

## **ARCHIVES PROCESSING NOTE**

**You will find two versions of the document withdrawal sheets in this file. The original document withdrawal sheets were completed in the 1970s and early 1980s. Since that time, many of the documents have been declassified. In an effort to make the withdrawal sheets easier to use, we have updated the withdrawal sheets, listing only the documents that are still closed. Use these updated withdrawal sheets to request Mandatory Declassification Review of closed security classified documents.**

**The original withdrawal sheets are in a mylar sleeve in the front of the folder. We have retained them in the file so that you can see the status of the documents when the folder was opened and the history of their declassification. Please replace the sheets in the mylar sleeve when you have finished examining them.**

**November 2009**

# LBJ LIBRARY DOCUMENT WITHDRAWAL SHEET

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<u>Doc #</u>	<u>DocType</u>	<u>Doc Info</u>	<u>Classification</u>	<u>Pages</u>	<u>Date</u>	<u>Restriction</u>
30a	memo	Mann to Rusk re Chilean election (Sanitized 7/6/01, more released than previous sanitization)	S	3	5/1/64	A
62	memo	Bundy to the President re item in diplomatic summary (Sanitized 4/00, NLJ 99-38)	S-	1	5/5/64	A

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**Collection Title** National Security File, Memos to the President

**Folder Title** "McGeorge Bundy, Volume 4, 5/1-27/64"

**Box Number** 1

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**Restriction Codes**

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NATIONAL ARCHIVES AND RECORDS SERVICE  
WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
	Agency: Army <i>Army loc 5/9/70</i>		
<del>#60b Cable</del>	<del>SC3321A Gen. O'Meara to RFK</del>	<del>5/2/64</del>	<del>A</del>
<del>#30 Memo</del>	<del>Bundy to the President re Chilean election</del> <del>(similar to #30a)</del>	<del>5/13/64</del>	<del>EA</del>
<del>#38 Memo</del>	<del>duplicate of #30</del> <del>open 2-1-00 NLS 99-37</del>	<del>5/13/64</del>	<del>EA 5/13/64</del>
<del>#39 Memo</del>	<del>duplicate of #30</del> <del>open 2-1-00 NLS 99-37</del>	<del>5/13/64</del>	<del>EA</del>
<del>#51d oral message</del>	<del>the President to the Chancellor</del> <del>OPEN 10-15-98 FRUS 64-68 vol. 11.</del>	<del>5/5/64</del>	<del>EA</del>
#62 Memo	Bundy to the President re item in diplomatic summary <i>sanitized 4-14-00 NLS 99-38</i> <i>(dup. #123, NSF, file of McGeorge Bundy's "Chim file", 5/1-14/64)</i>	5/5/64	EA

FILE LOCATION

NSF [REDACTED], McGeorge Bundy,  
Memos for the President, Vol. 4, 5/1-27/64

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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
<del>#6 Memo</del>	Agency: White House, for NSC concurrence. <i>NSC ltr 6/9/77</i> <del>Bundy to Pres. re meeting w/Republican Senators</del>	<del>5/26/64</del>	<del>A</del>
		TS 1 p	

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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
	Agency: White House, for NSC concurrence. <i>all decisions per NSC ltr 1/27/77</i>		
<del>#23 Memo</del>	<del>Bundy to Pres. re joint meeting of Bipartisan Leaders &amp; NSC</del>	<del>S 1 p</del>	<del>5/15/64 A</del>
<del>#27 Memo</del>	<del>Bundy to Pres. (dup. #23 above)</del>	<del>S 1 p</del>	<del>5/15/64 A</del>
<del>#51 Memo</del>	<del>agenda for 5:30 meeting</del>	<del>S 1 p</del>	<del>5/6/64 A</del>
<del>#63 Memo</del>	<del>Bundy to Pres. re NSC agenda</del>	<del>S 2 p</del>	<del>5/5/64 A</del>
<del>#63a Memo</del>	<del>Bundy to Pres. (dup. #63 above)</del>	<del>S 2 p</del>	<del>5/5/64 A</del>
<del>#64 Memo</del>	<del>Bundy to Pres. (dup. #63 above)</del>	<del>S 2 p</del>	<del>5/5/64 A</del>

