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	<i>Exempt for State 3-10-78</i> Agency: WH/State Department		
#1 Memo	Klein to Bundy re Wilson visit <i>open 2-28-01</i>	exempt 6-27-94 NLS 93-266 Top Secret 1 p 4/14/65	A

FILE LOCATION

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United Kingdom, Wilson Visit, 4/15/65

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Put in Wilson
Visit folder
mpt

April 14, 1965

~~TOP SECRET~~

McGB-

SUBJECT: The Wilson Visit as Reported by Neustadt

Dick Neustadt saw Derek Mitchell this morning. Mitchell is delighted to have the opportunity to speak with you. He would like a few minutes before the President's meeting with the Prime Minister. He will be in touch with your office as soon as he arrives.

As far as the Prime Minister's speech in New York tonight is concerned, the British "hope it does not fall under the ban." It is aimed at the bankers; it does not call on the U.S. Government to do anything immediately; and it points to the need for achieving international liquidity. He may touch on some things he plans to raise with Fowler tomorrow, but does not intend in any way to embarrass us. The May drawing is the No. 1 problem and this he will discuss with Fowler when he gets here.

Insofar as Europe is concerned, the Prime Minister's view is that there is nothing that should or can be done at this juncture.

On Vietnam, the Prime Minister is full of compliments on the President's Johns Hopkins performance. He feels it was a beautifully timed operation and should prove extremely helpful.

Dick raised with Mitchell the question of a British presence in Vietnam. Mitchell essentially shrugged his shoulders. The Prime Minister, he said, was now calling up 150 technicians from private life into the territorial forces for use around the world. These statistical data showed how badly strapped the British were.

As for the scope of the Prime Minister's talks with the President, Mitchell said it would be a tour d'horizon without any specifics. The Prime Minister's principal purpose was to mend personal fences.

David Klein
DK

~~TOP SECRET~~

DECLASSIFIED
E.O. 12958, Sec. 3.5
NSC Memo, 1/30/95, State Dept. Guidelines
By jc, NARA, Date 2-2-01



THE SECRETARY OF COMMERCE
WASHINGTON 25, D. C.

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APR 12 1965

MEMORANDUM FOR

Honorable McGeorge Bundy

Subject: Prime Minister Wilson's Visit

I understand that Prime Minister Wilson, in his speech in New York this Wednesday, may refer to an exchange of correspondence between Douglas Jay, the President of the U.K. Board of Trade, and me about the relationship between our voluntary balance of payments program and the market for U.K. aircraft in the United States.

Attached are copies of this correspondence in case you wish to call them to the attention of the President.

A handwritten signature in cursive script, reading "John T. Connor", is positioned above the typed name.

John T. Connor

Attachments

cc: Secretary Rusk

2a

THE SECRETARY OF COMMERCE
WASHINGTON, D. C.

The Right Honorable
Douglas Jay, Esq., M.P.
President of the Board of Trade
London, England

Dear Mr. Jay:

In responding to your message of March 30, 1966, we wish to assure Her Majesty's Government that limitations on imports have no place in the United States program for improvement in the balance of payments. Our policy remains one of expanding world trade. Import restrictions would be inconsistent with our current endeavors to get an expansionary policy adopted by all the major trading nations.

Specifically, in regard to aircraft purchases, we expect American firms to contract for deliveries strictly on the basis of normal commercial considerations. We are not aware of any attempts by American aircraft firms or American companies to apply balance of payments considerations in sales or purchases of aircraft. In any case, the U. S. Government would regard such attempts as inconsistent with the program.

We wish to confirm that our position on aircraft purchases will continue to be guided by our general policy opposing trade restrictions. We can assure you that we will make this view abundantly clear in our consultations with companies participating in our voluntary program to improve the United States balance of payments.

Sincerely yours,

(sgd.) John T. Connor

John T. Connor

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THE SECRETARY OF COMMERCE
WASHINGTON, D. C.

April 9, 1965

Mr. J. E. Chadwick
Commercial Minister
The British Embassy
Washington, D. C.

Dear Mr. Chadwick:

Attached is a copy of my reply to the letter
of March 30 from the Right Honorable Douglas
Jay, M.P., President of the Board of Trade in
London.

Sincerely yours,

John T. Connor

Attachment

AFBrimmer/kk/4/9/65



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BRITISH EMBASSY,
WASHINGTON.

31 March, 1965.

Dear Secretary Connor,

I enclose the text of a message addressed to you by the Right Honourable Douglas Jay, M.P., the President of the Board of Trade in London, about the United States balance of payments and imports of aircraft. This message reached me by telegraph yesterday morning.

