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COPY NO. 43

Dec. 21, 1953

NSC REVIEW
COMPLETED
, 10/31/03

OPERATIONS COORDINATING BOARD
WASHINGTON 25, D.C.

MEMORANDUM FOR EXECUTIVE OFFICER, OPERATIONS COORDINATING BOARD

SUBJECT: Interim Report - Iceland

1. The attached report is submitted with a view to presenting some projects that require immediate approval, together with those of a somewhat less urgent nature which should be implemented in the near future.

2. Due to lack of time, this paper has not been staffed by the Department, representatives of which constituted the reporting group.



3. The parentheses following the actions under paragraphs III a., b., c. and d. indicate an attempt to designate the department of primary interest, recognizing, however, that there is considerable overlapping of that responsibility.

4. To further implement the findings of this report, it is recommended that:

- a. a working group be established, chaired by the Department of State, and that a progress report be made within sixty (60) days, at which time determination will be made as to the necessity for its continuance.
- b. additional funds to the extent of some \$5580 plus MATS (or commercial) transportation be approved for the actions noted in a. and b. of Annex "B". (note explanation in paragraph b.(1) and (2))
- c. Paragraphs III b.(2), b.(4) and c.(1) of the attached Interim Report be given immediate consideration by the Operations Coordinating Board.

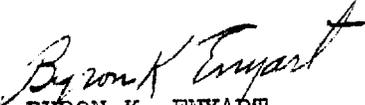
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- d. Paragraph III d.(3)(c) of the subject report be designated as priority projects and assigned for implementation to the working group recommended in 4.a. above.


BYRON K. ENYART
Colonel, USAF
Acting Chief, Secretariat

Enclosure:

Interim Report - Iceland,
12/21/53, w/2 encls,
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OPERATIONS COORDINATING BOARD
WASHINGTON 25, D.C.

INTERIM REPORT - ICELAND

I. THE PROBLEM

To explore the existing causes for the steadily deteriorating public attitude in Iceland toward the need for a sustained defense cooperation with the United States and to make recommendations for alleviating these causes.

II. DISCUSSION

a. The United States and Iceland on May 5, 1951, signed a Defense Agreement under which the United States undertook the defense of Iceland as a NATO-delegated responsibility. The United States was granted certain military operating rights, including the stationing of troops and aircraft in Iceland. The Icelandic public has never been markedly sympathetic to the presence of U. S. forces in Iceland. The Icelanders' basic "anti-foreign army attitude" has received considerable impetus from the Soviet "peace drive" which followed Stalin's death and on which the Communists have capitalized. This drive has persuaded many Icelanders that the reasons for putting up with the "evil of a foreign army" have become less cogent. Complacency has set in to a rather alarming degree, based on a widespread impression that the cold war is tapering off comfortably. While thus far only a minority would abrogate the Defense Agreement, a majority of Icelanders is in favor of making greater demands on the U.S. and qualifying more sharply our rights in Iceland. This has been specifically given expression in a note received December 4, 1953, from the Icelandic Government, requesting negotiations on the manner of implementing the Agreement. (Annex "A")

b. It is in the U.S. interest to meet with Icelandic representatives and remove existing causes of dissatisfaction in the implementation of the Agreement. Discussions are planned for late January, 1954. However, since the course of the Government in this small community is so easily swayed by popular opinion, efforts must be exerted to create a positive recognition of the Soviet threat and of Iceland's NATO responsibilities. If the present tendency persists, it may result in demands

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that the Defense Agreement be abrogated or be so sharply restricted as to negate its value to the United States.

III. OBJECTIVES AND RECOMMENDED COURSES OF ACTION

a. To promote confidence in U. S. leadership and policy.

- (1) Negotiate with the Icelandic Government for a satisfactory solution to the outstanding problems connected with the implementation of the Defense Agreement of 1951. Preparations for these talks are well under way. (State, Defense)
- (2) Be prepared to consider sympathetically an Icelandic request for MDAP funds for the creation of Icelandic military units. (Defense, State, FOA)
- (3) Utilize every opportunity through the U. S. Minister and high officials of the U.S. Government to emphasize to Icelandic officials and the public the importance to Iceland of the integrated NATO system. (State, Defense, USIA)
- (4) Arrange to have prominent U. S. Government officials stop off in Iceland on trips of official business. (State, Defense, USIA, FOA)

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b. To alleviate the tensions and the dissatisfactions between the Icelanders on the one hand, and the American civilian construction workers and the U. S. Forces stationed in Iceland, on the other hand, as they relate to the implementation of the U.S.-Icelandic Defense Agreement.

- (1) In consultation with the American authorities in Iceland, exploring the feasibility of developing further the program in Iceland to improve the acceptance of American military and civilian personnel in Iceland. (State, Defense, USIA)
- (2) Make provisions for the supervision and control of the workers, through contractual agreement between the Government and prime contractors on the one hand, and between the contractor and the workers on the other hand. (Defense)
- (3) Reemphasize the present U.S. policy of utilizing Icelandic personnel on construction projects to the limit of their availability. (Defense, USIA, State, FOA)

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- (4) Consider the advisability of establishing a technical assistance program to assist the Icelanders to provide the skills necessary for the construction of military facilities. (FOA, Defense)
- (5) Insure that adequate coverage is given to the fact that the Icelandic economy derives real benefit from the presence of U. S. personnel. (USIA)

c. To promote an understanding of the true nature of the Communist threat and to expose the Communist movement as an international conspiracy in furtherance of the Soviet interests only.

