and with Baxter of State.

This afternoon we met with Prochnow, Overby, FitzGerald, and Gray, and various staff members.

The situation is mixed in Turkey and not too satisfactory.

On the financial stability program, the line established by the Prime Minister in January has been reasonably well held, but no new steps have been taken. Doubt is cast upon its vitality by the resignations of Ulas and Kudrash, who had been known proponents.

The immediate and most urgent crisis has to do with the importation of petroleum products, commonly called POL. The Turks have exhausted every known means of financing those im-

²On March 7, Fletcher Warren was appointed Ambassador to Turkey to replace Avra M. Warren, who left his post on February 17.
ports beyond the end of May, and without them their economy will certainly come to a full halt.

It is the position of the Turkish Government that the amount of aid granted pursuant to our mission to Turkey is inadequate to meet the public relations problem. People in Turkey still expect a $300 million loan, and the Prime Minister fears that his Cabinet will fall due to his failure to secure that sum of money. For this reason he has not yet announced the total of FY 1956 aid.

The International Monetary Fund is now sending a working party to Ankara in advance of its normal June date. Sturc, who leads that party, will arrive in Ankara on April 23, to be followed by Merle Cochran on May 10. It is hoped that out of that mission may come discussions of the exchange problem, but in the opinion of our country team the Turks will not voluntarily open that subject.

Out of our discussions today, there seemed to me to be consensus to support the following specific recommendations, which I now submit:

1. The American people and the Turkish people must be told promptly the full amount of American aid for FY 1956. The Turkish Government should be given a further opportunity to make that announcement itself, but if they fail to do so, we should release the facts to the press in both countries. This will serve as a partial check on the obvious belief held by many Turks that our dollar aid allotment is not yet final, and will negative [negate] the impression which some members of the government have promoted that what we have done is niggardly and unworthy of the relationship with a staunch ally.

2. $13 million out of the recent allotments should be made available to our country team for financing about three months of POL. We all recognize the difficulty that this creates for ICA, but we see no escape from the dilemma. We cannot let all Turkish industry be shut down for lack of fuel and lubricants, and there is no other source from which the money can come.

3. This allocation should be used, however, by the country team for the express purpose of persuading the Turks that they themselves must open with IMF the subject of the improvement of the exchange situation. We believe this can be done without making it as bald as a categorical demand for devaluation. We see no way, however, other than by the use of these funds, to insure that IMF will have the subject before it, and if this present working party should leave Turkey without discussing that subject, it might set the whole matter back for a long period of time.

4. When these steps are taken, we should stand absolutely firm, and grant no other aid whatever to Turkey until discussions for FY 1957 open. The fact that we are standing firm, and that these decisions are in fact final, should be made clear to the Turks by every means at our command.

Upon my return from the other mission, it had been tentatively agreed that I would go back to Ankara with my associates the first
week in May. This was for the purpose of checking the progress of the stabilization program.

After discussing it at length with all concerned, I have come to the conclusion that it would be inappropriate and perhaps dangerous for us to go that soon. For us to arrive there while the IMF study is on might take the whole pressure off. It would once more suggest to the Turks that some miracle might still happen.

I do think, however, that we should go back later.

I am not available in the month of June, but I shall be prepared to go at any time after the first week in July, and my associates will be prepared to go with me.

Meanwhile I will continue to follow the subject.

Sincerely yours,

Clarence B. Randall

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339. Telegram From the Embassy in Turkey to the Department of State

Ankara, April 17, 1956—4 p.m.

1732. Eyes only for George Allen. Learn through military channels plans for massive deployment US air and ground forces and special weapons in Turkey, mainly Adana area. Also that parallel instructions coming my way to get Turk consent.

This would be tough one to give Turks cold. They have been trying for two years now to get US to consult them on the Arab-Israeli conflict and related aspects our Middle East policy, with relatively little to show for their pains. They will probably cooperate in these plans as partners, but are likely to be sticky if we simply put it to them unilaterally. In view of Moscow’s warning against interference some time ago, Turkish cooperation in a military venture of this magnitude involves some major risks for them, from the other side of their northern borders. Finally, would be well remember our military and economic relationships are not presently in ideal state of repair.

In any event, gentlemen who would make decision—Menderes, Kopru, Birgi and Chief Staff Tunaboglu—are all now in Tehran.

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1 Source: Department of State, Central Files, 782.54/4-1756. Top Secret; Priority; Limit Distribution.
and will not be back here until April 23–24. These are same gents who have been seeking to be brought into our confidence and into consultation on Arab-Israeli conflict. Consequently, I think important, as minimum preparation for hitting them with this impending request, that Loy Henderson be authorized to discuss policy and plans with them privately and frankly in Tehran in way calculated to develop their receptivity.  

Kohler

2 In telegram 1728, April 18, the Department replied:

"Request for 'preparatory planning' the possible movement US forces to ME stems from purely contingent military planning by Defense and involves no repeat no use or movement of forces in area.

"Fact this Defense planning exercise being carried out should be restricted fullest possible extent in order avoid misunderstandings or leaks. Please discuss this aspect with any US military authorities who know of secret order to which you refer, and assure that matter is not discussed with Turks.

"Understand Defense issuing urgent clarifying instructions." (Ibid., 782.5411/4–1856)

340. Telegram From the Embassy in Turkey to the Department of State

Ankara, April 28, 1956—3 p.m.


1. Prime Minister Menderes received General Riley and me alone for one and one-quarter hours thorough discussion pertinent

1 Source: Department of State, Central Files, 882.10/4–2856. Secret; Priority. Repeated to Paris.

2 Telegram 1762, April 20, informed the Embassy that the Department shared the Embassy's desire for an early devaluation of the Turkish lira and expressed concern that the Turks might refuse to discuss the matter with the IMF mission. The Department also instructed the Embassy to inform Menderes that in view of the "dire effect" on the Turkish economy of a shortage of POL products, the United States was prepared as an emergency measure to finance up to $13 million of POL imports. (Ibid., 882.10/4–456)

3 Telegram 1781, April 27, informed the Department that the Embassy planned to make its approach to Menderes on April 18. The Embassy added that it seemed "essential" to see the Prime Minister personally. (Ibid., 882.10/4–1756)
contents reference telegram. Following discussion aide-mémoire left with him text of which in following telegram.¶

2. Prime Minister expressed great appreciation US understanding his economic difficulties represented by decision finance $13 million POL through August. Said he fully appreciated this reduced pipeline aid would bring serious problems later in year. However, indicated degree of seriousness would depend on outcome harvests.

3. IMF consultations, Prime Minister said he was prepared to receive our suggestion as made with intention being helpful. However, he indicated that degree of seriousness with which he was prepared to talk over external aspects Turk stabilization problems with IMF representatives still required further study and consultation with his colleagues. In this connection he expressed some displeasure previous IMF consultations which he implied dealt only with limited strictly statistical aspects Turk problem and approached problem from completely detached point of view. He hoped IMF would this time show more “understanding” and willingness to be of positive assistance. He made clear that prompt reassurances to him as to IMF approach would help him reach favorable decision.

4. Prime Minister said that he would reflect on our conversation and study aide-mémoire left with him and get in touch with us again within a few days.

5. Discussion was friendly throughout. Prime Minister went to great lengths express appreciation for past aid, particularly military. Reaffirmed in strongest terms devotion and loyalty to mutual political, military and economic interests. Said that whatever differences of view might arise with respect to economic interests, confident these would be surmounted and overall relationship unaffected. Prime Minister talked of recent Soviet approaches, including recent specific offer of five tankers POL without foreign exchange which he had given instructions should not be accepted. While reiterating responses of allies to Soviet moves was making situation increasingly difficult for Turkish Government, he repeated that he would never yield to Soviet blandishments nor engage in deals with Moscow.

During conversation we reassured Prime Minister US goals for Turkey not different from his own; our differences related to methods and pace of economic program. Indeed morale and determination of Turkish people which he so anxious maintain in our view would be weakened by economic distress. Consequently we trust that he would appreciate our advice and suggestions offered in spirit of sincere interest in welfare and progress Turkey. Prime Minister

¶ Transmitted in telegram 1797, April 30, the aide-mémoire summarized the instructions contained in telegram 1762. (Ibid., 882.10/4-3056)
seemed cordially accept this approach and repeated he would consider in that spirit.

Kohler

341. Memorandum of Discussion at the 285th Meeting of the National Security Council, Washington, May 17, 1956

[Here follow a paragraph listing the participants at the meeting and items 1–4.]

5. U.S. Policy on Turkey (NSC 5510/1; NSC Action No. 1486–e; Progress Report, dated April 5, 1956, by OCB on NSC 5510/1)  

Mr. Anderson briefed the Council on the major points contained in the Progress Report on Turkey, emphasizing in particular the critical situation with respect to the Turkish economy and the study by the so-called Prochnow Committee on the capacity of the Turkish economy to support the levels of the Turkish armed forces. He pointed out that upon receipt of the Prochnow Committee report on Turkey, 4 the Planning Board would undertake to review U.S. policy on Turkey as contained in NSC 5510/1. (Copy of Mr. Anderson’s brief filed in the minutes of the meeting.)

When Mr. Anderson had concluded his briefing, the President inquired whether the studies of the various nations by the Prochnow Committee were being pursued as a matter of priority. Mr. Anderson replied that the Prochnow Committee report on Turkey had been completed and was only awaiting approval by the responsible de-

2 NSC 5510/1 is printed as Document 320. NSC Action No. 1486–e, taken at the 269th Meeting of the National Security Council, December 8, 1955, dealt with military and economic assistance to Turkey, Iran, Pakistan, Vietnam, Formosa, and Korea. (Department of State, S/S–NSC Files: Lot 66 D 75, NSC Records of Action) The Progress Report is not printed. (Ibid.: Lot 62 D 1, NSC 5510)
3 Reference is to the Interdepartmental Committee on Certain U.S. Aid Programs, composed of representatives of the Departments of State, the Treasury, Defense, and ICA, and chaired by Herbert Prochnow. The committee was instructed by the NSC to “examine special country situations where U.S.-supported military programs might impose undue burdens upon the economy of the country.”
4 Dated August 3. (Department of State, S/S–NSC Files: Lot 63 D 351, NSC 5610 Series)
partment heads before being circulated. Studies of the other nations would follow. The President asked whether Mr. Anderson meant to suggest that we should needle certain department heads in order to get the report on Turkey out.

Secretary Dulles stated emphatically that the whole question of our military assistance programs was now in need of a most careful and thorough review. Whatever the nature of the changes going on in the USSR, we could at least safely conclude that these changes require us to do more by way of building economic strength around the periphery of the Soviet Union, rather than to continue our present scale of effort to build military strength around this periphery. The older policy which we have continued to pursue was obviously justifiable when it was undertaken some five years ago in the light of Soviet aggressive moves against Greece, Iran, Turkey, Yugoslavia, and elsewhere. Now, however, the time has come to reverse this policy. The military assistance programs which we are now envisaging will enormously strain the economies of such nations as Turkey. We will be confronted with two disagreeable alternatives. Either we will ourselves have to "pick up the tab", perhaps to the tune of $400 million a year, in support of Turkey; or else we shall have to severely cut down the size of Turkey's military establishment.

The President commented that it was to resolve such problems as these that we had created the Prochnow Committee. It was, nevertheless, a very great problem to him to determine how we could ever induce the Turks to agree to a considerably reduced military establishment. On the last occasion of a trip to Turkey it had become clear to the President that they wanted six more divisions than the nineteen which they already had and were finding it difficult to support.

Secretary Wilson said that he understood the point of view of the Secretary of State, and that in principle he favored it. In his opinion, it was no more than sound military principle to secure first your military headquarters and thereafter to proceed to secure your military outposts. Secretary Wilson said that he was beginning to have very great anxiety about military headquarters, by which term he said he meant the domestic economy of the United States. He expressed himself as very worried about the possibility of a recession, and added that a strong US economy was a fundamental bulwark of the free world.

The President again said that he had wished the Prochnow Committee to analyze in the case of a half dozen other countries, this problem which was represented by Turkey. In response to the President, Mr. Anderson read the schedule of the dates on which the
working group's reports to the Prochnow Committee were estimated to be completed.

Secretary Humphrey said that it was now time for the Council to get down to brass tacks on the problem of Turkey. He said that Messrs. Gray, Hoover, Hollister, Randall, and himself had been spending an awful lot of time in recent months on Turkey. Moreover, at this precise time former Ambassador Cochran, now of the International Monetary Fund, was in Turkey making a thorough review of Turkey’s economic and financial situation. He was expected to report his findings within a few days, and it was hoped that through the auspices of the International Monetary Fund the Turks could be induced to carry out some of the economic reforms which were badly needed and which we were strongly recommending.

As to cutting back on the size of the Turkish military establishment, Secretary Humphrey agreed that this would be extremely difficult. Accordingly, we were going at this objective in an indirect fashion. Turkey, moreover, was on the brink of economic disaster. Twice in recent weeks, Mr. Hollister had had to bail out the Turks at the last minute in order to keep them in oil and spare parts. At any rate, it was clear that there was no need to needle anyone on the problem of Turkey. In point of fact, until Mr. Cochran had made his report we simply could not decide what to do about the Turkish problem. Finally, said Secretary Humphrey, he wanted to point out that it was the Turks who were so anxious to build up a larger military establishment. It is not we who are pressing them on this matter. It is they who are pressing us, and we were being presented with a terrible problem in devising ways and means of inducing them to reduce their military forces.

The President replied that of course he knew this. Everyone today is clamoring for armament.

Secretary Dulles inquired whether the President would like to hear from Under Secretary Hoover on this matter. Secretary Hoover said that he actually had in hand the text of the Prochnow Committee report on Turkey, although it had not been finally approved. It emphasized two problems. The first problem was the cost to the United States of our program of economic assistance to Turkey. The second problem was the cost of our military assistance program both to the Turks and to ourselves. The Prochnow report estimated that for the years 1955 to 1960, if we give the Turks what they are

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5In a June 19 memorandum to Hoover, Kalijarvi referred to a brief report on Cochran’s mission to Turkey, which, although not found, had been attached to the memorandum. (Ibid., Central Files, 782.00/6–1956) A copy of the report is ibid., GTI Files: Lot 59 D 4, Economic Situation for January–March.
asking for, the sums would run into the billions. Part of these costs would fall on us; part would fall on the Turkish economy. Secretary Hoover concluded with a brief comment on the procedures of the Prochnow Committee. The Prochnow Committee accepts from our military people the force goals for Turkey which they recommend. On this basis the Committee proceeds to figure up what it would cost the Turks and what it would cost the United States to maintain such force levels in Turkey. Incidentally, Secretary Hoover added, the economic data required by the Prochnow Committee for its study of Turkey had been handed in a long time ago. It was only recently that the Pentagon had supplied the requisite military data.

The President said that he was under the impression that the Prochnow Committee had been assigned the task of determining the size and character of military forces which the Turkish economy was in a position to sustain. Mr. Anderson then read to the President the terms of reference of the Prochnow Committee, and noted that the primary job of the Committee was fact finding. In the light of these facts, it was the responsibility of the Planning Board to review the policy of the United States toward Turkey and the other countries which were under study by the Prochnow Committee.

The President observed that the Council was now talking in terms of a program for Turkey which would cost $2 billion over the next five years. It was not to be forgotten that Turkey was only one of many claimants on the United States. Secretary Humphrey said with emphasis that this was precisely the situation, and that this country simply could not afford to supply military assistance in such vast amounts.

Secretary Dulles made the observation that one of the most frightening aspects of the Soviet Union was the undoubted capacity of its leaders to make significant decisions so quickly. He asked the Council to think what the Soviets had done by way of decisions over the last year, in the fields of both internal and external policy. The Soviet Union had demonstrated a capacity for prompt decision-making that no democracy could probably ever equal. Nevertheless, in the face of this Soviet capability our Government needed to do everything it possibly could to improve its own capacity to make prompt decisions. Things get studied to death in this Government, to a point where we are unable to reach a decision until the decision is too late to be really useful. If we could get the heads of the responsible departments and agencies here together around this table, we could make decisions in a period of 24 hours on the issues that the Prochnow Committee has been studying at such length. Such decisions would undoubtedly not be so perfect as if they had been studied at great length; but what the decisions lacked in perfection they would more than make up for in timeliness. In any
case, we must reach decisions like these in a much shorter time span. We must either compel officials below us in our departments to move more rapidly, or else we, as heads of departments, must make the decisions ourselves.

Secretary Humphrey said he agreed with all that Secretary Dulles had stated, but felt compelled to point out that many of our decisions must be made on the basis of factors we cannot actually control. Turkey, for example, was on the verge of a bust-up.

The President said that he frankly doubted whether wise policy decisions could be made by simply getting together a few heads of departments and without full knowledge of the facts relating to the problem to be decided. He agreed, however, that we were probably in a position now to make a decision on the case of Turkey.

Secretary Humphrey pointed out that the Prochnow Committee report on Turkey had not yet officially been circulated. Only Secretary Hoover knew precisely its content. Despite this, however, we have long known the essential elements in the Turkish situation. The gist of the problem was how to revise Turkey's military program to a point where we and the Turks together could find resources to support the military program.

Mr. Anderson pointed out that the Planning Board would promptly review the relevant country policies as soon as it received the reports of the Prochnow Committee.