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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
	Agency: White House, for AID concurrence.  Bundy to Pres. re obligated funds C <sup>agen 9-24-79 ing</sup> 1 p	5/3/64	A

#70 Memo

FILE LOCATION

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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
<del>#33a Memo</del>	Agency: AID <del>Bell to Pres. re use of foreign aid funds</del>	<del>5/7/64</del> <i>open 6-7-79ing</i>	<del>A</del>

FILE LOCATION

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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
	Agency: White House, for Ex-Im Bank concurrence.		
	<i>all decisions per Expor-Import Bank let 4/7/77</i>		
<del>#16 Memo</del>	<del>Bundy to Pres. re authorization for guarantees</del>	<del>5/15/64</del>	<del>A</del>
	<del>C 1 p</del>		
<del>#18 Memo</del>	<del>Bundy to Pres. (dup. of #16 above)</del>	<del>5/15/64</del>	<del>A</del>
	<del>C 1 p</del>		
<del>#18f Paper</del>	<del>"Extension of Export-Import Bank Guarantees..."</del>	<del>undated</del>	<del>A</del>
	<del>C 3 p</del>		

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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
#18b Memo	Agency: Export-Import Bank <i>Export-Import Bank to 4/7/77</i> <del>Linder to Pres. re sales to Yugoslavia</del>	<del>5/13/64</del>	<del>A</del>

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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
#30a Memo	Agency: NSC <del>Sanitized, NSC on 6/13/99</del> Mann to Rusk re Chilean election <del>##</del> 3 p <del>Sanitized 7-28-94 NLS 93-375 "S" per NLS 93-375</del> <del>Sanitized 1-24-01 NLS 99-36 (more info. released)</del> Sanitized 7/12/01 NLS 99-36	5/1/64	A

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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
	<i>All decisions per State let 5/31/77</i>		
	Agency: State Department		
<del>#13a Cable</del>	<del>869 fm Bucharest C 3 p</del>	<del>5/18/64</del>	<del>A</del>
<del>#18a Memo</del>	<del>Ball to Pres. re sales to Yugoslavia C 2 p</del>	<del>5/13/64</del>	<del>A</del>
<del>#18c Cable</del>	<del>1735 fm Belgrade C 2 p</del>	<del>5/6/64</del>	<del>A</del>
<del>#18d Cable</del>	<del>1363 fm Belgrade C 2 p</del>	<del>2/28/64</del>	<del>A</del>
<del>#18e Memo</del>	<del>Ball to Pres. re sales to Rumania &amp; Poland C 2 p</del>	<del>5/13/64</del>	<del>A</del>
<del>#18g Cable</del>	<del>486 to Bucharest C 3 p</del>	<del>4/7/64</del>	<del>A</del>
<del>#43f Airgram</del>	<del>Polto A 953 C 5 p</del>	<del>4/23/64</del>	<del>A</del>
	<i>Sanitized open 3/29/00 NLS 99-36 (dup # 49a, NSF, File 7 McGeo. Bundy "Chon Zee, 5/1-24/69")</i>		
<del>#68a Cable</del>	<del>1821 to Saigon S 4 p</del>	<del>5/1/64</del>	<del>A</del>
	<del>(dup. #62, NSF Country File, Vietnam, Vol. 8)</del>	<del>OPEN 10.15.98</del>	<del>FEUS 64.68 vol. 1.</del>

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 Memos for the President, Vol. 4, 5/1-27/64