Sincerely yours,

John Chadwick

(J.E. Chadwick)
Minister (Commercial)

The Honorable
John T. Connor,
Secretary of Commerce.

2 d

TEXT OF MESSAGE

Her Majesty's Government are deeply concerned at the possibility that American banking and business interests may believe that the action being taken by the United States Administration to redress their balance of payments requires the reduction of imports from the United Kingdom into the United States of America. There have been indications in particular that the United States airlines have been strongly influenced by this reason in deciding to purchase DC-9s or other aircraft rather than B.A.C. one-elevens.

Any such reduction of imports from the United Kingdom would of course have a very serious effect on the United Kingdom's position at a time when we are considering large purchases of American aircraft for defence purposes, and it is thus more than ever vital to maximise our dollar earnings.

Her Majesty's Government therefore hope that it will be possible for the United States Administration to take an early opportunity of making it clear that the United States voluntary cooperation programme does not involve any expectation that United States overseas purchases of aircraft or of other goods should be influenced by any consideration other than normal commercial ones.

30th of March, 1965.

747 Go-Ahead—The big decision has been made by Boeing. It will build the 737 small jet. Lufthansa has ordered 21 for late 1967 delivery of first aircraft. (See p. 52).

Management—In one swift move, the Brazilian government has ended the 35-year long operation of Panair do Brasil and turned its international services over to Varig and domestic to Cruzeiro do Sul or VASP. At the time of its ordered cessation of operation, Panair employed 4900, almost all of whom the government expects to be absorbed by Varig and Cruzeiro. Like Varig, Panair also operated Caravelles, but had DC-8 jets, whereas Varig uses 707s and 990s. Pan Am held an interest in Panair until 1960 when it disposed of its remaining 30% holdings.

In another, equally surprising, Harding Lawrence has resigned as exec. VP of Continental Airlines to become president and chief executive officer of Braniff. He takes over at Braniff on April 5 as C. E. Beard retires but remains a consultant to the Dallas-based airline. The move promptly revived rumors of a future Braniff-Continental merger, abetted somewhat by the recollection that Lawrence came to Continental as the result of another merger, that with Pioneer Air Lines.

At Continental, president Robert F. Six quickly reacted to the loss of his operating chief, naming three sr. VPs—Alexander Damm in finance and administration, R. M. Adams in operating and technical services and Chris F. Whelan in marketing. (See People).

Equipment—Pan Am probably will be the next new customer for the Boeing 727. It spent too much money in the Berlin demonstrations (some say \$50,000) to be anything but serious. This will give Boeing 15 727 operators with orders for 232 plus what Pan Am buys. Production is now nine per month moving up to ten at mid-year.

Saudi Arabian order for DC-9s should break early in March, if not sooner.

Dart Convair prototype is due to fly June 1 at San Diego.

Traffic—Despite some whopping increases on North Atlantic in 1964, airlines operated some 2.2 million empty seats in scheduled service alone, the equivalent of 18,605 empty flights. Average flight had about 122 seats. Charters by IATA members accounted for 9.5% of total passenger flights and 13.6% of the passengers. Assuming charter aircraft also averaged 122 seats, charter load factor would work out to about 95%. Of all IATA airline passengers across the North Atlantic (3.55 million), 79.5% flew economy, 13.6% charter and only 6.6% first class. This emphasizes the importance of continuing effort to protect the image of air transportation in the back end of the aircraft from where 93% of every 100 passengers judge it.

Fares—Recent hike in New York-Washington shuttle fare from \$10 to \$18 is first step in an Eastern Air Lines' program to put more modern equipment (Electras) on the popular service. Look for it to start about in the Fall. It has been no secret that Eastern's new management has been concerned about the image EAL derived from the old Super Constellations on this service, but was reluctant to tamper with it because of its great public acceptance. Now, with the price up to a steep 8¢ per mile, the continued use of piston aircraft hardly can be expected for any great length of time without inviting the diversion of shuttle traffic to the coach sections of other airlines.

Reservations—The computers are coming! . . . to European airline reservations systems (and the passengers might add: Hurray, Hurray! judging from the efficiency they have brought to airline phone answering in the U. S.). First system, by IBM, is in operation by SAS in Copenhagen. (See page 18.) In April, Irish International is slated to go "on line" with an Altamatic system by The Bunker-Ramo Corp. (see Teleregister). And BIA is busy with Univac UK on a high-performing computer reservations network which also is due to see first duty in April.