Secretary Dulles indicated that, as Secretary Humphrey had pointed out, we already know the broad answer to the Turkish problem. No one, however, has received any authority yet to recommend what we should do in response to the Turkish problem.

(At this point in the discussion of Turkey, the Council launched into a discussion of broader aspects of US military and economic assistance programs, for which discussion see Item 6.)

Subsequently, getting back to the problem of Turkey, Secretary Dulles asked whether the National Security Council should request the Prochnow Committee to indicate in their forthcoming report on Turkey a military program of a size and character which the Turks could support with an acceptable degree of assistance from the United States. In response, the President said he wanted the Prochnow Committee to make such a suggestion, and indeed believed that this request was already included in the terms of reference of the Prochnow Committee. Admiral Radford warned of the difficulties inherent in the attempt to provide the study requested by Secretary Dulles. Secretary Humphrey agreed that whatever the results of these studies, we would have to provide some financial assistance to

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*Item 6 was a "Review of Military Assistance and Supporting Programs".*
Turkey for a very long period of time. Agreeing, Secretary Wilson said that we had better start out by figuring out just how much money we are willing to provide by way of assistance to Turkey. Secretary Humphrey said it seemed to him that we had to start with the military side and the military decision, and then work back to the economic and financial decision.

*The National Security Council:* \(^7\)

Noted and discussed the reference Progress Report on the subject by the Operations Coordinating Board, with particular reference to the economic burden imposed upon Turkey by the current plans for Turkish armed forces.

[Here follows the remainder of the memorandum.]

S. Everett Gleason

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\(^7\)The following paragraph constitutes NSC Action No. 1559. (Department of State, S/S–NSC Files: Lot 66 D 75, NSC Records of Action)

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342. **Telegram From the Department of State to the Embassy in Turkey** \(^1\)

*Washington, June 20, 1956—8:19 p.m.*

2129. Joint State–Defense–ICA. Active consideration being given recommendations re future Turkish aid programs formulated in Washington in collaboration with representatives Ankara Country Team following completion Turkey paper by Interdepartmental Committee on Certain US Aid Programs (Prochnow Committee). We recognize necessity reaching earliest possible decision on target figures for Turkish programs to facilitate orderly US and Turkish planning. However magnitude world-wide programs which US able support must be examined in light of 1) Congressional action present aid bill, 2) completion within next few weeks other country studies by Prochnow Committee and over-all consideration by NSC. Until situation further clarified US not in position to propose or discuss with Turk Government revisions in Turkish programs.

Generally recognized that continuation foreign aid programs at current or previously contemplated levels requires greater resources.

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\(^1\)Source: Department of State, Central Files, 782.5–MSP/6–2056. Secret. Drafted and signed by Baxter. Repeated to Paris for USRO and CINCEUR.
than those likely to be available to US for that purpose. Therefore in any discussions with Turkish officials Ambassador and Chief Jam-mat should bear in mind future US aid will fall far below Turkish desires and expectations in military and economic fields.  

Dulles

2 In telegram 2222, June 29, the Embassy replied indicating the “urgency” of formulating necessary guidelines in Washington, which would enable the United States to develop a new military program with the Turks. The Embassy also suggested that if the new military program was far below the level that the Turkish Government anticipated, the United States should be prepared to offer Turkey, “further evidence of our continuing interest in Turkey’s security.” (Ibid., 782.5-MSP/6-2956)

343. Telegram From the Department of State to the Embassy in Turkey  

Washington, July 10, 1956—7:02 p.m.

90. At Department’s suggestion Turkish Ambassador brought Finance Under Secretary Ergin and colleagues to call on Assistant Secretary Allen July 9.  

Allen expressed surprise and concern at memorandum from Prime Minister urtel 57. 3 He said US officials had great confidence in IMF and believed their recommended measures essential element in progress toward economic recovery Turkey. 4 On understanding Turkish Government would proceed with the reforms developed in consultations with IMF US had extended extraordinary emergency aid $25 million in support Turkish modification exchange rate system. He made clear this sum not available as additional aid if Turkish Government did not carry out this exchange reform. In serious questions affecting monetary rates no question Turkey has

1 Source: Department of State, Central Files, 782.5-MSP/7-756. Secret. Drafted by Baxter and signed by Allen for the Secretary.

2 A more detailed record of the meeting is in a memorandum of conversation by O’Grady, July 9. (Ibid., 882.10/7-956)

3 Telegram 57, July 7, transmitted a memorandum from the Turkish Government informing the United States that Turkey had decided to reevaluate the advisability of changing the exchange rate system due to the favorable effects on prices of the National Protection Law. In the Embassy’s view of the Turkish Government’s recent action, the Law would not make an important contribution to correcting Turkey’s balance of payments problem. (Ibid., 782.5-MSP/7-756)

4 The IMF proposals focused on reestablishing price stability and adjusting exchange rates.
sovereign right and sole responsibility make decision it considers in its best national interest. However Allen pointed out if Turkey disregards considered recommendation IMF and US authorities and rejects program, Turkey should not expect come to US for help to solve resulting difficulties.

Ambassador Gork said he believed some misunderstanding existed. Application national protection law in recent weeks had changed situation from that existing at time agreement reached with IMF and Turkish Government merely wished discuss changed situation. He had no indication Government did not intend eventually carry out IMF recommendations, perhaps in exactly same form they now exist, but it wished discuss new circumstances with IMF authorities. IMF might be able convince Turkish Government recommendations should be instituted in present form. Gork said could not understand why IMF unwilling hold further discussions. (This refers to July 7 conversation Gork with Cochran.)

Department officer pointed out his understanding Cochran and IMF officials fully aware present conditions in Turkey and did not consider situation had changed in any way to invalidate recommendations made late May. National protection law had been under discussion for some months and its probable effects had been taken into account by IMF in making present recommendations for multiple rate structure.

Gork gave impression he did not know in detail what lay behind his Government’s desire for delay but implied perhaps it feared announcement such time would have adverse effect on Turkish public opinion. Implication was rate changes could be made palatable only if accompanied by simultaneous announcement larger aid from various US sources.

Ensuing discussions with Ergin elicited information his instructions on leaving Ankara were to work out details for implementation IMF recommendations and simultaneous announcement Washington and Turkey of new rate structure July 13. To date his instructions had not been changed and he had not been formally notified of Turkish position as outlined Prime Minister’s memorandum presented Embassy Ankara.

Conversation along same lines held with Gork and Turkish delegation same day by Treasury, ICA and Cochran.

You are authorized in your discretion urge appropriate Turkish officials consider very carefully adverse reaction IMF and US circles to what appears to be unwillingness face up to serious situation and carry out agreement which in view of all concerned necessary to

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5 Not further identified.
6 No record of this discussion has been found.
improve Turkish economic situation and allow US aid make most
effective contribution to lasting progress.

On July 10 Minister Finance cabled IMF requesting postpone-
ment formal Fund consideration Turkish exchange reform with peri-
od not specified.

FYI only. Nevertheless Turkish delegation instructed about same
time to continue discussion with IMF staff. Believe it important
Turk Government not learn we aware these instructions. Would
appreciate your estimate of factors underlying Turkish tactics. End
FYI.  

Dulles

7In telegram 119, July 14, the Embassy informed the Department that Menderes’
decision on the exchange rate was partly a result of the influence of his associates
who were opposed to the IMF recommendations. The Embassy noted that the Prime
Minister’s initial acceptance of the new exchange rate was a result of his belief that
its inducements were greater than those contemplated by the United States and that
the level of future US assistance might be based on Turkish action in this area.
According to the Embassy, Menderes was more concerned about his personal popular-
ity and “effective party control” than about stabilizing the Turkish economy. (Department
of State, Central Files, 782.5–MSP/7–1456)

344. Telegram From the Embassy in Turkey to the
Department of State 1

Ankara, July 16, 1956—4 p.m.

126. For Hoover and Allen. I am much concerned by situation
now developing result USA–IMF efforts get Turkey effect suitable
currency change and stabilize her economic life (see Embtel 124, July
16). 2 Because my concern submit following:

1. In Prime Minister Menderes we are not dealing with an
irresponsible carping peanut politician but with intelligent capable
government leader who must answer politically for his acts.

2. In conversation reported Embtel 124 he showed no intention
trying abandon proposal before IMF. Contrary wise he insisted his

1 Source: Department of State, Central Files, 782.5–MSP/7–1656. Secret.
2 In telegram 124, July 16, Warren transmitted the substance of a July 15
conversation with Menderes. According to the Ambassador, the Prime Minister
expressed a desire to reach agreement with the IMF, but indicated that in his view
there was an “honest difference of opinion” regarding what was best for Turkey.
(Ibid.)
intention desire determination reach agreement with fund through further early Washington talks.

3. Emphasized he desired additional discussion with IMF based on changes caused by new national protection law, faulty preparation original proposal here, and his need understand have confidence in measure order defend it party councils, Grand National Assembly and before Turk public.

4. In conversation PM showed himself reasonable, free of carping, conscious we had not been as helpful as possible last year but grateful for what we did do and hopeful to God our present friendship "will continue for centuries". At same time stressed economic military political importance Turkey and USA proposed change.

Menderes speaks for the government which we must depend upon make Turkey strong and keep her our ally. Turks have not placed any price on various concessions made USA. Am convinced they do not want to do so but do want reach agreement with IMF.

Comment: Turk failure to reach agreement with IMF will not remove but seriously aggravate USA problem. Our position will be infinitely more difficult. For this reason I regard it utmost importance every effort be made bring IMF Turks together on basis assuring minimum essential conditions for continued effective implementation both internal external phases stabilization program.

Warren

345. Letter From the Ambassador in Turkey (Warren) to the Under Secretary of State (Hoover) 1


Dear Mr. Hoover: May I refer to Embassy telegram No. 124 of July 16. 2 It is one of several which we have sent on the subject of the IMF-Turkey efforts to work out proposals to meet Turkey’s urgent foreign exchange and financial problem. Both IMF and the Department are behind the proposals. So is the Embassy. In fact, we in the Embassy are doing and will continue to do all we know how to get Turkey to go through with, to accept, and to implement the

1 Source: Department of State, Central Files, 782.5-MSP/7-2856. Secret; Personal.
2 See footnote 2, supra.
proposals. I am still hopeful that the joint efforts of the IMF, the Department, and the Embassy will bring about Turkey's acceptance and implementation. We will trust that it will be an acceptance and implementation which she believes in and will support. If so, the economic experts consider that Turkey will be headed for an ultimate escape from her economic and financial difficulties. If not, I am afraid that the Departmental, the Washington attitude may be that we will "let her stew in her own juice". This fear brings me to my major concern today and the purpose of this letter:

Having studied the situation carefully since my arrival here, having assessed what Turkey already has done for the U.S.A. and what she is prepared to do for us, having been briefed in key spots in Washington, London, Paris, Weisbaden and Naples on the importance to U.S.A. of Turkey and on what her loss would mean to us and to the Free World, having tried to guess what her failure loyally to cooperate with us would mean in men and dollars, and having taken note of our entire Near East scene in the light of Nasser's latest maneuver, \(^3\) I want to say I am convinced we cannot turn the cold shoulder if Turkey fails to accept the IMF proposals. It is true and, perhaps, proper that IMF should, in that eventuality, drop the matter. But Turkey's importance to the United States and the West is such that her failure to accept the IMF proposals only augments our danger and increases our responsibility to find some way to keep her a valuable ally. She cannot be such if her economic situation "goes to pot". It is lacking foresight to say she must go along with us whether or not we do anything. In this world in which we live today all the rules are being broken. I am sure Turkey would be forced to break a few before she collapsed economically. We must not let her go down. \(^4\)

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\(^3\) On July 26, Nasser nationalized the Suez Canal Company.
\(^4\) Hoover replied on August 24:

"There seems to be general agreement among the economists as to the things to be done. We hope the Turkish Government will do them. However, if it does not, and if its difficulties are intensified, we will not turn a cold shoulder. We still count Turkey a friend and ally. While in recent years Congress has reduced appropriations for foreign aid the amounts of economic aid extended to Turkey have been increased. Although Turkey has not received the large loan which the Turkish Government requested, the aid extended has been and is substantial and can be expected to dull the edge of Turkish economic difficulties. It is doing this at the present time, witness ICA financing of Turkish petroleum and other current requirements. I hope that the provision of this aid by the United States does not foster in the Turkish Government an unwillingness to take corrective measures. This coming week may see decisions taken that may mean much in setting up conditions under which Turkey can overcome some of her baffling difficulties. Whether this happens or not, you can rest assured of our friendly attitude toward Turkey and of our sympathetic understanding of the difficulties with which you are surrounded." (Department of State, Central Files, 782.5–MSP/7–2856)
Pardon me for burdening you with even this tremendous possibility.
With warmest regards,
Cordially and sincerely yours,

Fletcher Warren

346. Editorial Note

On August 21, during a discussion at the Secretary's Staff meeting, the subject of economic aid to Turkey was raised. According to the notes of the meeting:

"Mr. Allen said that a full scale drive by the Turks is under way for increased economic aid. The Turks reportedly were counting on help from Clarence Randall and Thomas Dewey. Mr. Murphy asked whether Mr. Randall had made any specific recommendations and expressed the wish that the U.S. could do something more for the Turks than already had been done. Mr. Allen replied there had been no specific recommendations, with the exception that the Turks were asked to put their economic house in order." (Department of State, Secretary's Staff Meetings: Lot 63 D 75)

347. Letter From the President's Special Assistant (Randall) to the Secretary of the Treasury (Humphrey), the Under Secretary of State (Hoover), and the Director of the International Cooperation Administration (Hollister) ¹

Washington, September 26, 1956.

GENTLEMEN: Yesterday I had another meeting of the ad hoc committee ² dealing with Turkey.

¹ Source: Department of State, Central Files, 782.5-MSP/9-2656. Confidential.
² In August an interagency group composed of representatives of the Departments of State and the Treasury and the ICA, chaired by Randall, met to maintain contact with the IMF regarding the economic situation in Turkey.
Several Turkish officials are in town, and all of their people are pressing hard to know what their total assistance will be in the current fiscal year. Of course, it is not unreasonable to say that they need to know this for their planning.

We face again the old dilemma. On the one hand, Turkey is important to us, both from the military and the political point of view, having recently given such staunch assistance in the Suez crisis; on the other, she still refuses to face her exchange problem. Internally, she is sticking pretty well to the fiscal reforms promised to me when I was there last February. Externally, she continues to duck the recommendations of the IMF.

We concluded that we had no alternative than to give Turkey assurances at this time that her economic aid would equal that of last year. She has already had $25 million, which was the advance on devaluation that did not come off. This, therefore, means a present assurance of $55 million more.

We will have another meeting shortly to discuss the P.L. 480 program.

Sincerely yours,

CBR

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3 Esenbel, accompanied by other Turkish officials from the Central Bank, the Treasury Ministry of Finance, the Ministry of Foreign Affairs, and Ankara University, was visiting the United States for discussions with IMF officials.

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348. Memorandum of a Conversation, Department of State, Washington, November 10, 1956, 11:45 a.m.\(^1\)

SUBJECT

Defense of Turkey

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\(^1\) Source: Department of State, Central Files, 782.5/11-1056. Secret. Drafted by Bennett.
PARTICIPANTS

Defense:  
Admiral Radford
Lt. Gen. Fox
Captain Wagner
Colonel Twitchell

State:  
Mr. Murphy, G
Mr. Elbrick, EUR
Mr. Berry, NEA
Mr. Wolf, RA
Mr. Bennett, G

Following a consideration of problems involved in U.S. support for the UN Middle East operation, the subject of Turkish defense was discussed. Admiral Radford expressed his serious concern over the air defense of Turkey, particularly in view of recent reports of Soviet overflights. He admitted that he had no confirmed information regarding overflights but said that he is convinced that the Soviets are now operating into Syria, either across Turkey or Iran. He said that, in view of the seriousness of the situation, there is great need for the U.S. to find out what is actually going on there. Turkish radar equipment is entirely inadequate, and there is now no capability in the area to intercept the type of Soviet aircraft which would be involved in an overflight. As emphasized in a previous conversation, the Admiral and the JCS would like to make arrangements to put U.S. Air Force interceptors into the Adana Base.

Mr. Murphy replied that it really comes down to a question of judgment as to whether we should approach the Turks at this time on the question of undertaking additional USAF operations in Turkey. After taking all the factors into consideration, the Department does not believe that such action would be desirable at the present time. It is a question of judgment, and the Department’s judgment is against doing it now.

Admiral Radford went on to point out that the Turks themselves have handed over to NATO responsibility for the air defense of Turkey. Under existing arrangements the Turkish general staff theoretically could not send Turkish planes up to intercept hostile aircraft; orders would have to come from the NATO commander in the area, who happens to be an American. Mr. Wolf expressed the

Reference is to the creation of a U.N. Emergency Force and its role in the Suez Canal crisis.