- (1) Intensify a U. S. offensive program against the Communists in Iceland to include consideration of the use of the Armed Forces Radio station for this purpose. (USIA, Defense, State, FOA)

d. To develop an increased understanding of American life, institutions, and culture.

- (1) Provide funds for the employment of a cultural officer to strengthen our cultural, economic and exchange of persons programs in Iceland. (It has been found possible to transfer from another area funds for two positions. USIS has also been authorized to increase the additional Icelanders on its staff.) (USIA)
- (2) Intensify the existing program of distribution of American news, films and related materials particularly tailored for Icelandic consumption. (USIA)
- (3) Stimulate additional exchange of persons by Government and private auspices. (Annex "B")
 - (a) to increase the number of Icelandic leaders, lecturers, teachers and students coming to the United States. (State)
 - (b) to arrange one or two week stopovers in Iceland for American specialists going to other parts of the world. (State)

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- (c) to facilitate the exchange of music groups
 - (1) Air Force Symphony Orchestra.(Defense)
 - (2) Icelandic Choir, provided visas can be obtained.(Defense, USIA)
- (d) to develop a program of concerts or performances by prominent American artists. (Defense, USIA, State)
- (e) to negotiate an executive agreement with Iceland under P.L. 584 providing for an educational exchange of persons program. (State)

Funds (\$30,000) for the implementation of (a) and (b) are being transferred from other European exchange programs. No government funds are available for (c) (1) and (2). The program under (e) could begin in FY 1955 at the earliest.

- (4) Intensify the present program of cooperation between private groups and individuals in Iceland and in the U.S. (USIA)
- (5) Arrange for improving the quality and quantity of American movies shown in Iceland and consider the possibility of arranging a world premiere to be held in Reykjavik. (Efforts are to be made to overcome the difficulties involved in showing such additional films.) (USIA)
- (6) Inspire the publication in the U.S. of magazine articles concerning Iceland and its relationship to the U.S. with a view to their distribution in Iceland. (USIA)

Enclosures

- 1. Annex "A", Note from Icelandic Govt. dtd 12/4/53 to U.S. Minister, Reykjavik Copy No. 43
- 2. Annex "B", "Increase in Exchange Program with Iceland", Copy No. 43

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COPY NO. 43
ANNEX "A"

December 4, 1953

Excellency:

I have the honor on behalf of my Government to submit the following proposals regarding the Defense Agreement and related agreements and their implementation.

1. The Construction activities on behalf of the Defense Forces be arranged in such a manner that engagement of foreign labor be entirely avoided and at the same time due consideration be given to the demand for manpower by the Icelandic industries and production. It should also be stressed that the installations to be constructed may become useful for other as well as defense purposes. Evacuation of foreign labor engaged by the Defense Force should be commenced as soon as practicable.
2. The Icelandic State will act as an intermediary in construction activities and maintenance of installations for the Defense Force. The State will either invite tenders for the projects or have them performed in the same manner as now is the case as regards road construction to the contemplated Radar-sites.
3. The defense areas be planned in such a manner so as to separate distinctly the area occupied by the Defense Force and its alien employees and that occupied by Icelanders in order to facilitate the control of these limits.
4. Further restrictions than now existing be put on leave excursions of members of the Iceland Defense Force and its employees outside the defense areas. The Icelandic Government should issue regulations to this effect, but as a matter of course, it would have due cooperation in this respect with the Iceland Defense Force.
5. The possibilities of Icelanders manning the contemplated Radar Stations on behalf of the Iceland Defense Force be investigated as well as the possibilities of Icelanders undertaking other categories of work in connection with security measures. The training for this purpose of Icelandic personnel be commenced as soon as practicable.

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ANNEX "A"

Dec. 4, 1953

Besides the questions dealt with above it is desired that the following points be either taken up for negotiation or into careful consideration.

1. Necessary housing facilities at the Keflavik Airport for Icelandic officials and employees of the Icelandic Government.
2. Running of the Keflavik Airport Hotel.
3. Measures for prevention of sale of duty-free commodities to Icelanders.
4. Expenses of the Icelandic Government arising from the Defense Agreement.
5. Discussions and settlement of other problems that may arise in the future as a result of the execution of the Defense Agreement.

I have the honor to renew to Your Excellency the assurances of my highest consideration.

K. G.

His Excellency
Edward B. Lawson
Minister of the United States of America,
R e y k j a v i k

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ANNEX "B"

Dec. 21, 1953

INCREASE IN EXCHANGE PROGRAM WITH ICELAND

The Educational Exchange Service will increase both governmental and private exchanges with Iceland in the following manner:

a. By increasing the number of Icelandic leaders, lecturers, teachers, and students coming to the U.S.