Meanwhile, in the U. S., Northwest Airlines goes on line on March 1 with a "first" in computer versatility. It has a pair of Univac 490s which are being phased in by stages and will handle reservations, passenger name records and message switching, all in one system.

Electronics—There's a new name moving into the spotlight as an airline supplier. It's Litton. In the last month it has (1) developed (with IWA) a new microwave oven for inflight meal services and (2) landed the first big order for radio altimeters for airline all-weather operations (from Pan American).

Image—Mohawk Airlines has retained Charles Butler Associates, New York, design consultant to re-style its corporate image throughout its system in keeping with its transition to an all-turbine fleet. Project takes in aircraft markings, ticket counters and company uniforms.

Notes at presstime—ALP has dropped its plan to move headquarters from Chicago to Washington, D. C. . . . Eastern Air Lines has ordered 24 DC-9Bs, an advanced 95-passenger model using the JT81s at full 14,000 lbs. thrust and having wing leading edge high-lift devices. Order is a big boost to Douglas, raising its sales count to 85. Early delivery (March-Sept. 1966) of 15 standard DC-9s on an inter-lease deal presumably gave Douglas the edge over the 737. And U.S. President Johnson's balance of payments message is felt to have virtually ruled out a buy of the BAC-111 . . . DC-9, by the way, flew on February 25, only a week before first arrival of the BAC-111 (Braniff's) in the U.S.

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THE WHITE HOUSE
WASHINGTON

April 1, 1965

Mr. Hilliker of State called
to say that Secretary Rusk would
still like Mr. Bundy to press
for a luncheon appt with the
President for PM Wilson.

du:4:15

DANC

Klein 1147
Bundy ✓ 3a

M/R 22 1965

*orig to Read 3/30
w/note:
"Apparently the Pres.
or Bundy spoke to
the Secy about this."
BKS*

LIMITED OFFICIAL USE

MEMORANDUM FOR THE PRESIDENT

Subject: Luncheon for Prime Minister Wilson
April 15, 1965

Recommendation

I recommend that you invite Prime Minister Wilson to an informal luncheon on April 15.

Approve _____ Disapprove _____

Discussion

Prime Minister Wilson, who had hoped to visit the United States in February, is now planning to come here on April 14 and 15. He will speak before the Economic Club in New York on April 14 and be in Washington to meet with you at 11:30 a. m. on April 15.

We have had an excellent degree of understanding and cooperation in crucial foreign policy matters from the new Labor Government in Britain. Anything we can do to maintain this state of affairs is in our best interests. For that reason I would recommend that if possible you invite the Prime Minister to have a small, informal luncheon with you following your meeting. If this is not convenient, I shall host a luncheon for the Prime Minister.

/S/ DEAN RUSK

Dean Rusk

LIMITED OFFICIAL USE

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LIMITED OFFICIAL USE Attachment

DEPARTMENT OF STATE

EXECUTIVE SECRETARIAT

April 3, 1965

TO: Mr. McGeorge Bundy
The White House
FROM: *Isaac Hilliker*
Benjamin H. Read
for Executive Secretary

The Secretary on April 2nd asked in reply to your question of March 29 that you renew his request for the President to give an informal luncheon for Prime Minister Wilson on April 15.

Attachment:

Memorandum for the
President, dated
March 22.

LIMITED OFFICIAL USE Attachment

THE SECRETARY OF STATE
WASHINGTON

March 22, 1965

LIMITED OFFICIAL USE

MEMORANDUM FOR THE PRESIDENT

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April 15, 1965

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Dean Rusk
Dean Rusk

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1147
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referred back
to Department

PROPOSED INSERT IN JOINT COMMUNIQUE
IF ONE IS ISSUED BY THE WHITE HOUSE

(If no communique, the following will be used as the basis for background discussion only by both U. S. and British participants in Treasury talks)

Prime Minister Wilson and Secretary Fowler had a far-ranging discussion of financial matters of mutual interest. Secretary Fowler reviewed the gratifying progress made under the balance of payments program adopted by the United States. The Prime Minister stated that the measures taken by the British Government had already shown noteworthy results and said that they offered the promise of further solid improvement.

With respect to the longer term outlook for the world's payments system, they anticipated the availability this summer of the results of expert technical studies that have been going forward. They agreed that these studies will form an indispensable basis for future discussions among top level financial officials concerned to insure a payments system which will facilitate the growing volume of trade that is so important to all nations of the free world.

In the immediate future they noted with approval the progress being made to implement the expansion of the quotas at the International Monetary Fund.

Further talks will be held between Secretary of the Treasury Fowler and Chancellor of the Exchequer Callaghan when the latter visits Washington next summer.