2 In telegram 1055, November 8, Warren informed the Department that Acting Foreign Minister Etem Menderes had called him to the Foreign Office that morning to convey information that, according to General Gruenther and the Turkish military attaché in Washington, there had been reports of Russian overflights of Turkish territory. (Department of State, Central Files, 782.5461/11-856) On November 9, the Department informed the Embassy in Ankara that U.S. intelligence sources had no information to verify reports of Soviet overflights. A possible explanation for the reports, the Department continued, was the possibility that MiG-15’s have been seen in Syria “leading to presumption that they came via Turkey.” (Telegram 1058 from Ankara, November 9; ibid., 782.5461/11-856)
belief that the NATO Council would be greatly concerned over the prospect of NATO assuming responsibility for the territorial defense of individual member states to the exclusion of national responsibility and authority. Admiral Radford responded that without such a NATO system we could not expect to have effective air defense in Turkey or in a number of other places.

Mr. Murphy said that he found it hard to understand why other members of NATO, such as Norway, Belgium or Portugal, would object to NATO taking over the command function if, as in the present case with Turkey, a NATO member had requested the organization to do it. Mr. Wolf pointed out that the concern on the part of other nations is based on their fear of triggering action which might be based on some local situation rather than on a NATO-wide issue. He suggested that the best way to handle the matter, if we believe it necessary to put extra equipment into Turkey, would be to have SACEUR come forward with a requirements study and then make arrangements with Turkey on the basis of that study.

Admiral Radford reiterated that the Turks have shown themselves entirely inadequate in radar operations. They have some F-84 aircraft which are not suitable for intercepting late-model Soviet equipment. Radar with higher and wider coverage, as well as up-to-date interceptor aircraft, is needed if there is to be an adequate defense for Turkey and other areas in the Middle East. Mr. Gray called attention to the fact that Secretary Wilson wants a Presidential decision on the matter of the introduction of additional equipment into Turkey, irrespective of State and Defense positions on the problem.

In a discussion of Turkish concern over reported overflights it was agreed that State and Defense do not accept the Turkish point of view that overflights in themselves call into play Article 5 of NATO. 4 Mr. Murphy, with the concurrence of Admiral Radford, asserted that overflights of the U.S. would not in themselves be considered to constitute a casus belli. We would handle the matter on the basis of a violation of our air space.

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4 Article 5 deals with the subject of armed attack against any or all of the NATO member states and the reaction of the NATO members. The article stipulated, among other things, that "an armed attack against one or more of them in Europe or North America shall be considered an attack against them all."
349. Telegram From the Embassy in Turkey to the Department of State

Ankara, November 14, 1956—10 p.m.

1130. For Acting Secretary Hoover and Assistant Secretary Rountree. Paris eyes only Dillon and Perkins. Reference: Embtel 1123. Following is résumé of remarks made to me by Prime Minister Menderes noon November 14 when he handed me memo transmitted verbatim text reference telegram. Menderes spoke substantially as follows:

During our last meeting (re Istanbul telegram 365 to Department) we discussed my recent visit to Tehran and general situation in ME.

I have now studied situation carefully. Upon my return to Ankara, Cabinet meeting was held attended also by Turk chief of staff, Turk chief of intelligence, high officials of Foreign Office, and president GNA. We had long meeting. President Bayar presided. We discussed overall situation in light information available. We decided to make known US Government our views concerning dangers surrounding us. We decided it was serious, delicate, and important, and to send substance our views in written text (reference telegram).

Important events are unfolding around us. We need frank exchange of views with US Government. Events moving fast. Our real aim is to explain our estimate to US and to learn what US Government thinks. Our memo is for high level study in US. We eager know US views about memo, and about general ME situation. We also plan to make our views known to UK.

On November 13 Nuri Said sent me a message asking if we had any recent information and inquiring situation Turkey. We plan inform him we are in touch with US Government. Pakistani President Mirza and Prime Minister Suhrawahrdy will be in Baghdad November 16. Suhrawahrdy plans come Ankara November 19, after two days in Baghdad, with chief Pakistani General Staff who is good man and good friend. I plan to initiate Pakistani Prime Minister into Turkish problems. We will talk about BP and everything that has bearing on BP. I myself may go to Baghdad and return Ankara with

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1 Source: Department of State, Central Files, 684A.86/11–1456. Top Secret; Priority; Limited Distribution.
2 Dated November 14. (Ibid.)
3 Telegram 365, November 10, reported on a conversation between Warren and Menderes after the latter’s return from Tehran. Among the issues raised by the Prime Minister were US participation in the Baghdad Pact, the Palestine problem, the situation in Syria, and Turkey’s petroleum situation. (Ibid., 123–Warren, Fletcher)
Suhrawahrdey and Pakistani Chief of Staff. Pakistanis need encouragement. This evident even from Turkey. They are in great anxiety.

Re Syria, we are sending air force officer as courier to Damascus for four or five days. We are also sending chief of intelligence to Beirut. In addition, we may send two or three other competent Turkish officers well acquainted with situation to Lebanon and Syria, including possibly GNA Deputy who raised in Syria.

We are certain of our information re Soviet matériel shipped through Straits to Latakia (re Istanbul's 365 to Department, paragraph 5). Turkish general staff also convinced some MIGs have overflowed Turkish territory. In these circumstances US must not leave Turks in obscurity.

US Government should keep Turks fully informed so that both countries may take measures which are necessary to be taken “in due time”.

We are cool-minded, studying situation with care, and of strong resolution.

Embassy Comment:

1. Memo, and Prime Minister himself on two occasions, referred to need to move “in due time”. Prime Minister is as convinced of need to avoid moving too soon or too fast as of moving too late or too slowly.

2. Specifically re memo, paragraph numbered 1, it significant that Turks state categorically further violations by Soviet planes “will be met with resistance”. . . . We believe this current request should be given immediate and most serious consideration in Washington, and Embassy hopes US can find some appropriate way lend Turks support on this.

3. Re memo paragraph numbered 2, we request urgent and full guidance re Syria which we may use in early discussions with Turks. We surmise Turks would like enlist US support in taking “positive measures” in Syria. In this connection, memo refers to possibility conflict “perhaps in Turkey”. We believe this is guarded reference to Turkish fear Soviets may open old wounds re Hatay in order good Syria into attempt incorporate Iskenderun strip into Syrian territory.

4. Re memo paragraph numbered 3, we request guidance re Iran similar to that requested re Syria (supra).

5. As emphasized reference telegram, and as he himself stated in concluding his remarks, Prime Minister was calm, purposeful, deliberate, serious. He was clearly aware gravity of ME situation without being overwhelmed by it. His attitude, and tenor his remarks, more

4 Paragraph 5 reported that the Turks claimed to have seen Soviet tanks on board vessels headed for Syria.
than confirm my impression great value Turks as steadfast US ally this area of world.

6. . . . I am also convinced, subject to such safeguards as authorities in Washington may consider requisite, that we should take Turks into our confidence as fully as possible. They are committed to us unqualifiedly. It incumbent upon us to reciprocate in substantial measure.

7. By separate telegram Embassy is submitting synthesis information . . . re “alert measure” taken by Turkish military authorities in present crisis. These similar to measures taken by US Government and reported in Department’s circular telegram 390. 5

8. Life Ankara and so far as we aware elsewhere Turkey continues completely normal with no sign public apprehension or ruffled calm.

Warren

5 Circular telegram 390, November 10, transmitted the text of a November 8 statement by a Department of Defense spokesman on the question of a worldwide alert for American military commanders. (Department of State, Central Files, 711.5/11-1056)

350. Memorandum for the Record, by the Chief, Joint American Military Mission For Aid To Turkey (Dewey) 1

Ankara, November 15, 1956.

SUBJECT

Conversation of Mr. Norman Armour with the Minister of Defense, on 14 November 1956 (also present were: Gen. Dewey, Mr. Hitchcock, and Capt. Ali Kiziltun)

1. Mr. Armour explained the reason he was in Turkey was to get impressions on the Foreign Aid Program and that he would be grateful for any information that the Minister of Defense might care to give to him. 2 He stated that he had had good talks with Gen. Dewey and Gen. Riley and representatives of ICA and had talked with the US Ambassador in Turkey, who is an old friend of his. He

1 Source: Department of State, Central Files, 782.5/11-2056. Top Secret. Transmitted in despatch 311, November 20.

2 Norman Armour was in Turkey as a member of a Special Committee To Study the Foreign Aid Program created by S. Res. 285, July 11.
stated that he was going to Izmir tomorrow and that he will spend some time next week in Istanbul. He stated that he had heard of the fine state of cooperation between the two nations that had been reached. He stated that he had always told the same thing to other visitors. The MOD stated that he would like to have this cooperation continued. He further stated that recent developments in the Middle East were of great importance to the Turkish government and the Turkish Armed Forces. The Turks are following very carefully the developments in this area and of course are taking the necessary measures to meet any kind of development. The MOD stated that he is sure that, as MOD, it would not be appropriate for him to talk about the proper use of American Aid delivered to Turkey but he is confident that Turkish and American representatives in Turkey have talked to him in detail about this subject.

2. Meanwhile, said the MOD, he would like to mention the recent developments, especially in the southern neighboring countries—Syria. The Russians have been trying recently to develop certain strongholds in Syria and in this way to create a dangerous threat against Turkey. The Turks could not guess right now what this situation might take in the future. He would like to say that we do not believe the developments there are for the benefit of Turkey as the Russians have been actually flying over Turkish territory carrying troops to this country. Then there are the Russian Troop movements in Bulgaria—especially the Armored Units. These actions do not give the Turks confidence that this is for the benefit of Turkey. Again, said the MOD, the equipment and armament that were taken from the French and British in Egypt have shown that the Russians have been working for along time and shows plainly by their efforts in Europe that if no serious step is taken (by the Turks) this could develop into something more serious. Again, said the MOD, the serious developments in Hungary where the Russians are ruthlessly smashing the Hungarian people who do not possess any arms or weapons; and again the fever of hate-the-free world is looking at them while the Russians are strangling them, is against humanity. These events make the Turks think very seriously—may lead to a world war.

3. The MOD stated that recent events show that in case of attack or aggression the nations will have to struggle with their own assistance and own forces until assistance and aid can come. The recent developments and the efforts of the Russians have shown us that we should study a little more carefully our defense installations like the radar installations. It is shown that Russian planes flying over Turkey at 50,000 feet are secure as Turk radars cannot detect them. The Turks do not possess this capability. Again, unfortunately, the present aircraft with the Turkish Air Force are not capable to
cope with planes flying at such high altitudes. Therefore it is necessary to greatly augment the radar equipment. It would materially increase the coverage if they could install effective radars on the Black Sea to give early warning. Gen. Dewey stated that the Turkish Air Force had come to an agreement with JAMMAT just recently on a plan which would accomplish what the MOD desired. Gen. Dewey stated that he recognized that the present best Turkish radar had little effectiveness over 45,000 ft. He further stated that he was trying to get converters for the present light weight radars on the Black Sea as their lack was now constituting a void. Gen. Dewey stated that he was aware that the Turks would like the high performance radar which would have a detection capability up to 75,000 ft.

4. The MOD said that he would like to mention about another shortage which was in the AA equipment. Recent developments have shown that they should discuss this matter whenever they can. The AA equipment is of concern and the motors, signal and communications equipment which are in their M-Day units are necessary for their armies to function. Mr. Armour stated that he would be glad to carry back with him the comments from Gen. Dewey and the Ambassador on this subject. Gen. Dewey stated that Mr. Armour had been presented the equipment situation in some detail and had been told that the Turkish Army was presently in possession of only about 50% of the equipment required for the units that were committed to NATO. Mr. Armour stated that the MOD had been very helpful to him in bringing these shortages to his attention.

5. The MOD stated that while he is speaking about the shortages he would like to emphasize and mention that they are not disappointed with the situation and with the Russians because if we study history we will see that this nation has fought against the Russians and that no time have the Russians been successful against the Turks and they will not be until such time as there will not be a single Turkish man. The MOD stated that if we study the Communism concept of activities throughout the world we will see that this philosophy is attractive to the poor and the laboring classes who think that some day they will be prosperous and happy under it. It is not this way. Why, asked the MOD, does not Communism find a good place in Turkey? The reason is because this concept and idea comes from Russia, a country for which the Turks have always had a hatred and which at no time will this country accept Communism unless it comes from another country.

6. Mr. Armour mentioned movements on the Bulgarian boundary and in northern Thrace and assumed that this segment had been under study from the internal security point of view and NATO but that he would like to ask about recent events in Syria where
equipment may have been put into Syria. Would this create the possibility of a new front and a new line, and in this case would this lead to more of an activation of the Baghdad Pact and this mean that this would require equipment other than that under MDAP. The MOD stated that the information the Turks get from Syria about the troop movements and other activities are not firm but there is this point of view about their intentions: one cannot help but think that the Russians are contemplating a long range plan—maybe they will not do anything; they may join Egypt, and may encircle Turkey from the East, West and the South, so that in case of war they would be in a good position to fight against Turkey. They would be able to execute a pincers movement through Thrace and Syria. As long as the Turks are strong and can hold the Turkish Straits the Turks do not think that the Soviets can accomplish anything this way. The MOD thinks that the main Soviet intention is to descend into the Mediterranean and conduct action against allied lines of communication. The present action on the part of the Soviets will create a Southern border and require consideration by NATO. Mr. Armour stated that in a recent press release by a high Turkish official, on the way to the meeting in Pakistan, he stated that Arab countries might see the benefit Turkey had received from the Baghdad Pact and might also decide to join. Mr. Armour asked if, in the opinion of the MOD, there was any hope that other Arab countries might desire to join the Baghdad Pact. The MOD replied that the official who made the statement had been in the capacity of Foreign Minister and that he had tried to express his personal opinion to show that other countries who had joined the Baghdad Pact had been aided to a better position against the common enemy. Mr. Armour stated that if Arab countries could have a feeling that being a member of the Baghdad Pact would help them to resist Soviet aims of submerging Arab countries, then they might have more of a feeling to join the Baghdad Pact.

7. The MOD stated that he would like to comment and present his views on the Southern Border of Turkey, and to state why consideration must be given to this point. He stated that there are many solutions that could be given: first of all, the Turks could bring some forces from the Eastern Front around Erzurum to the south to compose units or activate new mobile units on this front. He felt however to do this would be a great mistake because it would cause a reduction of the Eastern Front against the Russians—the Russians possess 22 divisions in the Caucasus which could be used against the Eastern Front and it is the Soviet intention to create a suggestion and strong feeling and crisis to cause the Turks to shift and reduce their main effort on the Eastern Front—therefore they do not want to move any troops from the Eastern Front. Therefore the
Turks recognize the necessity for mobile units to protect their Southern Front. Mr. Armour inquired as to what else would be required other than ground troops and was told that the Minister referred to Motorized units.

8. The MOD stated that he thought there was another important problem which Gen. Dewey knows about which had developed a couple of days ago when Russian planes were trying to overfly Turkey. This was brought to the attention of the NATO council and they are still discussing the matter and trying to see if this overflight would constitute a violation against Turkey for an attack. Gen. Gruenther thinks that this would be a direct attack against Turkey and should be acted against by Turkish Air Forces, but he stated Gen. Norstadt has said this is just an overflight of Turkey and should not be considered as an attack. This is contradictory, the MOD thinks that they are just trying to hold Turkey so that it would not act and create a difficult situation as a member of NATO. Mr. Armour stated that he hoped so—he stated that he appreciates what he has heard today; he stated that he had re-read the tribute Gen. MacArthur had paid to Turkish Armed Forces when he said that never had he seen finer fighting men. Mr. Armour stated that this summarizes what he has heard while here and from other sources; and would like to leave this as a parting note. The MOD stated in closing that the Turks are facing the situation calmly; that they do not intend to sit idly by and watch a bad situation develop, but whatever they do they will act in coordination with NATO and especially with the United States.

L.R. Dewey
Major General, USA
351. Memorandum From the Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Rountree) to the Counselor of the Department of State (MacArthur) 1

Washington, November 19, 1956.

SUBJECT

Turkish Memorandum of November 15, 1956 2

The Turkish memorandum describing the dangers with which Turkey is now beset and asking how we intend to cooperate with her, makes essentially the following principal points:

(a) Turkey describes herself as being "stabbed in the back," and expects at the very least active undeclared and local warfare on the part of the USSR in the Middle East.

(b) The Turks are deeply concerned over the adverse developments in Syria and over the exposed position and military weakness of Iran.

(c) Turkey feels that it should warn the USSR on overflights but lacks the aircraft potential to make her warning effective; it desires United States support in a warning to the Soviet Union.

(d) Turkey feels a general need for appropriate action, coordination of efforts and exchange of information to meet the Soviet threats.

(e) High level United States consideration and comment on the foregoing is urgently sought. The British have been informed by the Turks of this approach.

There follows for your information our preliminary reaction to this Turkish approach.

(a) As we see it, the Turkish estimate of the situation indicates that the Turks are more concerned than the circumstances warrant. It is clear that, associated with their pessimistic view of developments, is a Turkish feeling that there should be a fuller exchange of views on our respective estimates of the situation. To meet that problem we believe arrangements should be made for a weekly or bi-weekly exchange of intelligence information with the Turks in Ankara.

(b) The Turks are deeply worried over their Iranian and Syrian flanks and over Turkey's possible isolation and encirclement. Their concern over Iran is in the context of our failure to make a commitment for Iran's defense, through the mechanism of the Baghdad Pact, similar to that for Greece and Turkey's defense through

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1 Source: Department of State, Central Files, 611.82/11-1956. Top Secret. Drafted by Jones, Williams, and Rountree.