We will increase the number of grants in Fiscal 1954 from the present 3 (cost: \$5,580) to 14 full grants (cost: \$29,680).

Five Icelandic leaders (60-day grants)	@ \$1,120	\$5,600
Two Icelandic lecturers (10-mo. grants)	@ 3,000	6,000
Two Icelandic teachers (10-mo. grants)	@ 2,040	4,080
Five Icelandic students (10-mo. grants)	@ 2,800	<u>14,000</u>
		\$29,680

b. By arranging one or two week stopovers in Iceland for American specialists going to other parts of the world (cost: \$6,320).

We have examined the itineraries of all the U.S. specialists now abroad or soon to go abroad and have selected twelve as potentially suitable for spending two weeks or, in one case, one week, in Iceland--providing both the Legation and grantee approve. The twelve are:

Mr. Don Kingman, American watercolor artist of Chinese ancestry from San Francisco (now living in Brooklyn). He would lecture and also paint some pictures which he could leave in Iceland. Going to the Far East.

Grace McAnn Morley, Curator of the San Francisco Museum of Art. Going to the Far East and Africa.

Mary Turlay Robinson, Lecturer on American Art. Going to France.

Isabel Serger, Specialist in Children's Theater work (from Baltimore). Going to Germany.

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ANNEX "B"

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Paul Bartlett, Professor of Chemistry of Harvard.
Going to Germany to lecture.

Chester Nagel, American architect of the Gropius
School (Boston). Going to Germany to lecture.

Helen Ottendorf, Director of a Settlement House
and Community Recreation Center in Cleveland.
Going to Germany.

John Holstrom, Chief of Police of Berkeley, Calif.
(whose police force was recently described in Colliers
as one of the two best police systems in the U.S.)
Going to Germany.

Harold Wells, Athletic Coach at University of Illinois --
skilled in coaching all American sports, especially
basketball. Now in Thailand.

Bruce Hopper, Professor of Government at Harvard.
Going to eleven European countries to lecture; is
going to address the NATO Defense College on the
subject: What has the West to Defend?

Frell Owl, Superintendent of Red Lake Indian Reser-
vation, Minn. Dartmouth graduate and scholar in
American history and early pioneer life. (American
Indian). Going to Africa.

Robert Brown, Editor of the Columbia, Georgia Inquirer,
Nieman Fellow, and recommended to IES as one of the
outstanding American editors. Going to India.

The unit costs for each of these twelve include:

Salary for two weeks -	\$350.00
Per diem @ \$10.00	150.00
Internal travel	50.00
	<u>\$550.00</u>

Total: For a. and b. above:	\$29,680
plus:	<u>6,320</u>
	<u>\$36,000</u>

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ANNEX "B"

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Three points should be emphasized with respect to a. and b.:

- (1) In all cases, the figures given assume that MATS would be willing to supply the international travel involved to and from Iceland, both for the fourteen full grantees and for the twelve partial grantees. It is not suggested that special flights be arranged, but that grantees be placed on flights scheduled. \$30,420 is the absolute maximum in funds which can be made available by IES for this revised program. If international travel were not made available by MATS, the cost of the grants would rise as follows:

Leaders	by \$490.00
Lecturers, Teachers and Students	by \$400.00
Partial grantees	by \$500.00, \$300.00, \$200.00 and \$100.00, respectively

Any rise in cost above \$30,420 would have to be met by cutting down the number of grantees.

- (2) BNA and the Legation should consider whether the use of MATS exclusively as the transporting medium may have adverse effects in Iceland or upon some of the foreign grantees.
- (3) It is hoped that at least the student, teacher and lecturer grants may be the core of a continuing program through the years.

c. Foreign currencies are available in Iceland for the initiation of an educational exchange of persons program under the provisions of P.L. 584, as amended.

\$100,000 from the surplus property agreement has been reserved by the Treasury for an educational exchange program.

Experience with these programs in other countries has shown that much good will results from the fact that they are supervised by Binational Commission in each country. Thus there is an additional value to that of the actual exchanges.

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If approval is given immediately for negotiating the necessary agreement with Iceland, the new program could be in operation in FY 1955.

d. By facilitating the exchange of music groups, such as the Icelandic Choir.

If there is any question as to the admissibility of any member or members of the choir on the grounds of Communist Party affiliations, it is recommended that 9th Proviso action be sought urgently. The choir is a distinguished group representing all classes of the Icelandic people and enjoying great prestige in Iceland. If financial assistance is required for the choir's visit, the American Scandinavian Foundation can be consulted both with respect to its own resources and to those of similarly interested groups.

Continuing work can be done to give appropriate facilitation to cultural events or exchanges under auspices other than the Department such as the following:

a. About May 31, 1954, the distinguished American organist, E. Power Biggs, will conclude a European tour with a concert in Iceland.

b. A group of Icelandic students have been studying forestry in Alaska under joint sponsorship of the Icelandic-American Society and the U.S. Forestry Service.

c. An Icelandic technician is in the U.S. milk pasteurization office of the Department of Agriculture.

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