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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
	Agency: White House, for State concurrence.		
<del>#2 Memo</del>	<del>Bundy to Pres. re Erhard</del>	<del>TS 1 p 5/27/64</del>	<del>A</del>
	<i>sanitized, NSC last 11/77</i>		
	<i>OPEN 10.15.98 STATE GUIDELINES</i>		
<del>#3a Memo</del>	<del>Forrestal on Vietnam</del>	<del>TS 4 p 5/26/64</del>	<del>A + C</del>
	<i>Open 8-12-88 NLJ 86-247</i>		
	<i>"C" removed 7-31-86</i>		
<del>#3b Memo</del>	<del>Forrestal on Lodge</del>	<del>TS 2 p undated</del>	<del>A + C</del>
	<i>Open 8-12-88 NLJ 86-247</i>		
	<i>"C" removed 7-31-86</i>		
<del>#4a Memo</del>	<del>dup. #3a above</del>	<del>TS 4 p 5/26/64</del>	<del>A + C</del>
	<i>open 8-12-92 NLJ 86-247</i>		
	<i>"C" removed 7-31-86</i>		
<del>#4b Memo</del>	<del>dup. #3b above</del>	<del>TS 2 p undated</del>	<del>A + C</del>
	<i>"</i>		
	<i>"C" removed 7-31-86</i>		
<del>#9 Memo</del>	<del>Bundy to Pres. re action in SEA</del>	<del>TS 5 p 5/25/64</del>	<del>A</del>
	<i>open 6-7-79</i>		
<del>#12 Memo</del>	<del>Bundy to Pres. re planning for SEA</del>	<del>TS 2 p 5/22/64</del>	<del>A</del>
	<i>sanitized 6-7-79</i>		
	<i>open 12-10-92</i>		

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	Agency: White House, for State concurrence.		
<del>#1 Memo</del>	<del>Bundy to Pres. re wheat to Bloc C <sup>open 6-7-79</sup> 2 p</del>	<del>5/23/64</del>	<del>A</del>
<del>#10 Memo</del>	<del>Bundy to Pres. (dup. #1 above) <sup>open 6-7-79</sup> C 2 p</del>	<del>5/23/64</del>	<del>A</del>
<del>#13 Memo</del>	<del>Bundy to Pres. re Rumania C 1 p</del> <del>OPEN 10.15.98 STATE GUIDELINES</del>	<del>5/20/64</del>	<del>A</del>
<del>#14 Memo</del>	<del>Bundy to Pres. re atomic info/NATO S <sup>open 6-7-79</sup> 2 p</del>	<del>5/18/64</del>	<del>A</del>
<del>#15 Memo</del>	<del>Bundy to Pres. re Willy Brandt <sup>sanitized</sup> C 2 p</del> <del>OPEN 10.15.98 STATE GUIDELINES</del>	<del>5/16/64</del>	<del>A</del>
<del>#43 Memo</del>	<del>Bundy to Pres. re Schlesinger C 1 p</del> <del>OPEN 10.15.98 STATE GUIDELINES</del>	<del>5/12/64</del>	<del>A + C</del>
<del>#45 Memo</del>	<del>Bundy to Pres. re LA ambassadors C 2 p</del>	<del>5/11/64</del>	<del>A</del>
<del>#49 Memo</del>	<del>Bundy to Pres. re Erhard <sup>open 6-7-79</sup> S 1 p</del>	<del>5/10/64</del>	<del>A</del>
<del>#51b Memo</del>	<del>Bundy to Pres. re Kemal C 1 p</del>	<del>5/6/64</del>	<del>A</del>
<del>#51f Memo</del>	<del>Forrestal to Bundy re Vietnam <sup>open 6-7-79</sup> S 2 p</del>	<del>5/5/64</del>	<del>A</del>
<del>#55 Memo</del>	<del>Bundy to Pres. (dup. #51b above) C 1 p</del> <del>OPEN 10.15.98 STATE LETTER 6.3.77</del>	<del>5/6/64</del>	<del>A</del>
<del>#58 Memo</del>	<del>Bundy to Pres. re Panamanians S 1 p</del> <del>Open 2-1-00 NLJ 99-37</del>	<del>5/6/64</del>	<del>A</del>
<del>#61 Memo</del>	<del>Bundy to Pres. re aircraft engine sale S 1 p</del> <del>OPEN 10.15.98 STATE GUIDELINES</del>	<del>5/5/64</del>	<del>A</del>
<del>#65 Memo</del>	<del>Bundy to Pres. re non-dissemination <sup>open 6-7-79</sup> S 1 p</del>	<del>5/4/64</del>	<del>A</del>

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NSF ██████████ ██████████ McGeorge Bundy,  
 Memos for the President, Vol. 4, 5/1-27/64

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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
	WH/State continued.		
<del>#67 Memo</del>	<del>Bundy to Pres. (dup. #65 above)</del> <sup>open 6-7-79</sup> S 1 p	<del>5/4/64</del>	<del>A</del>
<del>#74 Memo</del>	<del>Bundy to Pres. re Thompson/Dobryrfin</del> <sup>Exempt State law 1/9/78, 8/10/77</sup> C 1 p	<del>5/1/64</del>	<del>A</del>
<del>#75a Cable</del>	<del>Bundy to McGhee</del> <sup>open 6-7-79</sup> C 2 p	<del>4/30/64</del>	<del>A</del>