2 Transmitted in telegram 1123 from Ankara, November 14. (Ibid., 684A.86/11-1456)
NATO, and Pakistan's defense through SEATO. If we are not going to join the Baghdad Pact, the development of alternative means for providing security assurances to Iran, and thus reassuring Turkey, must be given active and high-priority consideration. Among the alternatives are direct bilateral arrangements or through SEATO. As you know, this matter is being given urgent study by the Department and joint discussions with Defense are to be held on Monday.

(c) Turkish concern over Syria is in the context of Russian penetration there. We feel that their note is an invitation to the discussion of positive measures toward effecting a change of government in Syria. The Syrian situation is being urgently evaluated here and, based on this evaluation, we plan to convey soonest to the Turks appropriate information thereon. The question of alterations in the government of Syria and the desirability of consulting with the Turks on this matter, are also matters calling for urgent consideration. It should be noted that there is some basis to fear that the main purpose of the Turkish memorandum might be to put the United States on notice that the Turks are considering action in Syria, and thus minimize criticism on our part if they should proceed.

(d) The present Turkish concern is prompted in part by their belief that there are now numerous Russian overflights of Turkey. . . . There is a clear need for better aircraft detection facilities in Turkey and it is recommended as a minimum that current radar construction programs there under MDAP be accelerated. This is being taken up with Defense.

(e) The question of aircraft support has been raised informally by the Turks on several occasions during the last two weeks but they have not yet specifically addressed such a request to the United States. We have told the Turks that the matter of "American aircraft for Turkey" is under study. In view of the possibility of such a formal request being received soon, we believe that this general problem of detection and interception capability in Turkey should be given very high priority by the JCS.

(f) Turkey traditionally has sought to deal with the United States bilaterally on any questions where multilateral organizations are involved. To resort to bilateral arrangements of this sort out of the context of NATO would invite other NATO countries to request similar bilateral arrangements. The Turks appear to feel rebuffed over NATO's refusal thus far to interpret overflights of Turkey as a basis for invoking Article 5 of the NATO treaty, and would seem now anxious to obtain satisfaction from us.

(g) We do not believe that we should accede to the Turk request that we give public support to any warnings that they give to the Russians on the question of overflights. It would be imprudent to give such warnings in the absence of what we regard as definite
confirmation, and in any event we should not give such bilateral assurances out of the context of existing NATO arrangements.

(h) Since the British have been informed by the Turks of this approach to us, we should perhaps consult with the British before responding. 3

3 On November 20, MacArthur sent the following memorandum to Hoover:

"I mentioned to the President this morning the recent memorandum we had received from the Turks, which he had seen. I said we were actively studying what we could do to meet the Turkish apprehensions, and said that specifically we were tentatively thinking about having weekly or bi-weekly intelligence exchanges with the Turks in Ankara; we were thinking about strengthening their radar screen; that while we did not believe it desirable to join the Baghdad Pact, we were thinking about some kind of a declaration which would be helpful not only with the Turks but with the Iranians, Iraqis, and Pakistanis; and finally, that we had asked the Department of Defense to study the question of whether additional US interceptor aircraft might be made available to the Turks. I made clear that our study was still in the preliminary stage but we had the problem under active consideration." (Ibid., 782.5/11-2056)

352. Telegram From the Department of State to the Embassy in Turkey 1

Washington, December 10, 1956—9:19 p.m.

1339. In reply to memo contained in your 1123 2 you should deliver following memorandum to Prime Minister Menderes at earliest opportunity.

"The Turkish Memorandum of November 14 has been given most careful study by the United States Government. The United States fully appreciates the potential dangers to which the Turkish Government has referred, and wishes to assure its Turkish allies once more of the steadfastness of its friendship and of its earnest desire to consult regularly on such matters of mutual interest and concern.

The United States is glad to note that the Turkish Government in its memorandum has posed its grave questions in the light of the long standing Turkish-American relationship and the common problems of the NATO alliance. The plans that are to be made and the


2 Dated November 14. (Ibid.)
action that is to be taken should of course be fully consonant with
the interests, plans and actions of NATO.

The United States agrees with the Turkish view regarding the
potential dangers of a Soviet policy of encirclement and isolation.
Already the American Ambassador in Ankara has transmitted to the
Turkish Government an estimate of the particular dangers in Syria.
The United States would like to maintain hereafter an exchange of
information and views on this subject, both bilaterally and in the
North Atlantic Council. It is noted that the Turkish memorandum
refers in some detail to the situation in Syria. The United States
would be interested in learning more precisely what the Turkish
Government might have in mind.

It has also been noted that various reports of actual Soviet
penetration into Syria in the form of military personnel and quantities
of Soviet military equipment, particularly aircraft, have considerably
exaggerated the actual situation as we understand it to be. Discount-
ing these exaggerated reports, there nevertheless remains a situation
which is the cause of serious concern, the main factor at present being
the apparent influence of military elements in Syria who seem to be
favorably disposed toward the Soviet Union, and the tendency of the
Syrians to look to the Soviet Government for support.

It is obvious that the Soviet Union has capitalized upon the
Egyptian situation to increase the fears of the Syrians that hostile
forces are threatening them, and to claim that the Soviets are their
primary source of security. This presents a situation which is diffi-
cult to cope with, but it is our estimate that it will be far easier to
deal with it as there is a withdrawal of foreign forces from Egypt
and an increase of confidence that hostilities will not recur. In these
circumstances the atmosphere for a change in the trends in Syria
might be more propitious.

The dangers that face Iran are likewise clear to the United States
Government. The United States has, in its communiqué of November
29, 1956, 3 already made clear its stout support of the Baghdad Pact
and the grave view the United States would take of a threat to the
territorial integrity and political independence of the members of the
Pact. Moreover, it should be clear to all that if Iran again becomes the
object of aggressive Soviet designs as it was in 1946 the United States
will, as it did then, lend its influence and full support to United Nations
action to check aggression. The determination of this Govern-
ment to cooperate fully with the United Nations in such matters has
been so amply demonstrated in Korea that it does not require further
elucidation. We are, of course, continuing substantial economic and

3 For text of the U.S. statement, issued by the Department of State as a press
release, see Department of State Bulletin, December 10, 1956, p. 918.
military aid to Iran and shall demonstrate in all feasible ways our interest in the welfare and security of that country.

In dealing thus with the problems of the flanks of Turkey, the United States does not underestimate the central problem of the defense of Turkey itself. Appreciating the need for more effective air defense measures, the United States is prepared to explore ways to contribute to the solution of this problem.

Regarding the 'coordination of cooperation' in NATO, the United States Government reiterates to the Turkish Government its resolution to join its allies in taking the action called for under the North Atlantic Treaty against armed attack on Turkey. Agreed NATO procedures, in our view, cover the measures for coordinating action under the treaty.

In setting forth these views and intentions, the United States Government wishes to express once more its appreciation for the frankness and spirit of confidence which have marked the Turkish Government's Memorandum and to assure the Turkish Government of its willingness to undertake further consultations upon these problems of serious mutual interest.”

Hoover

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4 On December 18, in telegram 1442, the Embassy replied to this telegram:

"Anticipate Turk authorities here may approach U.S. re promise to Menderes that U.S. prepared explore ways contribute to solution problem more effective air defense measures for Turkey.

"Would appreciate guidance as to response to be made any such approach particularly with reference when, where and who Turks should consult." (Department of State, Central Files, 684A.86/12-1856)

In telegram 1438, December 20, the Department informed the Embassy at Ankara:

"Defense is studying possible measures to assist Turkey in air defense. Until present study completed specific guidance must be delayed.

"Meanwhile if Turks raise question report fully but do not take initiative at this time in discussing matter with them.

"Defense concurs." (Ibid., 782.5/12–2056)
353. Memorandum of Discussion at the 316th Meeting of the National Security Council, Washington, March 14, 1957

[Here follow a paragraph listing the participants at the meeting and items 1 and 2.]

U.S. Policy Toward Turkey (NSC 5510/1; NSC 5610; NSC Actions Nos. 1486, 1560 and 1624; Memo for NSC from Executive Secretary, subject: “Report by the Interdepartmental Committee on Certain U.S. Aid Programs”, dated December 5, 1956; NSC 5708; Memo for NSC from Executive Secretary, subject: “U.S. Policy Toward Turkey”, dated March 11, 1957)

In the course of his briefing of the Council on the reference report (NSC 5708), Mr. Cutler summarized much of the paper, read the sections containing the Planning Board recommendations in their entirety, explained the Financial Appendix, and summarized the basis on which the Planning Board had arrived at its recommendations. He also pointed out that the Joint Chiefs of Staff had approved these recommendations. General Twining said that he had no further comments to make. (A copy of Mr. Cutler’s briefing note is filed in the minutes of the meeting.)

At the conclusion of Mr. Cutler’s lengthy briefing, the President said he was puzzled by the statement on page 3 that Turkey was required to maintain forces to protect her southern flank. Was she apprehensive of invasion from that quarter? Mr. Cutler and Mr. Dulles pointed out that the Turks were much alarmed over the development of Soviet influence and the build-up of forces in Syria.

Mr. Cutler then asked Acting Secretary of State Herter if he had any comments to make. Secretary Herter replied that the State Department approved the recommendations in NSC 5708, and that

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2 Neither NSC 5610 nor 5610/1 is printed. (Department of State, S/S–NSC Files: Lot 63 D 351, NSC 5610 Series) None of the NSC Action Nos. cited here is printed. (ibid., S/S–NSC (Miscellaneous) Files: Lot 66 D 95, NSC Records of Action) NSC 5708, “U.S. Policy Toward Turkey,” February 26, is ibid., S/S–NSC Files: Lot 63 D 351, NSC 5708 Memoranda. The memorandum for the NSC from its Executive Secretary transmitted the views of the Joint Chiefs on NSC 5708. (Ibid.)

3 Not printed.
he had no further comments to make. He understood, however, that Mr. Hollister had some comments.

Mr. Cutler pointed out that paragraph 4-d of NSC 5708, while it advised against using the rate of military build-up as a lever to force progress toward Turkish economic stability, did indicate that the rate of military build-up should continue to take account of Turkish capabilities to absorb and support the military program.

Mr. Hollister then directed the Council's attention to paragraph 15, which indicated that economic aid of between $100 million and $200 million annually through FY 1960 would be acceptable for planning purposes. Mr. Hollister expressed strong objection to the figure of $200 million. He pointed out that $100 million annually was the most we had ever given the Turks in the past, and warned that we could not keep on adding new assistance programs if we did not make cuts elsewhere.

Secretary Wilson said that he was well aware that the Joint Chiefs of Staff felt rather strongly about the need for maintaining Turkish armed forces at the levels that they had recommended. Nevertheless, Secretary Wilson believed that the Turks might well be better off with a smaller elite force. This would release other soldiers for useful activity in support of the Turkish economy. Accordingly, he thought it might be desirable to take another look at the force levels which were being maintained by Turkey.

The President pointed out that it would be extremely difficult to achieve the creation of an elite force in Turkey because of the low level of education. Mr. Cutler observed facetiously that what was lacking in Turkey were the advantages of a Harvard education. It was pointed out by other members of the Council that it was precisely this lack which made the Turkish soldiers such tough fighters. The President expressed strong agreement (laughter).

Mr. Cutler then pointed out that if changes in Turkish force levels were to be contemplated, these changes would have to be negotiated through NATO channels. He thereupon asked Mr. Hollister if he thought that paragraph 15 should be revised to indicate more precisely a U.S. objective of keeping U.S. economic assistance to Turkey at a level not exceeding $100 million annually. Mr. Hollister indicated that he certainly did think the paper should specify this, and that it ought to set forth very clearly how poorly the Turks had performed in the past with respect to their promises to undertake necessary economic and financial reforms.

General Twining indicated that he, like Secretary Wilson, had a feeling that the Turks might be able safely to make a slight
reduction in the level of the armed forces they were currently maintaining.

The President stated that our policy papers on foreign assistance should state that if the countries we are assisting refuse to do anything whatever to put their own houses in order, we would have to alter our own U.S. position. Help to such countries ought to be conditioned on their willingness to do at least a little something to help themselves if the United States is footing the bill. There were a number of definite steps, continued the President, that the Turks could take in the direction of economic and financial stability. We have been pointing out these steps for years. If the Turks still refuse to take some of these steps, the President was not sure that they could be described, in the words of NSC 5708, as “staunch allies” of the United States. The revised paper on Turkey should therefore say in effect that the United States “assumes” that the Turks will take these steps.

After further discussion of this problem, the President told General Twining, who was about to see General Norstad, that he should suggest that General Norstad try to persuade the Turks to accept a lower level for their armed forces.

With respect to modifications of the present paragraph 4-d on the rate of military build-up, the President suggested wording to the effect that our military assistance program to Turkey is “based on the assumption that Turkey will make some progress” toward economic and financial stability.

The National Security Council. 4

a. Noted and discussed the draft report on the subject contained in NSC 5708, prepared by the NSC Planning Board; in the light of the views of the Joint Chiefs of Staff transmitted by the reference memorandum of March 11, 1957.

b. Directed the NSC Planning Board to prepare for subsequent Council consideration a new statement of policy on Turkey, 5 to supersede NSC 5510/1, in the light of the discussion at the meeting; with particular reference to:

(1) Prompt discussion with General Norstad as to the possibility of achieving a reduction in the NATO-approved force levels for Turkey, in phase with availability of advanced weapons to the Turkish armed forces.

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4 Paragraphs a–b and subparagraphs constitute NSC Action No. 1682, approved on March 17. (Department of State, S/S–NSC Files: Lot 66 D 95, NSC Records of Action)
5 Document 359.
(2) Provision of economic aid of not more than approximately $100 million annually, unless Turkey takes reasonable steps toward stabilizing the economy and a realistic rate of exchange.

(3) Making clear that the entire U.S. assistance program to Turkey is based on the assumption that Turkey will make progress toward economic stabilization and a realistic rate of exchange.

[Here follow items 4–6.]

S. Everett Gleason

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354. Telegram From the Embassy in Turkey to the Department of State

Ankara, March 22, 1957—10 p.m.

2183. From Richards. 2 Mission met yesterday afternoon for about 2 hours with Turkish Prime Minister, acting Foreign Minister, Minister Defense, Minister Finance, Foreign Office SecGen and other Turkish staff. Atmosphere friendly, easy. Prime Minister who had just returned from attending naval maneuvers eastern Aegean aboard Forrestal was in excellent mood.

Prime Minister opened by giving brief review of ME situation, Russian attempts take advantage recent crisis and role BP. He stressed GOT fully aware importance we attach to BP and considers US "two-thirds member" but is fearful that without full US adherence enemies of Pact will broadcast propaganda that US not fully interested.

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2 On March 12, Ambassador Richards left the United States for a 57-day mission to the Middle East. Richards visited 15 countries as part of an effort to explain the President's January proposals on economic and military assistance to countries in the Middle Eastern area. Richards visited Turkey between March 20 and 23.
With respect American doctrine, 3 Prime Minister stressed his government not trying get lion’s share for Turkey but rather is primarily interested in ME security. He did, however, state that US should look to declared friends first, consider second those states which are uncommitted but working for same ideas and should disregard third group composed of those states opposing efforts buttress ME security. GOT realizes, Prime Minister continued, great wisdom inherent doctrine to help everyone possible but in politics hard choice must be made.

I replied by stressing great importance US government and people attach to Turkey, and to Turkey’s forthright and steadfast position in free world collective security system. I spoke of Turkey as strong rock of ME, eastern anchor NATO, and western anchor BP. I brought warm personal messages from King and Prime Minister Libya both to Turkish Prime Minister and acting Foreign Minister, and I mentioned King’s reference to “little Russia” alongside Libya in addition to “big Russia” farther away.

Re US adherence BP I understood great desire have US join but stated that there were certain considerations which conditioned present US decision this regard.

Re American doctrine, I stated that it meant what it said, as Turkish Government and people well aware, but that certain other governments might not be so conscious of US intentions re ME security. Re priorities as among friends, fence sitters and others, I said that we understood his views but that we also feel encouragement USA government to weaker governments in ME would have tonic effect on all. A relatively small portion of aid to weak country might create new friend who could join old friends in area. In any case, I added, formulation American doctrine in effect tantamount to US adherence Baghdad Pact since it comprises even further commitments than adherence itself would involve.

At this point, Prime Minister interjected that fully appreciative thought GOT was of great value doctrine, and thought his awareness might appear inconsistent with GOT desire USA adherence BP,

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3 On January 5, President Eisenhower in a statement before a joint session of Congress requested legislative approval to authorize military and economic assistance to countries in the Middle Eastern area that requested aid. The measures that the President proposed also included the employment of the Armed Forces of the United States “to secure and protect the territorial integrity and political independence of such nations, requesting such aid, against overt armed aggression from any nation controlled by International Communism.” The President’s message, introduced into the House of Representatives on January 5 as H.J. Res. 117 and into the Senate on January 9 as S.J. Res. 19, was approved by Congress and signed by Eisenhower on March 9. The Middle East Resolution became popularly known as the Eisenhower Doctrine. For full texts of the initial resolution, and its amended version, see AFP: Current Documents 1957, pp. 783–830.
there really no contradiction because other countries do not have same comprehension as Turkey, and might say in effect that those not fully with us are against us.

I then stated, on confidential basis, willingness US upon invitation from BP Council to join military committee. I said Prime Minister free to notify other Baghdad Pact members this effect on confidential basis.

Underlining financial limitations of plan and extent of area to be included, I referred to regional planning projects including railroad to Iran, Istanbul–Karachi highway and telecommunications, adding experts could discuss these later.

I declared US willingness supplement present military program, and Captain Pitts, Defense representative on mission, explained we proposed to provide:

(1) One squadron F–100 aircraft (re unnumbered joint State–Defense message March 19 to Tripoli for Richards signed Sprague). 4

(2) One submarine on loan.

He made clear aircraft were intended as first step toward modernization Turkish AF enabling it to expedite transition to most recent type interceptor. Turkey would be first country in NATO or ME to have this type plane. He emphasized strictly confidential nature these matters, and I added suggestion information be withheld even from BP partners. Menderes agreed saying Turkey not anxious make others envious.

Prime Minister suggested another meeting March 22 at which time he has offered (and I have enthusiastically accepted proposal) to submit certain GOT views on other countries in area which mission might visit.

No substantive information re meeting given to press.

Communique for issuance following meeting March 22 being prepared and will be coordinated with Turks. 5

Warren

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4 Not found.
5 Transmitted in telegram 2198, March 23. (Department of State, Central Files, 120.1580/3–2357)

In telegram 2203, March 23, the Embassy at Ankara conveyed the substance of the second 2-hour meeting between Richards and Menderes. The conversation dealt with the situation in the Middle East, focusing on the situations in Syria, Lebanon, Egypt, Saudi Arabia, Libya, and Afghanistan. (Ibid.) Richards met again with Menderes on March 25 (telegram 2228 from Ankara, March 27; ibid., 120.1580/3–2757) and with President Bayar on the same day. (Telegram 2219 from Ankara, March 26; ibid., 120.1580/3–2657)
355. Telegram From the Embassy in Turkey to the Department of State ¹

Ankara, March 26, 1957—4 p.m.

2215. Reference: Deptel 2156, March 16. ² My considered view is that Turk Government would reckon that added sense of military security resulting from stationing combined American indigenous atomic task force in Turkey would outweigh political risks arising from propaganda charges that we were preparing Turkey to be "atomic battleground".

Our views as to Turkish receptivity of American forces, their social impact on Turkey and political and security problems that might be raised were recently set forth in my letter to Reinhardt dated March 12. ³ In addition to those views we believe the following points should be made:

(1) Receptivity of Turkish Government. The Turkish military will be receptive to the idea of stationing an American ground force with an atomic capability in Turkey for substantially the same reasons that they were receptive to the stationing of a USAF all weather fighter squadron and radar unit here. They consider that a ground atomic capability is required for the survival of Turkey and would realize that under present conditions too only way in which such atomic capability could become available to Turkey quickly would be through the stationing of appropriate US forces in this country. The Turkish Government is aware that it is going to receive 2 Honest John battalions under the FY 57 program. The Turkish military will know that these 2 Honest John battalions will be inadequate to provide the degree of fire support essential to effective defense. They will estimate that the addition of the atomic capable force under consideration will greatly enhance their defensive capability and for that reason will look favorably on the offer. The proposal that the American unit be phased out of Turkey in FY 60 will serve to reduce such reluctance as the Turkish Government and people may have to permit foreign military forces, as such, to be stationed on Turkish territory. If the weapons and the equipment brought in by the American force will ultimately be made available to Turkey, as well as the permanent installations developed in

¹ Source: Department of State, Central Files, 711.56382/3–2657. Top Secret; Priority; Limit Distribution; Noforn. Repeated to Athens for principal officer only.
² Telegram 2156 solicited the Embassy's views on the Turkish Government's receptivity to the idea of stationing American forces in Turkey and to the idea of an atomic task force in the country. (Ibid., 711.56381/3–1657)
³ The text of Warren's reply to Reinhardt's letter was transmitted in an unnumbered despatch, March 12. (Ibid., 711.56382/3–1257)
support of them, and if the stationing of the American force is utilized to provide on the job training for Turkish personnel, the attractiveness of the offer to the Turkish Government would, of course, be correspondingly increased.

(2) Social impact on Turkey. As indicated in paragraph 3B in my letter to Reinhardt mentioned above although the corrosive influence necessarily arising from the presence of foreign troops is comparatively negligible in Turkey at the present time, it can be expected over a period of years gradually to grow in Turkey as it would any where else. A force of the size contemplated in the reference telegram, of course, accelerates this corrosive influence, moreover the higher standards of living which would be enjoyed by the American personnel would probably pose increasingly difficult problems as Turkish personnel are actually phased into the unit. Such impact in our view could best be minimized through selection criteria which would screen carefully American personnel to be sent with the force to Turkey and through US Command supervision after arrival here.

(3) Political and security problems. We do not expect significant internal political objection to the proposal that an atomic capable US unit be stationed in Turkey. Several weeks ago the Soviet Chargé here called on the Deputy Secretary General at Foreign Office and subsequently on the acting Foreign Minister regarding the alleged establishment of a US atomic base in Turkey which he said he had read about in an Istanbul newspaper and also in an Iranian newspaper. The response he got from the Foreign Office was that if such a thing were true, a base of this type was established for the NATO purpose of defense.

We do not envisage any unusual security problems for military units armed with conventional weapons; in the event atomic warheads are stocked in Turkey certain security precautions in regard to storage will become necessary. These security precautions will necessitate screening off certain areas to Turkish personnel and provision of American guard units. We anticipate no problem with the Turkish military on this and in so far as the Government is concerned we are confident it can be handled satisfactorily with the Prime Minister.

Warren
356. Editorial Note

On April 10, during the Secretary’s Staff meeting, Ambassador Warren, in Washington for consultation, briefed the participants on the situation in Turkey, According to the notes of the meeting:

“Ambassador Fletcher Warren briefly reviewed US relations with Turkey. He said three factors stand out: 1) the Turkish feeling of friendship for the US and American people; 2) the accompanying feeling of solidarity with the US and Turkey’s willingness to gear its foreign policy with ours; and 3) the realism of Turkey’s appraisal of the events occurring around it. He called attention to the strength Turkey draws from its heritage and the respect it enjoys from those nations which were formerly parts of the Ottoman Empire. He said he believes the US must continue to extend assistance to the Turks if they are to continue to maintain their important strategic position.

“Mr. Murphy asked whether, in the Ambassador’s opinion, the Turkish Government would be prepared to reply to the recent Soviet threats that countries which permit the stationing of US atomic units on their soil will be obliterated in a nuclear war. Ambassador Warren said he felt certain the Turks would make such a statement if the US desires such.” (Department of State, Secretary’s Staff Meetings: Lot 63 D 75)

357. Memorandum From the Director of the Office of Greek, Turkish, and Iranian Affairs (Jones) to the Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Rountree) ¹

Washington, April 12, 1957.

SUBJECT

Call of Ambassador Fletcher Warren, April 12, 2:30 p.m.

Ambassador Warren has spent a very active two weeks in Washington and saw the President for about ten minutes. He has also seen the Secretary very briefly, Governor Herter, Mr. Henderson, Mr. Murphy, Mr. Dillon, Mr. Bowie and others within the Department. He had appointments with Mr. Randall, Mr. Hollister, Mr. Humphrey and Mr. Burgess, Mr. Larson, Mr. Benson, Mr.

¹ Source: Department of State, Central Files, 782.5–MSP/4–1257. Secret. Drafted by Brewster.
Sprague, and Mr. Wisner. He has also met with Mr. Cochran, IMF, Mr. Black, IBRD, and Mr. Waugh, EX-IM Bank.

Call on the President

Ambassador Warren was particularly pleased to have had the opportunity to see the President and to be in a position on his return to Ankara to convey personal greetings from the President to President Bayar and Prime Minister Menderes. He may wish to pass on to you what was told him by the President. With reference to Cyprus, the President suggested the Ambassador tell Prime Minister Menderes not to be so sticky on the Cyprus problem; a solution among reasonable partners should be possible.

Cyprus

The Ambassador feels it important to continue close consultations with the Turks on the Cyprus problem and will personally convey the US Government’s reply to the Turkish aide-mémoire of April 4 immediately upon his return to Ankara.

Destroyers for Turkey

The Ambassador recognizes that there is no likelihood of the US going along with an increase in the NATO force goals for destroyers from eight to twelve. The present NATO ceiling is eight. Should the UK-Turkish arrangements for obtaining four destroyers on a long-term credit not materialize, the US Government may have to consider replacing the four UK Hunt class destroyers on a one a year phased schedule.

Economic Measures

Ambassador Warren has heard from many quarters concerning the need for the Turkish Government to take measures to put its economic house in order. The Ambassador has recognized this need but has pointed out that Prime Minister Menderes, as a politician with an election coming in May 1958, is unlikely in the next year to take measures Washington authorities consider adequate.

Ambassador Warren’s Concerns

Ambassador Warren is very concerned at the attitude he has found in many quarters in Washington to the effect that the Turks are always asking for assistance from the U.S., i.e. $300 million loan,

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2 According to Eisenhower’s Appointment Book, Warren met with the President at the White House on April 9 from 10:55 to 11:02 a.m. (Eisenhower Library, President’s Appointment Book)

3 The Turkish aide-mémoire is not printed, but see Document 238.
additional destroyers, more PL 480 wheat, an increase in the US support for their defense budget from 240 million TL to 314 million TL, an additional $30 million in 1947 FY aid, special treatment on the $4.2 million interest payments which have fallen due. He states that the Turks have accepted negative replies in the past and will continue to do so, but Ambassador Warren is sincerely concerned that these turn downs will lead to a deterioration in U.S.-Turk relations to the point where the US will not be able to obtain what it wants from Turkey when it wants it. He hopes that Washington authorities have taken into full account the implications of continuing to maintain pressures on the Turks by refusing additional help. He is concerned lest the Turkish officials begin placing a price tag on the facilities that country is offering the US and about the impact such a move might have on U.S.-Turk relations. He is however fully conscious of the fact the aid legislation may have rough sledding on the Hill. He simply hopes that Turkey will receive a fair share of whatever aid the Congress appropriates.

358. Memorandum of Discussion at the 328th Meeting of the National Security Council, Washington June 26, 1957

[Here follow a paragraph listing the participants at the meeting and items 1-3.]

4. US Policy Toward Turkey (NSC 5510/1; NSC 5610; NSC Actions Nos. 1486, 1560, 1624, and 1682; Memo for NSC from Executive Secretary, subject: “Report by the Interdepartmental Committee on Certain US Aid Programs”, dated December 5, 1956; NSC 5708; Memos for NSC from Executive Secretary, subject: “US Policy Toward Turkey”, dated March 11 and May 24, 1957; NSC 5708/1)

Mr. Cutler briefed the Council on the contents of NSC 5708/1 (copy of briefing note filed in the minutes of the meeting), and

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2 For text of NSC Action No. 1682, see footnote 4, Document 353. The memorandum of May 24 transmitted the views of the JCS on NSC 5701. (Department of State, S/S—NSC Files: Lot 63 D 351, NSC 5708 Memoranda) NSC 5708/1 is identical to NSC 5708/2 (Document 359), except for paragraph 28, which is discussed above. The remaining actions and documents are identified in footnote 2, Document 353.
called special attention to the only paragraph in dispute—paragraph 28, reading as follows:

"28. During FY 1957 and FY 1958, continue to support Turkish force levels of 20 8/3 divisions, 64 combatant ships, and 21 air force squadrons. The total military aid program for Turkey for the period FY 1957–60 should provide for such advanced weapons as the Honest John, the Nike, and the F–100, for appropriate conventional equipment, and for recurring maintenance costs. The United States should review the possibility of achieving a reduction in NATO-approved force levels for Turkey and, in phase with the effective integration of advanced weapons in the Turkish armed forces, appropriately revise Turkish force levels in the light of NATO requirements. [In such review, consideration should also be given to the role of Turkish forces under the Baghdad Pact.]"³

He indicated that the Joint Chiefs of Staff wished to delete the third and fourth sentences of the paragraph, on the ground that these sentences had been put into the policy paper to satisfy a requirement (NSC Action No. 1682) to query General Norstad as to the possibility of achieving a reduction in NATO-approved force levels for Turkey in phase with availability of advanced weapons to the Turkish armed forces. Mr. Cutler pointed out that General Norstad had been queried by the Joint Chiefs, and had reported to them his view that it was neither practicable nor desirable at this time, from the military, political or psychological point of view, to initiate a proposal for reducing NATO-approved Turkish force levels. Nevertheless, Mr. Cutler expressed the opinion that it would be sensible to leave in paragraph 28 a portion of the third sentence, reading "in phase with the effective integration of advanced weapons in the Turkish armed forces, appropriately revise Turkish force levels in the light of NATO requirements." He then asked Admiral Radford to comment on this suggestion.

Admiral Radford pointed out that he had not been present at the previous Council discussion of the Turkish policy paper, but that Mr. Cutler’s suggestion was all right with him. Secretary Wilson shared this view, and pointed out that he did not agree with the advice that General Norstad had given to the Joint Chiefs of Staff. Admiral Radford said that it would be very difficult at the present time to initiate any reduction in the NATO-approved Turkish force levels, but he had no objection to leaving in paragraph 28 the phraseology suggested by Mr. Cutler. Secretary Wilson expressed great anxiety about the expenses which were being incurred in Turkey and in similar areas by the Department of Defense.

³ Brackets in the source text. A footnote following the brackets on the source text reads: "Budget proposes deletion."
Admiral Radford then expressed great doubt as to whether it was necessary to include the detailed description of the advanced weapons which, according to the text of paragraph 28, we would be supplying to the Turks. It seemed questionable to Admiral Radford whether NSC papers should go into such detailed specifications. It was accordingly agreed to remove from paragraph 28 the specific reference to modern weapons, and to substitute general language therefor.

Secretary Wilson expressed agreement with Admiral Radford’s position, and the President, looking around at the members of the Council, predicted that some day they would all come to believe him when he said that NSC policy reports acted upon by the National Security Council should not be transmitted in their verbatim form to the subordinates of the members of the Council or to our diplomatic establishments abroad.

After further discussion by Secretary Wilson and other members of the Council, Mr. Cutler suggested that paragraph 28, including the portions which the Joint Chiefs of Staff wished to delete, should remain in the policy paper. The President agreed to this suggestion, and made inquiry as to the size and character of over-all US assistance to Turkey. He said he wished the relevant facts in the case in order to write a personal letter to General Norstad. In the ensuing discussion, Secretary Dulles and Admiral Radford pointed out with emphasis that despite the costs, our assistance to Turkey was certainly one of the better bargains for our money. The President said he did not doubt this, but that Turkey, a poor country, could get along better with a smaller and more efficient force. Mr. Cutler requested Admiral Radford to supply him with the facts requested by the President for his use in writing to General Norstad.

It was agreed to delete the final sentence of paragraph 28, as proposed by the Bureau of the Budget.

The National Security Council: 4

a. Discussed the draft statement of policy on the subject contained in NSC 5708/1, prepared by the NSC Planning Board pursuant to NSC Action No. 1682–b; in the light of the views of the Joint Chiefs of Staff, including their comments on General Norstad’s recommendations regarding a possible reduction in NATO-approved force levels for Turkey, transmitted by the reference memorandum of May 24, 1957.

4 Paragraphs a–b constitute NSC Action No. 1741. (Department of State, S/S–NSC (Miscellaneous) Files: Lot 66 D 95, NSC Records of Action)
b. Adopted the statement of policy in NSC 5708/1, subject to the revision of paragraph 28 to read as follows:

"28. During FY 1958, continue to support Turkish force levels of 20 8/3 divisions, 64 combatant ships, and 21 air force squadrons. The total military aid program for Turkey for the period FY 1957–60 should provide for appropriate advanced weapons, for appropriate conventional equipment, and for recurring maintenance costs. The United States should review the possibility of achieving a reduction in NATO-approved force levels for Turkey and, in phase with the effective integration of advanced weapons in the Turkish armed forces, appropriately revise Turkish force levels in the light of NATO requirements."

Note: NSC 5708/1, as amended, subsequently approved by the President and circulated as NSC 5708/2 for implementation by all appropriate Executive departments and agencies of the US Government, and referred to the Operations Coordinating Board as the coordinating agency designated by the President.

[Here follows item 5.]

S. Everett Gleason

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NSC 5708/2

Washington, June 29, 1957.

STATEMENT OF US POLICY ON TURKEY

General Considerations

1. In the post-war period, Turkey has taken on particular importance in US efforts to build a position of strength in the Near East. It is strategically located astride the Bosphorus–Dardanelles water passage from the Black Sea to the Mediterranean and has contiguous land frontiers with Russia and Bulgaria. Aware of Turkey's strategic importance, the USSR has exerted political pressures on Turkey and, more recently, offered economic assistance. However, Turkey has rejected these overtures and has remained aligned with the West.