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THE WHITE HOUSE  
WASHINGTON

May 23, 1964

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MEMORANDUM FOR THE PRESIDENT

SUBJECT: WHEAT TO THE BLOC

**DECLASSIFIED**

Authority State 8-10-77, NSC 8-14-78  
By if, NARS, Date 6-7-79

We had a meeting Thursday about possible further sales of U. S. wheat to the Bloc with people from State (Thompson, Johnson), Agriculture (Murphy), Commerce (Roosevelt, Behrman -- Nick Johnson was unable to join us), Labor (Wirtz), CIA (Cline), Mike Feldman, and also Budget and Treasury. The following emerged:

1. Unless their weather turns sour, the outlook for another U. S. sale during the next few months is poor. Our evidence is that the Soviets found their last trade with us difficult and unrewarding, and will certainly not put us first in their list of possible sources.
2. If our wheat people are to have any chance in the near future, and a reasonable chance over the long run, we must offer commercially competitive terms -- match the Australians and Canadians. The Russians will not be interested -- Tommy made a strong point of this -- except in a good buy.
3. That of course means doing something about shipping and the unions. It was proposed that we follow a two-pronged strategy:

Work out, over the next several months, a sensible long-term maritime policy which would become a part of your FY 1966 program. (Frank Roosevelt did not think it would cost much money. I wonder.) Any beginnings we can make in the interim will help us with the Union.

As an interim measure -- to be understood as such by the labor people -- try to strike an informal bargain under which the unions would give up 50:50 on wheat to the Bloc, in return for a commitment by Agriculture to go correspondingly higher than 50:50 on PL 480 (by an amount equal to half of any tonnage actually shipped to the Bloc),

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subject to the availability of U. S. carriers. (That may cause trouble: PL 480 shipments tend to be bunched and to overlap with heavy seasonal traffic in oil. But we shall try to work out a scheme.)

4. Subject to your instructions with respect to the above, Feldman has agreed to run an interdepartmental group which would try to improve our posture on maritime problems in both short range and long range terms.

5. Since Thursday's meeting we have had a feeler from one of the grain traders asking what terms they could take to Moscow in an effort to compete with the Canadians. We are asking Bill Wirtz for a crash exploration with the labor people, but we doubt if we will be in a position to make any commitments to our grain trade in the next few days. This is an immediate sample of the general problem.

*incl. R.*

McG. B.

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THE WHITE HOUSE  
WASHINGTON

J 2  
(To CGT  
Ranch  
1/29)

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May 27, 1964

MEMORANDUM FOR THE PRESIDENT

While delivering your oral message to Chancellor Erhard covering the Khrushchev exchange on troop reductions (Tab A), George McGhee, on instructions (Tab B), touched on several additional items:

1. He expressed on your behalf appreciation for the Chancellor's message of May 8 (Tab C).
2. He assured the Chancellor of your personal interest in the German problem and your readiness to consider what might be realistically done to make progress in this area.
3. He emphasized your interest in an improved German aid program -- particularly in India, Pakistan and Turkey -- and the need for closer cooperation with us in handling aid to the developing countries.
4. And finally, he told the Chancellor of your interest in the Israeli tank problem and suggested this problem be reviewed when the Chancellor gets to Washington in June (Tab D).

On the Khrushchev exchange, the Chancellor was pleased with the position you took, was flattered to have been taken into your confidence, and grateful for the fact that Germany's interests were protected in this discourse with Khrushchev (Tab E).

The Chancellor left the aid and Israeli tank questions open. He wants to talk with you about them when he gets here. However, he made it clear to McGhee that prospects for an Israeli tank deal were quite dim (Tab F). *We are hoping for progress on this before Erhard comes, though.* But as it so often happens in conversations with the Germans, Erhard permitted the views attributed to you on the reunification question to leak (Tab G). He apparently did this to ward off attacks from the right wing which accuses him of being less than forceful in dealing with the reunification problem. So while we continue to have to deal with a leaky German Government, in this case, the end result is one we can live with and in a sense probably advantageous to us.