2. Turkey has granted extensive military facilities to the United States which have great strategic value. SAC facilities in Turkey extend US capabilities to mount effective air strikes in the event of

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1 Source: Department of State, S/S–NSC Files: Lot 63 D 351, NSC Memoranda. Top Secret. Transmitted under cover of a note by Lay to the NSC, June 29.
hostilities with the USSR. Turkey is a link in the chain of US military global communications. Facilities within Turkey have also been granted to the Navy. In addition, the headquarters of the NATO Commander Allied Land Forces Southeast Europe and of the 6th Allied Tactical Air Force are located at Izmir.

3. Turkey is consistently endeavoring to broaden and strengthen its ties with Western Europe and the United States, and is an active member of the United Nations and NATO. Turkey’s military contribution in the Korean action was outstanding. At the Bandung Conference of Afro-Asian countries, Turkey boldly defended Western democratic principles in the face of Chinese Communist maneuvering and Asian neutralist activities.

4. The Turkish Government has played a very active part in the creation of two regional organizations to bolster security and stability in its area, the Balkan Pact and the Baghdad Pact. The more far-reaching in geographic impact was the Baghdad Pact formed in 1955. Turkey played a vigorous and skillful role in the organization of the Baghdad Pact, in which the United States saw the embodiment of the “Northern Tier” concept. Turkey has subsequently played a leading role in the activities of the Baghdad Pact and has actively urged the United States to adhere to the Pact and give it greater military and economic support.

5. Turkey can exert considerable influence on certain countries of the Middle East, both through the Baghdad Pact and independently. Turkey has taken an outspokenly pro-Western position in Middle East affairs and has therefore helped to stiffen opposition to ultranationalist and pro-Soviet influence in the area. The Turkish Government has maintained an open distrust of President Nasser and has countered sharply Egyptian propaganda efforts to weaken the Baghdad Pact. In the Suez Canal controversy, Turkey has stood firmly at the side of the United States. Turkey has viewed with particular concern growing Communist influence in Syria.

6. Because of the involvement of NATO countries, the United States has a serious concern in the long-standing dispute over the future political status of Cyprus. The population of Cyprus is 75% of Greek, and 25% of Turkish, origin. Since 1878, Cyprus has been a British colony, in which currently the U.K. maintains a large military force. Because Cyprus is so near the Turkish mainland, and because of concern for the ethnic Turkish minority, Turkey strongly opposes the desire of Greece that the Cypriot population be granted self-determination (which would inevitably result in a union of Cyprus with Greece). The United States has continued to emphasize to the Turks, the Greeks, and the British the need for flexibility in their positions to permit a solution of the problem.
7. Turkey is undergoing one of the most extensive social and political revolutions of modern times. Politically, it is the most stable country in the Middle East. In addition to strong leadership, the stability of Turkey derives in large part from the broad agricultural base of the country, in turn founded on a wide and effective land distribution system. A democratic form of government with a multi-party system is evolving and Western cultural concepts are being developed. But despite its great progress, the transformation of Turkey from a backward oriental despotism to a fully democratic institution is far from complete. Strong limitations on freedom of the press and restrictions on the right of political assembly reflect authoritarian leanings within the government. Strong control by the government of enterprise, its actual operation of certain major economic activities, and its control of labor inhibit the growth of a stable industrial middle class.

8. Turkey is in the throes of intensive national development which poses serious problems both for Turkey and for the United States in US efforts to assist Turkey. In addition to its military program, the Turkish Government has been attempting to carry out a program of economic growth far in excess of its resources. The gross national product has increased; and the roads, harbors, power plants and factories which have been built should increasingly contribute to Turkey’s economic strength. However, Turkey’s foreign exchange resources are now virtually exhausted and a heavy external debt has been contracted. Some of the investment that has taken place has been misdirected and there appears to have been a considerable flight of capital from the country. Inflation is serious and the exchange rate of the Turkish lira is unrealistic. As internal prices rise and Turkey’s credit standing deteriorates further, it becomes increasingly difficult for Turkey to compete in Western markets.

9. Thus far the Turkish Government has made only limited progress toward restoring economic stability. As a result of US refusal in 1955 to provide a $300 million loan without prior economic reforms, recommendations by the International Monetary Fund in 1956, and pressures generated by internal economic and political developments, the Turkish Government imposed some limitations on new investment, bank credits and prices. However, after exhibiting some restraint through the fall of 1956, the Turkish Government has returned to a policy of increased developmental effort. Moreover, Turkey has not developed a comprehensive program which, based on effective utilization of total internal and available external resources, could effectively achieve a reasonable degree of economic stability. Basic measures, particularly a revaluation of the Turkish lira and a slowing up of the development program generally, are required. But it must be recognized that the Turkish Government, especially as the
elections approach, is unlikely to undertake fundamental economic reforms. Nevertheless, continued US efforts may have some influence on Turkish economic policy and may stimulate efforts to stabilize the economy, even in an election year.

10. In relation to US aid, the United States must face three possible courses of action by the Turks: (a) a continuing refusal to slow down its investment program, to stabilize the economy and to take the necessary corrective action to remove the disparity between internal and external prices; (b) inconclusive and insufficient actions in these directions; (c) effective actions in these directions. The consequences of either of the first two courses of action will mean continuing balance of payments problems, a slacking off in new foreign credits, both governmental and private, inability to make payments on present heavy foreign indebtedness, shortages of imported items and internal inflation, and external resources requirements which the United States, even if willing, would be unable to meet from limited foreign aid resources. The third course of action could eventually result in greater Turkish economic strength and stability.

11. Stabilization of the Turkish economy is required in the mutual interest of the United States and Turkey. However, should categorical conditions be attached to the extending of US aid, the Turkish Government might well reject these efforts as an unwarranted intrusion on Turkish sovereignty. Furthermore this action could have the undesirable result of imposing a severe strain on U.S.-Turkish relations and thus could possibly defeat its own objectives. If the United States can influence the Turkish Government toward economic reforms, it will be through persuasion and leadership.

12. The Turkish Government has committed Turkish ground and air forces to NATO wartime tactical command, and its naval forces under national command are assigned NATO missions in time of war. The NATO-recommended force goals, and the US force goals for Turkey, which are substantially identical, are designed primarily to carry out the following missions: To resist direct Soviet attack as part of a concerted allied defense, to withstand an assault by satellite forces, to protect the vitally important Straits, to protect Turkey's southern flank, and to maintain internal security. Forces capable of achieving these missions should also be capable of providing some support to Turkey's Baghdad Pact neighbors, Iran and Iraq.

13. Turkish military forces are deeply patriotic, well-disciplined, and physically tough. The condition of the Turkish defense establishment has been greatly improved as a result of the US military aid program. Yet much remains to be accomplished before Turkish
military forces will be capable of carrying out their missions fully. A serious problem impeding a substantial improvement in the Turkish armed forces is the low level of education and technical training which generally prevails throughout the country, for which selective remedies can be provided in the case of the armed forces. This limitation impedes the absorption of additional matériel, which is required if the Turkish forces are to attain the level of effectiveness currently envisaged. Recently the Turkish Government has expressed grave concern over the increasing threat of Soviet penetration into the Near East, and has requested additional support to meet this threat.

14. As concerns military aid to Turkey, two pertinent US studies have developed the principal military-economic considerations. The US European Agencies Team has estimated that, to permit the Turkish armed forces to be strengthened in accordance with two alternative plans, a US military aid program of either $500 million or $950 million will be required in Fiscal Year 1957–60. The Prochnow Report discussed these alternatives and a modification of one of them, estimating the amount of aid necessary to accomplish minimum US military objectives on an austere basis at $727 million during the four-year period. This estimate, however, was based on an earlier (generally higher) pricing system in the Department of Defense. It provided for some modernization of the Turkish Army in conventional weapons, but did not provide for advanced weapons such as the Honest John, the Nike, and the Century-series fighter aircraft.

15. Over-all military planning for the defense of NATO is based on the provision by the United States of advanced weapons to NATO members. Accordingly, it is in the US interest to provide for Turkey such advanced weapons as are essential to accomplish the NATO mission in Turkey, taking into consideration the availability of US resources and Turkey's technical capabilities to absorb such weapons. The provision of such weapons in Turkey may remove the feeling of disappointment held by Turkish leaders regarding fulfillment of the US 1954 commitment for military aid, and also may afford the basis for a joint revaluation of Turkish military requirements.

16. The United States currently bears all dollar costs for military maintenance of the Turkish armed forces and will probably have to continue after FY 1960 to bear most of these costs. There is little likelihood that Turkey could bear these costs in the light of the present Turkish economic situation and continued heavy domestic pressures in Turkey to devote increases in production to improve living standards and investment for further development.
17. So far as Turkey itself is concerned, passage of the Joint Resolution on the Middle East has not added to the guarantee of support which Turkey now enjoys by virtue of its membership in NATO. Nor have Turkish military requirements, which are established in NATO, been reduced by passage of the Resolution. Any US effort to reduce military aid to Turkey below present levels would have, in present circumstances, a disillusioning effect in Turkey.

Objectives

18. Continuance of Turkey’s independence, territorial integrity, identification with the Free World, and will and ability to resist Communist invasion or subversion.

19. Continued Turkish cooperation in NATO and in strengthening other Free World regional security arrangements.

20. Continued maintenance of Turkish armed forces capable of resisting direct Soviet attack as part of a concerted allied defense, withstanding an assault by satellite forces, protecting the vitally important Straits, protecting Turkey’s southern flank, and maintaining internal security; thereby also assisting Baghdad Pact defense.

21. Continued access by the United States and its allies to Turkish resources and military facilities necessary for the preservation and further strengthening of the Free World.

22. Improved Turkish relations with Greece, the Arab States and Israel.

23. Achievement of a stable Turkish economy which can support an increasingly greater share of its defense expenditures, while maintaining investment outlays at realistic levels.

Major Policy Guidance

General

24. Assist Turkey in developing the long-term economic and military strength which will assure its independence and counteract Communist attempts at penetration and subversion.

25. Continue to encourage Turkish recognition of the fact that the United States regards the security of Turkey as an important part of the security of the Atlantic Community and intends to develop an increasingly effective defense posture with Turkey within the resources of the two countries.

26. Continue to deal with Turkey as a NATO partner, and as a country capable of leading a bloc of Middle East countries ready to further collective security arrangements.
27. Deal in a friendly yet realistic manner with the Turks, making clear that the entire US assistance program to Turkey is based on the assumption that Turkey will make progress toward economic stabilization and a realistic rate of exchange.

_Military Assistance_

28. During FY 1958, continue to support Turkish force levels of 20 8/3 divisions, 64 combatant ships, and 21 air force squadrons. The total military aid program for Turkey for the period FY 1957–60 should provide for appropriate advanced weapons, for appropriate conventional equipment, and for recurring maintenance costs. The United States should review the possibility of achieving a reduction in NATO-approved force levels for Turkey and, in phase with the effective integration of advanced weapons in the Turkish armed forces, appropriately revise Turkish force levels in the light of NATO requirements.

29. The rate of military build-up should not be used as a lever to force progress toward Turkish economic and financial stability. The rate of military build-up should continue to take into account Turkish capabilities to absorb and support the military program.

30. The broad objectives of our military aid program should be communicated to the Turks at an appropriate time. However, because of the limitations imposed by annual Congressional action and changing military concepts occasioned by the continuing development of more modern weapons, specific commitments should be made only on an annual basis.

31. Be prepared beyond FY 1960 to carry most of the dollar costs of military maintenance of the Turkish armed forces, estimated to be about $100 million annually for the forces as then equipped, exclusive of the costs of modernization.

_Economic Assistance_

32. Encourage the Turkish Government to take more effective actions to stabilize the economy and establish a realistic rate of exchange in order that Turkey’s own resources as well as US assistance can be more effectively utilized and progress made toward the creation of a stronger economy.

33. Provide economic aid of not more than approximately $100 million annually, unless Turkey takes reasonable steps toward stabilizing the economy and a realistic rate of exchange.

34. If Turkey proves willing to take reasonable steps toward economic stabilization and to establish a realistic rate of exchange, be prepared to provide special supplementary aid if necessary to assist in cushioning the initial impact of the readjustment in the rate
of exchange, and subsequently to assist Turkey in the maintenance of a reasonable rate of economic development within the limits of the country’s absorptive capacity.

Turkish Relations with the Free World

35. Encourage Turkey to continue its active participation in regional security agreements.

36. Extend appropriate encouragement to Turkey in its efforts to establish good relations with the Arab States and Israel and to exert such influence as might have a stabilizing influence on those states.

37. Continue to exert influence on the Turkish Government to reach an accord with the United Kingdom and Greece for a settlement of the Cyprus question.

360. Letter From the President to the Supreme Commander, Allied Powers, Europe (Norstad) ¹


Dear Larry: I have been very much concerned with the adverse economic situation existing in Turkey—a situation that is aggravated by the amount of military force being maintained in that country.

Turkey has, of course, been extremely anxious to maintain and even increase her military strength and has insistently urged the United States to give her more, rather than less, financial help toward this end.

When negotiating with us she always pleads “NATO force goals.” At the same time, our bilateral aid program for Turkey in effect sets the level of the Turkish contribution to NATO defense.

I have studied your letter dealing with this general subject and I am quite sympathetic with your views. ² In fact, even if you should

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² Presumably a reference to a July 8 memorandum from Cutler to the President, entitled “NATO Approved Force Levels for Turkey”, and initialed by the President. (Ibid., Papers as President, Administration Series, Box 31, Lauris Norstad (3)) According to a memorandum to the Secretaries of State and Defense, and the Chairman of the JCS from Cutler, the President had requested at the June 26 NSC meeting that Admiral Radford provide him with information with which he could write a letter to General Norstad concerning force levels in Turkey and other countries. (Department of State, Central Files, 782.5/7-957)
find yourself in complete agreement with my own feelings in the matter, hereinafter expressed, it would be improper for you to make any official or public statement to that effect, or, as NATO Commander, to make any official recommendation to your superiors that directly concerns the internal affairs of one of NATO’s members.

However, there are certain facts of life that must be recognized if we are to carry on a collective security program effectively and continuously.

1. One of these facts is that the nuclear power of the United States is the indispensable element of Western collective security, although it must be supported by those other elements of political and military strength and unity needed to deter the Communists from attempting to take over Western lands by political action or limited military power.

2. We must insure that military organization and force programs within each allied nation are properly related to the impact of advance weapon systems and to the contribution of the whole security apparatus to the security of the individual member nation.

3. We must make certain that each recipient country is technically capable of absorbing, maintaining and exploiting advanced material and new weapons systems, as well as such conventional forces as may be required for the joint strategy, and that it carries its fair share of the economic burden of collective defense. I repeat that such force levels must take into account the first two facts I have stated above.

4. We must likewise always remember that the resources of the United States are not unlimited; moreover, the sustained economic health and vigor of the United States is important to each one of the NATO nations.

Review of Turkish force levels for the past ten years reveals that in 1947 the Turkish armed services consisted of some 41 divisions of widely varying active strength and effectiveness, seven fortress commands, small armored and other supporting formations, an air arm totalling roughly 300 operational aircraft and a small navy. Total mobilization strength was about 600,000 men. By 1951 a reorganization led to 19 6/3 active divisions, 11 air regiments and 25 ships. Under NATO aegis, Turkish goals for active forces have since increased to 20 8/3 divisions, 41 air squadrons and 64 ships. Divisional strengths are roughly comparable to those obtaining in the 1947 time period.

Now the significant feature of the Turkish force picture is found in the fact that although the job to be accomplished has remained essentially unchanged, and although Turkey has reaped significant benefits in terms of the overall security provided by NATO, modernization under our military assistance efforts and protection afforded by the growing United States nuclear retaliatory capability,
her force goals have increased. This to me represents an illogical end
result which requires careful reappraisal.

I am aware of the impact upon local sensibilities that can result
from an attempt to reduce United States supported force levels. On
the other hand, it is essential that our limited resources be applied in
such fashion as to achieve the greatest possible security for least
cost. In this connection, one of my principal responsibilities to the
American people is to insure that hard-headed economies are ob-
served in connection with these same security expenditures. Failure
on my part to do this could easily result in the collapse of our entire
aid program. Exercise of this responsibility leads me to question the
need for conventional forces in Turkey of the size now maintained,
and our wisdom in supporting these levels.

You will appreciate that while my discussion has focused on
Turkey, the same general philosophy applies in varying degrees to
the total range of our military assistance programs.

Greece provides an important example. We must search diligent-
ly for more effective application of our resources, recognizing once
again that highly expensive and complex modern matériel cannot be
injected into the replacement stream without positive indication that
the recipient country is capable of its employment and maintenance
and that it is, in fact, militarily required as against simpler, less
expensive items.

We need to see if we cannot, consonant with security, reduce
overseas indigenous forces supported by military assistance and
persuade our allies to place more reliance on our flexible nuclear
capability to protect them from attack. At the same time, we must
not foster tendencies on the part of our allies to let down in their
support of their appropriate share of the deterrent, weaken the
political foundations on which our security is based, or jeopardize
the ability of ourselves and our allies to apply limited force effect-
ively and in ways best calculated to avoid local hostilities broaden-
ing into general war.

It will not, of course, be feasible to single out any one country
and impose economies by precipitate unilateral action. Instead, we
must point toward phased reductions attuned to careful assessment
of collective requirements under the impact of modern weapons
systems. The phasing of these reductions will undoubtedly have to
vary in relation to the situation in each country concerned. There are
different domestic political factors involved in each case. The eco-
nomic capability of each country also varies, and no standard rule
can be established which would cover all. We must make a major
effort to persuade those allies whose economies will not support
currently programmed military establishments to give greater weight
to the nuclear deterrent and get them to try to develop smaller yet
more powerful forces that will meet the requirements of collective security.

To give practical expression to these ideas a program of real education will be essential. The fact that we, in the United States, must be prepared to make do with less than we have had in the past is, of course, an essential aspect of this undertaking and should serve as one convincing argument to others. If we are to help increase the military ability of our allies to perform as members of the collective security team, we may well be faced with the choice between reducing our expenditures in support of conventional contingents among the allied forces in order to increase strength in modern weapons and techniques or of reducing our expenditures for advanced weapons for our allies. The question is how we can best go about this without loss of political and military strength of our collective security arrangements. In such a choice, we believe the first alternative by far the better.

This letter is for the purpose of giving you an appreciation of the thinking in the American Government and to elicit your comments as to the soundness, from your point of view, of the objectives I have so roughly outlined. I know you are now making a study for the North Atlantic Council on the balance of nuclear and conventional forces. If you find yourself in general agreement with the thoughts herein expressed, I should like your ideas as to how we could set about a gradual correction of the existing situation. If, on the other hand, you do not agree with the contents of this letter, I should like you to give me a memorandum of your approach to the same difficult problem, bearing in mind the same "facts of life" that I mentioned at the beginning of this letter.

With warm regard,

As ever, 3

3 The source text is not signed.
361. Memorandum of a Conference With the President, White House, Washington, July 26, 1957, 9 a.m. ¹

OTHERS PRESENT

       General Norstad
       General Goodpaster

General Norstad said he wanted to talk to the President about the latter's recent letter to him² concerning the level of Turkish forces. He said he intended to reply in seven to ten days.³ He expected to send a rather long, official letter, and accompany that with a shorter letter of personal comment on the really serious aspect of the problem.

He said that the Turks feel that they were given assurances by Governor Stassen of a $1 billion program; Menderes, in addition, believes he was assured of $200 million a year in discussions with State and ICA last year; in addition, Ambassador Richards, during his tour through the Middle East, promised them a squadron of F–100 aircraft.

The President said that by maintaining programs of this size we are making it impossible for a country like Turkey to achieve a viable economy—unless we plan to continue defense support for decades into the future. It is clear the Congress does not intend to provide as much money as these programs contemplate. The result can only be collapse and economic depression in Turkey. He stated how much he admires the Turks, but recalls that Pakistan, Korea and others are in the same situation. We must review these programs because the money is just not going to be provided. He is simply trying to be forehanded in the situation. He thought our efforts must be to get them closer to handling their own affairs. He recognized that, on occasion, people have given them hopes or even promises that shouldn't have been given. General Norstad said the problem is how to sell this matter to Menderes. The wrong approach might result in a political "explosion." The President thought it was definitely up to the United States representatives to do this, and felt that General Norstad should not have to do it.

General Norstad said that the 1960–62 study he is preparing might provide an opportunity. He felt that Turkey has, relatively, a stronger defense position than the other sectors of NATO, and that some reduction in forces could be contemplated on this basis. He felt that, if he could pitch his study to reductions resulting from cuts in

² Supra.
³ Dated August 14. (Eisenhower Library, Whitman File)
the Aid bill, he might be able to advise as to where cuts could be made with least adverse effect. The President said he thought that our authorities should suggest that the Turks go to General Norstad and ask where they should make cuts. General Norstad indicated that the problem is an extremely important one, since we want very strongly to keep Menderes on our side. The President recalled that people here wanted to put the burden of the matter on General Norstad and that he had written the letter himself in order to avoid this. He felt that some change has to be made. He suggested that the Turks should not be permanently dependent on outsiders. General Norstad, however, thought that they had no prospect of being able to support substantial forces any time soon.

The discussion then turned to Germany, and General Norstad said he thought the Germans would meet the force build-up requirements once they have gotten past the election. The Chancellor told him recently that the trend is still running in his favor. The Germans are taking a very arbitrary stand on disarmament. The Chancellor is campaigning on his support for NATO as a basic issue, and the Germans think that disarmament is contrary to NATO. They would actually like to suspend the disarmament talks until the election is over.

General Norstad then said that he was here to appear before the Appropriations Committees on the Mutual Security Bill. His main point would be that, with regard to the Mutual Security Act, the United States is getting a lot of security for this $2 billion annual expenditure—security which it could not replace by any available alternative means.

In closing, General Norstad repeated that this letter regarding Turkey should be coming in within a week or ten days. He had simply wanted to have this advance discussion on the problem.

G

Brigadier General, USA
362. Memorandum From the Secretary’s Special Assistant for Intelligence (Cumming) to the Secretary of State

Washington, August 7, 1957.

SUBJECT

Intelligence Note: Tactical Shifts in Turkish Foreign Policy

Although some officials of the Turkish Government have privately professed to see in recent Turkish-Soviet developments a softer policy on the part of Premier Menderes toward the Soviet Union, these developments appear to be superficial tactical shifts designed primarily to increase Turkey’s bargaining power with the United States. In addition, domestic political considerations, particularly the fact that the Menderes administration is faced with elections next March if not before, have probably influenced recent Turkish-Soviet relations. Short of endangering national security, Turkey will continue to follow tactics which might obtain from its allies a preferential treatment of its problems and requests.

However, it is significant that even Turkey, which is historically, ideologically, and pragmatically committed to a cold war against the USSR, is willing to take advantage of a relaxation in that conflict in order to increase its maneuverability in its relations with the United States.

Domestic political considerations are involved because the Menderes administration is committed to an ambitious economic development program. Turkey’s need of long-term loans or grants has forced it to broaden its commercial contacts because its previous defaults in payment of credit have limited the availability of foreign exchange. Economic necessity is thus forcing Turkey to accept almost any offer that will provide needed capital and equipment. When a Turkish aid request for a glass factory was turned down by the US, the quasi-governmental Turkish İş Bank turned to the USSR and in July 1957 received credits of about $10,000,000 for the establishment of two glass factories in Turkey with repayment to be made in goods.

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1 Source: Department of State, Central Files, 661.82/8–757. Secret. Drafted by Elaine D. Smith, Division of Research for Near East, South Asia, and Africa.
363. Editorial Note

Throughout September and October, amidst Syrian and Soviet accusations that Turkish troops, with the support of the United States, were concentrating on the Syrian border in an effort to topple the Syrian regime, Turkish-Syrian relations reached a new low, which threatened a new crisis in the Middle East. In a letter of September 10 to Turkish Prime Minister Menderes, Bulganin alleged that Turkey, in cooperation with the United States, was preparing an attack on Syria. Responding to the Soviet letter, Menderes denied the accusations charging that the Soviets were using the Syrian question for their own ends. In an October 9 interview with the New York Times, Khrushchev accused Secretary Dulles of provoking Turkey to attack Syria. The following day the Department of State denied the Soviet charges. Finally on October 16, during a press conference, Dulles noted that if the Soviet Union attacked Turkey the United States would not confine itself to a "purely defensive operation." (Department of State Bulletin, November 4, 1957, pages 708–714)

The verbal assaults between the United States, the Soviet Union, Turkey, and Syria were accompanied by military and diplomatic maneuvers. On September 21, a Soviet naval squadron visited the Syrian port of Latakia; on October 5 the United States guided-missile carrier Canberra and other Sixth Fleet vessels arrived in Izmir. On October 13, it was announced in Cairo and Damascus that troops were being sent to Latakia to support the Syrian defense effort. Moreover, the Syrian Foreign Minister brought the matter to the attention of the United Nations requesting on October 16 that the General Assembly place the issue on its agenda. After considerable discussion between October 22 and 30, the General Assembly agreed to take no further action. Syria and Turkey agreed.
364. Telegram From the Department of State to the Embassy in France ¹

Washington, September 17, 1957—6:15 p.m.

Topol 723. You should convey following information to Spaak, stressing matter obviously one requiring exceptional secrecy. You should not take initiative in proposing private session of NAC but you should leave it to Spaak to decide whether he considers matter warrants such special restricted meeting for purpose of imparting information to Perm Reps.

US takes very serious view situation in Middle East arising out of developments in Syria. We judge that Syria has become or is about to become base for military and subversive activities in ME . . . . We understand that this same view is taken by Governments of all five nations bordering on Syria. Latter are deeply concerned over threat to their security represented by impetuous pro-Soviet Syrian regime. Hostile and provocative attitude toward its neighbors adopted by Syrian Government, together with close connection of latter with Government of USSR, reinforces their fear. Already subversive agents carrying explosives have been infiltrated into the Lebanese territory from Syria.

This situation seems to carry a special threat to Turkey against which Turkey has taken certain defensive military precautions. The Soviet Union seems however to treat this as a threat against itself and has itself publicly threatened Turkey suggesting that it will mass troops on the Turkish border.

Foreign Minister Gromyko’s statement of September 10 ² indicates a reversion to the old measures of attempting to terrorize nations of free world and break down their will to defend their independence and sovereignty. Reinstitution of this policy takes on new meaning when one considers that impetuous . . . Khrushchev is now in control of Soviet Government, there having been removed from authority individuals who, while pursuing same Soviet objectives as Khrushchev, were cool and calculating and fully aware of risks involved.

US has informed Turkey that in the event the latter is attacked by Sino-Soviet bloc US will come to its assistance with armed force. In addition US has decided that in event of need US would immediately reactivate MEEOC to meet effects of any interruption of flow

¹ Source: Department of State, Central Files, 782.54/9-1757. Top Secret; Priority; Limit Distribution. Drafted by Rockwell, Dulles, and Elbrick.

² For text of Gromyko’s statement, see AIP: Current Documents, 1957, pp. 1038–1039.
of oil to free world markets which might result from closure of trans-Syrian pipelines or Suez Canal.
US will continue to deploy Sixth Fleet in eastern Mediterranean.³

Murphy

³ In Polto 662, September 20, Frederick Nolting, Minister Counselor at Paris, informed the Department that he had conveyed the substance of this telegram to Spaak. Nolting reported that Spaak believed it unlikely that the Soviet Union "would push its policy" in Syria or anywhere else in the Middle Eastern area to the extent of provoking a war. (Department of State, Central Files, 782.54/9-2057)

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365. Memorandum of a Conversation Between the Turkish Ambassador (Ürgüplü) and the Deputy Under Secretary of State (Henderson), Department of State, Washington, September 19, 1957 ¹

SUBJECT

Turkish Ambassador's Initial Call on Mr. Henderson

Ambassador Ürgüplü felt the main problem now affecting East-West relations was the Arab-Israeli problem. He expressed his serious concern at Israeli's constant population growth and felt that its need to expand territorially would continue to exacerbate the Arab-Israeli problem.

As to Turkey, the Ambassador pointed out that although anti-Russian feelings are very strong among the people, the situation cannot be taken for granted. The high cost of living, the shortages of imported commodities, and the heavy defense expenditures are affecting people's thinking. Although most recent USSR economic offers have been turned down by the Turkish Government it is a question as to how long these offers can be resisted.

The Ambassador concluded by stating that he wanted to be frank and paint an honest picture of the situation as he saw it personally. The Turks will not be discouraged and will effectively

¹ Source: Department of State, Central Files, 611.82/9-1957. Secret. Drafted by Brewster.
resist the Russians, but it is now a fact that the USSR is in the Middle East.

366. Telegram From the Department of State to the Embassy in Turkey

Washington, October 18, 1957—9:15 p.m.

1268. Embtel 1140. 2 You should speak to Turks along following lines regarding tactics in face of Syrian complaint in GA: 3

1) We desire closest collaboration with Turkish Government and Turkish delegation New York on this issue.

2) We believe we should make every effort to turn this matter to our advantage and to point up the threat to independence of Syria arising from indirect Soviet aggression and to security of ME arising from pile-up of Soviet arms in Syria. We also believe that outright Soviet threat against Turkey, and reported Bulgarian military movements on Turkish border if latter substantiated will lend themselves to exploitation.

3) Debate will of course give opportunity make clear that charges of aggressive intent made against Turkey, and allegations that US attempting to foment war against Syria, are entirely unfounded.

4) Our tentative thinking regarding tactics in GA, prior to ascertaining attitude other countries, is that we should work for reference of this matter to SC as organ of UN charged with primary responsibility for consideration of items involving alleged threats to peace, and better able to exercise responsibility on continuing basis.

1 Source: Department of State, Central Files, 783.00/10-1757. Secret; Priority. Drafted by Rockwell. Repeated to USUN.

2 In telegram 1140, October 17, Warren reported on an October 17 conversation with Esenbel regarding forthcoming U.N. proceedings on Syria. According to the Ambassador, Esenbel believed that the time for the U.N. debate had arrived and that the United States and Turkish Delegates should work “closely together.” Warren solicited instructions from the Department regarding a reply to Esenbel. (Ibid.)

3 On October 15, in a memorandum for the agenda of the General Assembly’s Twelfth Session, Syria requested that, in view of the concentration of Turkish troops on the Syrian border, violations of Syrian air space, armed raids into Syrian territory, and shooting on the border, the General Assembly place the item on its agenda. For text of the Syrian memorandum, see U.N. Doc. A/3699.
We believe that in this matter we should follow orderly procedure. See Charter Art. 11 (2). 4

5) We have in mind introduction of resolution whereby Assembly, after discussion, would decide to refer Syrian complaint to SC with request that Council determine scope of investigation which should be made. Assembly may, however, insist on seeking itself to direct the investigation.

6) We would like urgently to receive views of Turkish Government regarding desirability of an investigating committee being despatched to area. If such a body were to go forward we would hope it might be composed of non-permanent members of SC. Although Syrian complaint calls for a UN group to investigate situation on Syrian-Turkish border, we are considering whether it would not be desirable for such group to be authorized also to investigate armaments situation in Syria and situations on Soviet-Turkish and Turkish-Bulgarian borders with particular reference to possible military movements. Soviets and Bulgars would probably not accept investigating group.

7) You should emphasize to Turks that these views are entirely preliminary, that we have not yet had an opportunity for full consultation with other delegations, and that we have reached no final determination with regard to procedure. We would welcome urgent and continuing consultation with Turks.

Dulles

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4 Article 11, section 2, of the U.N. Charter noted that the General Assembly might discuss any question relating to the maintenance of international peace and security brought before it by any member of the U.N. Security Council, or by a nonmember state. For text of Article 11, see 59 Stat. 1038.

367. Telegram From the Department of State to the Embassy in Turkey

Washington, October 20, 1957—3:35 p.m.

1285. For Ambassador. Request you seek early appointment with Menderes and inform him that we should like current exchange of views regarding Syria in light of recent ME developments.

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1 Source: Department of State, Central Files, 682.83/10-2057. Secret. Drafted by Rountree and signed by Dulles.
You should inform GOT that our evaluation of Syrian situation has not changed and that we remain deeply concerned extent to which Syria has subjected itself Soviet influence. We aware situation in Syria continues to be deep concern to the other Arab states, although for political reasons their concern has not been made public.

Soviet-Syrian motives in recent extensive anti-Turkish propaganda and in charges that US prodding Turkey to military action against Syria difficult evaluate. We would appreciate Turkish estimate and specific comments upon these charges which are totally unfounded insofar as US concerned and, we believe, insofar as Turkey is concerned. However, we hope that GOT agrees that in view of recent developments, particularly in UN, no action should be taken which enemies of Turkey could use as attempt to demonstrate that charges have substance. In particular, we would suggest that every effort be made to insure that Turkish forces now located along Turkish southern border be deployed in such way as to minimize possibility of incidents arising from their disposition.

You should tell GOT US looks forward close consultation between our two governments with respect to tactics for handling Soviet-Syrian charges at UN. Separate messages being sent this connection.

Dulles

368. Telegram From the Embassy in Turkey to the Department of State

Ankara, October 23, 1957—2 p.m.

1192. At 4 p.m. October 22 I saw Prime Minister Menderes for purpose exchange views on Syrian situation called for by Deptel 1285. 2 Minister State Zorlu and Foreign Office Secretary General Esenbel were present as was General Mead. 3 Menderes and Zorlu were worn down from hectic campaigning for election October 27. Menderes had spoken for 2 hours in Ankara speech just before conversation with Mead and me. Day before he spoke for 2 and \( \frac{1}{2} \)

1 Source: Department of State, Central Files, 682.83/10-2357. Secret; Niat.
2 Supra.
3 Major General Armistead D. Mead was designated as an officer for consultation with the Turkish Government regarding matters of military assistance.
hours in Istanbul. His voice was affected. I have never seen Zorlu so tired. Nevertheless the 3 gave careful attention to what Mead and I had to say. Menderes states he was not up to date and was glad to learn recent developments from me.

I set forth my presentation along lines laid down Deptel 1285. From time to time Menderes would interrupt me for short discussions of points. When I finished I summarized my understanding of what the 3 (Esenbel, Zorlu, Menderes) had said. They indicated their approval. Here are the principal points I mentioned in my summary:

1. GOT wants an exchange of views as requested by Washington.
2. Turks consider that the danger is greater than ever in Syria and must be even more closely watched.
3. GOT will not make any move without closest consultation with Washington.
4. GOT particularly wants closest consultation with Washington with respect tactics of handling Syro-Sov charges in UN.