McG. B.

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E.O. 12958, Sec. 3.5

NSC Memo, 1/30/95, State Dept. Guidelines

By ju, NARA, Date 10-15-98

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THE WHITE HOUSE  
WASHINGTON

May 27, 1964

MEMORANDUM TO THE PRESIDENT

Here is an important memorandum from Mike Forrestal which may help you as you think about the basic problem in Southeast Asia.

I have arranged for Walter Lippmann to be here at 4 o'clock. He will be waiting in my office. At 3:45 we will have the matters which need action before the weekend ready for presentation to you in a meeting which I think should include Ball, McNamara, Taylor, McCone, and myself. My current theory on your meeting with Lippmann is that it will be most effective if it is confined to McNamara, Lippmann, and myself. But George Ball is an old friend of Walter's, and you may wish to add him in. I will check this with you at 3:45, unless you call me sooner.

*McG. B.*

McG. B.

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THE WHITE HOUSE

WASHINGTON

~~TOP SECRET~~

May 26, 1964

MEMORANDUM

South Vietnam

DECLASSIFIED  
E.O. 12356, Sec. 3.4  
NLJ 86-247  
By inf, NARA, Date 8-10-88

Here in brief are the major impressions I developed during my two-week stay with Ambassador Lodge in Saigon.

Progress of the War

I cannot answer the question of whether we are winning or losing. The situation varies from place to place. If I were forced to sum it up, I would say that there has been a slight improvement overall in the last month, but that the trend has definitely not yet turned in our favor. Politically, the most damaging aspect of the military situation is the fact that Saigon is still in the center of a doughnut of Viet Cong controlled territory. Little or no progress has been made in clearing and holding these critical provinces surrounding Saigon. The impact of this on the psychology of everyone living in the capital (including the U. S. press) is very depressing.

Efforts of the Government of Vietnam

On the debit side of the ledger, General Khanh has not been able to attract the loyalty of the politicians in Saigon. Without a dramatic change in the military situation (either a success or something like an action against the North) he may never be able to. The war has gone on so long without a decisive turn one way or the other that people in Saigon have adjusted to it as a way of life. Consequently, political bickering among factions in the French fashion continues. The longer this continues, the weaker the central government becomes.

There is a definite possibility of a religious war between Catholics and Buddhists. It is going to take all the pressure we can bring to bear on both sides to keep it from crippling the war effort. Lodge is doing his most effective work on this problem and may be able to squeek through the next few critical weeks without a religious crisis.

Vietnamese bureaucracy is still having the greatest difficulty in cranking itself up to fighting the war in the countryside; this is partly because of the shortage of trained people and partly because there just isn't the necessary sense of urgency.

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On the credit side of the ledger, Khanh has gotten the services of as good a group of civilian ministers and sub-ministers as Vietnam has ever had. This is particularly true in budget, economics and finance. Most of them are younger people who have been trained in the West. They are by no means perfect, but they are head and shoulders above the average.

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#### U.S. Efforts in Vietnam

Our own team in Saigon is badly coordinated, and some parts of it are in a shambles. The Embassy is functioning well in dealing with immediate political problems, such as the religious crisis, and damping down of coup plots and rumors. However, Ambassador Lodge has not yet developed an instrument for managing the total U.S. effort. He is not particularly interested in performing this function himself, and he has nobody on his staff who seems to be able to do it.

The military command (MACV) has been vastly improved by the recent reorganization; and such coordination between U.S. agencies as there is takes place because of the efforts of General Westmoreland. He accomplishes this by taking the Deputy AID Director and the USIS Chief with him on his trips to the provinces and using these occasions to discuss and coordinate specific actions under the pacification program. I doubt that General Westmoreland can keep this up for very long in view of his other responsibilities; and in any event it tends to leave the Embassy out of the picture and increase the danger of having another split in our own ranks.

The AID Mission is in a very bad state. There is no leadership, morale is low, and consequently there is bickering between Mission personnel. I would give first priority to effecting the changes in AID personnel in Saigon which have already been agreed here in Washington.