Comments: Turks did not go into motives of Syro-Sov charges but our conversation made it entirely clear Turks consider Syria as acting under Soviet guidance. Russia’s age-old desire to reach warm water is sufficient motivation in Turkish minds for any USSR anti-Turk move. 4

The conversation also made abundantly clear to me that Turks realize that Syrian situation is so great concern other Arab States. Menderes and Zorlu showed themselves fully aware of ticklish situation now facing Turks. I believe we can be assured that in light of recent developments Turks are not going to take any action which enemies to Turkey could use support Syria-Sov charges in UN.

Prime Minister showed GOT’s interest in Arab feeling by stressing satisfaction which his Government has in getting in close touch with King Saud. He intimated that both President Bayar and he might if invited go separately to see Saud after next Sunday’s

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4 In telegram 788, October 19, Ambassador Thompson reported from Moscow that the Soviets were “genuinely concerned” about preventing the overthrow of the Syrian Government. The Ambassador expressed doubt that Soviet interests in Syria were in themselves of “sufficient importance” to warrant the risks involved in recent Soviet actions. Thompson noted that among Soviet objectives in the Middle East were the desire for expansion toward the Persian Gulf and a desire to break the “chain of US alliances” around the Soviet Union. The Ambassador added:

“The key to both these objectives would appear to be Turkey, which has received considerable Soviet attention in recent months. In addition to the blatant carrot and stick approach to Turkey it seems likely that recent Rumanian proposal for a Balkan Pact may have had as its primary objective the political isolation of Turkey. I suspect Soviets have hoped that their blustering attitude would cause US to waver in support of Turkey with consequent softening up of Turkey for direct Soviet approach to the country. While their actions could be explained as preparation for an attack on Turkey I consider this most unlikely.” (Department of State, Central Files, 682.83/10-1957)
election. Zorlu should be there October 23. Turkey will try to take advantage Saud’s offer mediation and to use that off in UN debate on Syrian charges.

Have no doubt GOT intends stay in closest touch with USA not only on UN debate and tactics but also on ME situation generally. Menderes said he would be giving full personal attention these matters after elections.

Warren

369. Memorandum of a Conversation Between the Turkish Ambassador (Ürgüplü) and the Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Rountree), Department of State, Washington, October 23, 1957

SUBJECT

The Turkish-Syrian Problem in the United Nations

After delivering a personal letter from the Turkish Prime Minister to the Secretary, Mr. Urguplu turned to the current UNGA debate on the Turkish-Syrian border problem.

The Ambassador reported that Mr. Sarper, former head of the Turkish delegation at the UNGA, had arrived to assist Mr. Esen, present head of the Turkish UNGA delegation, and had reported there was yesterday at the UNGA a great deal of confusion and lack of coordination among our friends, while the neutralists were close to Gromyko. He expressed the view that the delay in the debate was unfortunate in that it afforded the Syrians and the Saudis an opportunity to get together; that we have failed to take advantage of

1 Source: Department of State, Central Files, 682.833/10–2357. Confidential. Drafted by Jones.

2 The letter expressed Menderes’ appreciation for Dulles’ remarks at a press conference on October 16, in which the Secretary indicated that if there were an attack on Turkey by the Soviets, “it would not mean a purely defensive operation by the United States, with the Soviet Union a privileged sanctuary from which to attack Turkey.” For the full text of the Secretary’s comments, see Department of State Bulletin, November 4, 1957, pp. 708–714. Forwarding a copy of Menderes’ letter to Eisenhower, Dulles informed the President, “Here is one person who seems to have liked my press conference of which you read the transcript.” (Eisenhower Library, Whitman File, Dulles–Herter Series)
King Saud’s embarrassment over Syria’s refusal to mediate; and that our delegations should work more closely together.

Mr. Rountree, after agreeing that it was important for us to consult and establish a concerted position by Friday, then went on to explain why the United States felt that it had been desirable at yesterday’s UNGA debate to concentrate on the Saudi offer. He said that there were two principal reasons for this. In the first place, it was consonant with the Secretary’s position that this was a regional problem; this had prompted him to defer his plan to put in a resolution that would refer the matter to the Security Council and call for an investigation that would be broad enough to include the activities of the USSR. Within this context it was logical to accept the Saudi offer, particularly in view of the fact that Syria had declined the Saudi offer under circumstances that were a measure in themselves of the extent to which Syria was under Russian influence. The second general consideration was the forthcoming Turkish elections. Because of the preoccupation of top Turkish officials with the election, it was felt that it would be better to defer any debate on this subject until they were over. Mr. Rountree said that these tactics had been partly successful, that Mr. Lodge was now working on the statement that he would make Friday, and that our delegation would be in active contact with the Turkish delegation in New York. Later in the conversation, Mr. Rountree assured the Ambassador that he would telephone to New York to assure that effective liaison was maintained between our two delegations.

In the course of the foregoing discussion, the Ambassador made a number of other observations. He urged that we coordinate with the British, but went on to deplore the excessive British reliance on Nuri Said in recent years. It had, he asserted, the effect of alienating from the West other Iraqi leaders who could have been useful to us. He also expressed a deep distrust of Arabs generally, citing particularly the chain of events and public statements following King Saud’s recent visits to Damascus and Beirut. In the course of a plea that the United States should join the Baghdad Pact, he suggested that Iraq might be allowed to leave the Pact. When Mr. Rountree pointed out that this would be regarded as a major victory for Nasser, the Ambassador discounted this, asserting that this could be neutralized by the United States joining the Pact, and could be further neutralized by the way it was conveyed to the Arabs. Throughout the discussion, the Ambassador’s comments carried overtones of not only the need for more effective liaison among our friends, particularly at the United Nations at the present time, but

\[3\] Documentation on King Saud’s interest in mediating the Syrian-Turkish dispute is in Department of State, Central File 682.83.
also that we could and should be doing a great deal more among the Arab states.

370. Memorandum From the Director of the Office of Greek, Turkish, and Iranian Affairs (Jones) to the Assistant Secretary of State for Near Eastern, South Asian, and African Affairs (Rountree) ¹

Washington, October 27, 1957.

SUBJECT

Turkish Elections

There are three principal possible outcomes of the Turkish elections on October 27.

1. A Democrat Party (DP) victory with a reduced majority (perhaps 400 deputies of the 610 in the new Assembly);
2. A DP victory with an increased representation (510 deputies or more);
3. A defeat of the DP through a victory of the Republican People's Party (RPP), or the RPP and Freedom Party (FP) jointly.

The consensus is that a Democratic Party victory is probable but not certain and that the most likely outcome is a reduced Democratic majority in the Grand National Assembly. Our Embassy in Ankara has reaffirmed this estimate in its most recent cable of October 26. ²

This memorandum is limited to an assessment in broad terms of how a DP victory, whether by a narrow or large majority, might affect Turkish actions, and what a defeat of the DP by the RPP, or the RPP–FP might augur.

A DP victory with a large majority would be construed as a personal victory for Menderes and his policies. In this instance, Menderes probably would continue his present foreign and domestic policy lines without significant change. On the basis of past experience, it is doubtful if he would use the prestige of such a victory to liberalize the press and assembly laws, effect significant economic reforms or make compromises that would foster a solution of the Cyprus problem.

¹ Source: Department of State, Central Files, 782.00/10–2757. Confidential. Drafted by Brewster and Jones.
² The Embassy’s estimate was in telegram 1238, October 26. (Ibid., 782.00/10–2657)
In the case of a DP victory with a small majority, there is no reason to believe that there would be a change in the field of foreign affairs. On the domestic side, internal political struggle would be intensified and Menderes might react vindictively to the loss of prestige of a significantly reduced majority. An assessment of how he would be likely to deal with domestic problems would have to await a tally of those DP candidates elected since the degree of loyalty of the party deputies and party discipline would bear on the degree of political support within the party Menderes would receive for the continuation of present domestic policies. Even in the case of a victory with a reduced majority, Menderes may not consider himself seriously handicapped because the DP, both through earlier resignations and the selection of the present deputorial candidates, has lost a number of the outspoken critics of Menderes within the Democrat Party. Thus, even with a reduced majority, Menderes may feel that he has a larger loyal core of Democrat Party members in the new GNA and can safely press on with present policies.

A victory for the RPP, whether alone or in cooperation with the FP, would result in a difficult period of transition. During that time, positive action on major issues, domestic and foreign, might be difficult to obtain. In its campaign the RPP has promised to (1) amend the constitution and create an upper chamber in the GNA; (2) abolish repressive legislation; and (3) hold elections in May 1958 under new electoral laws. If these measures are undertaken, it may create an unsettled situation in Turkey for the immediate months ahead.

In foreign policy matters, the RPP under Inonu can be expected to continue the present Turkish Government's pro-Western line. However, Inonu may again display the high degree of independence which has characterized his career since 1923. He may also be more intractable on the Cyprus problem. He has been critical of Menderes for advocating partition as a solution to the Cyprus question, claiming that this policy is a retreat from that of maintenance of the status quo or reversion of sovereignty to Turkey.

The economic policies of the RPP under the leadership of Inonu (or of an RPP–FP cooperation) may be expected to be conservative. Inonu will probably be prepared to consider reducing the rate of investment, initiating stabilization measures, and introducing more planning in Turkey's economic development. There will be, however, a temptation to step up imports over the short-run to meet critical consumer shortages and solidify the government's position with the
electorate, particularly if new elections are held in May 1956 [1958] as promised.  

On October 27, general elections for the Grand National Assembly were held in Turkey. Menderes' Democratic Party received 421 seats; the Republican People's Party, 173 seats; the Freedom Party, 4 seats; and the Republican National Party, 4 seats.

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371. Telegram From the Embassy in Turkey to the Department of State

Ankara, November 13, 1957—7 p.m.

1395. When on a few minutes notice I saw Prime Minister this morning for first time since elections about an urgent matter (Embtl 1379 November 12 [13] 2), he began conversation by saying he wanted mention to me a matter that would be known only to him and me. (We were alone for entire conversation.) He said during next few days he will be making up his new cabinet. During many past months he has found pressure on himself for handling foreign affairs to be far too much. He must have a competent Minister of Foreign Affairs, one who has his confidence. Etem Menderes already has an appropriate portfolio (Minister of Public Works) and lacks the experience demanded of a competent Minister of Foreign Affairs. The only member of the Grand National Assembly with the required knowledge and experience to be Foreign Minister who has Prime Minister's confidence is Minister Fatin Rustu Zorlu. Menderes added that he had been told variously that Zorlu as Minister of Foreign Affairs would not be pleasing to the US. He stressed how important it is that he be relieved of the pressure from the work of the Ministry of Foreign Affairs and how essential it is that the Foreign Minister be one who could loyally and enthusiastically support his policy of fullest cooperation and collaboration with USA. He asked me what I thought about his appointing Zorlu.

I said I was of course speaking without consulting my government and made clear that what I said must be considered in that

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1 Source: Department of State, Central Files, 782.13/11-1357. Top Secret; Niat.

2 In telegram 1379 Warren informed the Department that Menderes did not attend the reception for Italy's President as the Ambassador had expected. Warren noted that he would find the first opportunity to talk to the Prime Minister regarding his suggestion about deployment of troops upon the completion of maneuvers. (Ibid., 782.54/11-1357)
light. I continued, however, by stating I thought I knew my government and American people and expressed myself thus:

1. The US would want him to select his cabinet on basis of appointment men of his confidence able and competent to carry out his policies.  
2. I had found Zorlu able, intelligent, cooperative and friendly to USA during recent months.  
3. The only reservation I could think of which might occur to Washington was whether Zorlu might harbor resentment toward US because of his failure to get the $300 million loan some years ago.

Menderes replied he could assure me that Zorlu harbors no such resentment. On the contrary, Zorlu came back and reported to him that he not get the loan for $300 million but he did get immediately $30 million which was what Turkey then and there seriously needed.

Prime Minister continued that Zorlu not only harbors no resentment but that he is friendly towards the US, believes in the US, champions the present policy of closest relations with the US, and will do everything possible advance the closest most friendly relations between two countries.  

Menderes then said that a few days will elapse before he will complete his cabinet. He suggested that I convey this message to the Department. I am sure he would like the Department’s reaction within 24 hours if that be possible.

*Comment:* I trust the Department can approve what I have said to the Prime Minister. Lyon, Collins⁵ and I agree that it would be a great mistake for the USG to indicate any objection whatsoever to Zorlu. Furthermore, I am convinced that this development can put Zorlu definitely on our side for the entire time that Menderes supports us. I would like to have Zorlu as enthusiastic in his support of the USA position as is Prime Minister Menderes.⁶

Warren

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³ V. Lansing Collins, Counselor at Ankara.
⁴ In telegram 1591, November 14, the Department informed Warren that it "fully" agreed with his views and approved the way in which he had handled the conversation with Menderes. The Ambassador was instructed to inform the Prime Minister that the United States had "high regard" for Zorlu. (Department of State, Central Files, 782.13/11-1357)
372. Memorandum of a Conversation, Ambassador’s Residence, Paris, December 18, 1957, 10:30 a.m.¹

USDel/MC/31

PARTICIPANTS

United States
The President
Mr. Rockwell

Turkey
Mr. Adnan Menderes, Prime Minister of Turkey
Mr. Fatin Zorlu, Foreign Minister of Turkey
Mr. Nelih Eisenbel, Secretary General of the Turkish Foreign Office

SUBJECT

Egypt

The President asked Prime Minister Menderes whether he thought there were any signs that Nasser was becoming uncomfortable in his relationship with the USSR. The President had a feeling Nasser might be seeking to disentangle himself from the Russians.

The Prime Minister commented that Nasser was always gambling. He thought he was merely seeking time to consolidate his position.

The President said that Nasser must give convincing proof of a change of heart. Mr. Zorlu commented that the yardstick in question must be Jordan. Nasser should stop trying to overthrow the Jordan Government. The President agreed. He said that we would continue to support Jordan and that no doubt if Egypt or Syria should attack Jordan, we would invoke the American Doctrine on the grounds that the attack was carried out as a result of Communist domination of the attacking country.

373. Memorandum of a Conversation, Ambassador’s Residence, Paris, December 18, 1957, 10:30 a.m.¹

USDel/MC/33

PARTICIPANTS

United States
The President
Mr. Rockwell

Turkey
Mr. Adnan Menderes, Prime Minister of Turkey
Mr. Futin Zorlu, Foreign Minister of Turkey
Mr. Melih Esenbel, Secretary General of the Turkish Foreign Office

SUBJECT

Syria

Prime Minister Menderes said that we must not accept a fait accompli in Syria. The President thought that there might be some possibility of hopeful developments there. He knew how staunchly Turkey had opposed the Communist penetration of Syria. Mr. Menderes said that Turkey was gratified by the way the United States had stood by Turkey. The USSR had not failed to notice this.

Mr. Menderes commented that Nuri Said had just been in Turkey and had said that his recent talks with the President and the Secretary in Washington ² about Syria had been most satisfactory.

Mr. Menderes said that Turkey had no illusion about NATO’s abilities to be helpful in the Middle East. NATO was divided, but US policy must continue strong in the Middle East.

The President asked what Mr. Menderes thought of the military situation in Syria. The Prime Minister said that the Russians have sent Syria more arms than Syria can use. The Soviets have not made Syria into a Communist satellite yet, because they are afraid of public reaction in the Arab world. They have put their hand on Syria, however, and can come in at any time.


² On December 5 and 10, Nuri discussed the Arab-Israeli conflict and related matters with Dulles in Washington.
374. Memorandum of a Conversation, Turkish NATO Delegation Headquarters, Paris, December 19, 1957, 4 p.m.¹

USDel/MC/37

PARTICIPANTS

United States
The Secretary
Mr. Rockwell

Turkey
Prime Minister Adnan Menderes of Turkey
Mr. Futin Zorlu, Foreign Minister of Turkey
Mr. Melih Esenbel, Secretary General of the Turkish Foreign Office

SUBJECT

Economic Assistance to Turkey

Speaking on behalf of the Prime Minister, Mr. Zorlu said that Turkey needed US support to help it overcome its economic difficulties. Turkey was grateful for what the US had already done. She was now taking measures to improve her budgetary situation and control inflation, and hoped the US would help her in this task. The US should speed up the current aid which has not yet been received, and give increased aid in addition.

The Prime Minister said that, with US help, in around three years Turkey would be in very good shape. Russian pressure made it more urgent than ever that Turkish economic measures be successful. The three-year drought had been a severe blow. The problem of the increase in population was also involved, added Mr. Zorlu.

The Secretary said that he was aware of the statement Mr. Menderes had made to Ambassador Warren about the measures the government would take to stabilize the economy.² He would look into this matter in response to the Prime Minister’s request that he give it his personal attention.

¹ Source: Department of State, Central Files, 411.8241/2–3157. Secret. Drafted by Rockwell.
² In telegram 1648, December 12, Warren informed the Department that in discussions with Menderes on December 10, the Prime Minister had requested the Ambassador to inform his government that Turkey was taking steps to “lower price structure” and to “stabilize Turkish money”. Menderes also noted that the recent elections had revealed an increase in “Communist pressures” on Turkey. (Ibid., 782.5–MSP/12–1257)