Suggestions

I have brought back two very strong personal opinions:

First, the United States must take a fairly dramatic step soon against the North, not only to respond to Hanoi's actions in Laos and increased Viet Cong activity in Vietnam, but also to develop a sense of urgency in GVN civil and military personnel. A bit of a shock is needed. There is a risk that the structure in Saigon is already so weak that it might not be able to withstand a strong reaction from Hanoi; but I am convinced that the structure will get weaker, rather than stronger, if we do nothing.

The second area in which we must act very quickly is the strengthening of our own organization in Vietnam and getting it much more deeply into the battle in the provinces than it now is.

We must find a civilian U.S. official who can compensate for Ambassador Lodge's lack of managerial talent. He has got to be a man whom the Ambassador trusts and of sufficient stature to be able to work easily with General Westmoreland, CIA, and the AID Director.

We must speed up the additions to and changes in the personnel of the AID Mission, which we have already agreed to here in Washington.

Finally, I think we have to increase significantly our penetration of the Vietnamese civil and military bureaucracy at the corps and province levels, despite the political risks involved. It doesn't make much difference whether we do so formally or not; but the effect must be that Americans interpose themselves much more directly in the chain of command between Saigon and the villages. Eventually this may mean an increase both in the American military and civilian presence in the countryside; but the first priority is to get those men that we already have in the field more intimately involved with the pacification program. There are many devices for doing this, such as the joint provincial committees, which are already being used. Both the Americans and the Vietnamese I talked to in Saigon seemed to agree that there will be less opposition to this kind of encadrement than one might expect. Putting our people into the ministries in Saigon is a more difficult and politically more touchy problem and may not be as necessary. It would probably be more effective to stimulate our own officials to be more energetic in following up actions with their Vietnamese counterparts.

~~TOP SECRET~~

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We have to get the Vietnamese to concentrate more on the war and less on their individual political ambitions. This could be done, I think, by being far more vigorous than we have been in following up specific questions with them. It would also be a great help if we engaged them in a real effort against the North.



Michael V. Forrestal

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~~TOP SECRET~~

DECLASSIFIED 3-6  
E.O. 12356, Sec. 3.4  
NJ 86-247  
By mg, NARA, Date 8-10-88

APPENDIX TO MEMORANDUM ON SOUTH VIETNAM

Ambassador Lodge

Ambassador Lodge has devoted most of his attention and efforts to maintaining an uneasy balance among the constantly shifting political factions in Saigon. His acute sense of politics has served him well in this respect, and he has achieved a useful kind of standing with the Vietnamese. They are a little frightened of him. His somewhat distant attitude has enabled him to avoid getting embroiled in local maneuverings and has added considerably to the weight of the advice he gives.

Unfortunately, the Ambassador has had neither the interest nor the time to concentrate on getting his own American community organized. This is partly because management is not one of his talents and partly because he has not found anyone on his own staff to whom he will delegate his fundamental authority to lead the American effort. I think he would give a rather free hand in this respect to a clearly competent official who made a real effort to gain his confidence.

Although Ambassador Lodge has virtually no effective communication with General Harkins, he is developing confidence in General Westmoreland, despite the unfortunate episode of Nixon and the helicopters. General Westmoreland has gone out of his way to emphasize the essentially political nature of the war and has convinced Ambassador Lodge that he is receptive to political guidance.

Lodge is acutely aware of and quite frank about his strange political position as Ambassador. He senses a tendency towards record-making in his correspondence with Washington. He volunteered that he would under no circumstances make a public issue of any differences with the Administration on policy in Vietnam. While he felt that the President had a right to his advice, he also felt that the President had the right not to take it without fear of creating a political issue. The vehemence and sincerity with which Lodge discussed this subject has led me to conclude he would not kick over the traces under any circumstances we can now foresee.

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I would hazard a guess that Lodge will stay in Saigon for the immediate future, unless he concludes that his presence in the United States in July might make the difference between Goldwater's succeeding or failing in capturing the nomination. He seems convinced that a Goldwater victory would destroy the Republican Party. I do not think, however, that he has any real hopes of getting the nomination himself or that he would make the effort to do so.



Michael V. Forrestal

4  
- J  
May 27, 1964

MEMORANDUM TO THE PRESIDENT

Here is an important memorandum from Mike Forrestal which may help you as you think about the basic problem in Southeast Asia.

I have arranged for Walter Lippmann to be here at 4 o'clock. He will be waiting in my office. At 3:45 we will have the matters which need action before the weekend ready for presentation to you in a meeting which I think should include Ball, McNamara, Taylor, McCone, and myself. My current theory on your meeting with Lippmann is that it will be most effective if it is confined to McNamara, Lippmann, and myself. But George Ball is an old friend of Walter's, and you may wish to add him in. I will check this with you at 3:45, unless you call me sooner.

McG. B.

TOP SECRET attachment

4-a

THE WHITE HOUSE  
WASHINGTON

TOP SECRET

May 26, 1964

MEMORANDUM

South Vietnam

Here in brief are the major impressions I developed during my two-week stay with Ambassador Lodge in Saigon.

Progress of the War

I cannot answer the question of whether we are winning or losing. The situation varies from place to place. If I were forced to sum it up, I would say that there has been a slight improvement overall in the last month, but that the trend has definitely not yet turned in our favor. Politically, the most damaging aspect of the military situation is the fact that Saigon is still in the center of a doughnut of Viet Cong controlled territory. Little or no progress has been made in clearing and holding these critical provinces surrounding Saigon. The impact of this on the psychology of everyone living in the capital (including the U. S. press) is very depressing.

Efforts of the Government of Vietnam

On the debit side of the ledger, General Khanh has not been able to attract the loyalty of the politicians in Saigon. Without a dramatic change in the military situation (either a success or something like an action against the North) he may never be able to. The war has gone on so long without a decisive turn one way or the other that people in Saigon have adjusted to it as a way of life. Consequently, political bickering among factions in the French fashion continues. The longer this continues, the weaker the central government becomes.

There is a definite possibility of a religious war between Catholics and Buddhists. It is going to take all the pressure we can bring to bear on both sides to keep it from crippling the war effort. Lodge is doing his most effective work on this problem and may be able to squeek through the next few critical weeks without a religious crisis.

Vietnamese bureaucracy is still having the greatest difficulty in cranking itself up to fighting the war in the countryside; this is partly because of the shortage of trained people and partly because there just isn't the necessary sense of urgency.

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Authority 769 86 247

By sp/ry, NARA, Date 8-21-92

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The second area in which we must act very quickly is the strengthening of our own organization in Vietnam and getting it much more deeply into the battle in the provinces than it now is.

We must find a civilian U.S. official who can compensate for Ambassador Lodge's lack of managerial talent. He has got to be a man whom the Ambassador trusts and of sufficient stature to be able to work easily with General Westmoreland, CIA, and the AID Director.

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Michael V. Forrestal .

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Authority 719 86-247

By copy, NARA, Date 8-21-92

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*Mike*

Michael V. Forrestal

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THE WHITE HOUSE  
WASHINGTON

5  
7  
May 26, 1964

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Pierre Salinger and Brazil

I reached Pierre Salinger last night, and before I could say what was on my mind, he said "I know what you are calling about, and I am sorry." I nevertheless gave him the arguments that you and I discussed -- that our dealings with Brazil were based on the recommendations of Linc Gordon, George Ball and Dean Rusk -- all Kennedy men -- and that the fact of the matter was that Tom Mann had been in favor of a slightly slower and cooler expression of support. I also told Pierre that there had not been a question of recognition, a point which he said he understood -- so as a matter of curiosity I am sending for a copy of the Meet the Press transcript to be sure just what he did say.

Pierre asked me to tell you two things:

First, that he makes it clear in every speech that he is running as a strong supporter of the Johnson Administration;

Second, that on the particular question of Brazil and Generals in Latin America, he simply has to take account of the fact that there are more than a million Latinos in California, and they hate Generals. I told him that we were not asking him to defend Generals or even to explain Goulart, but that he ought to know the facts and he ought not to sound as if he were criticizing a specific Johnson Administration decision. He took the point, and I think there will be no repetition.

I am only sorry that I did not call him on Sunday before Meet the Press.

McG. B.  
McG. B.

THE WHITE HOUSE

WASHINGTON

~~TOP SECRET~~

May 26, 1964

MEMORANDUM FOR THE PRESIDENT

Subject: Talking Points at 4:30 Meeting with Republican Senators

1. I have asked for this meeting in order to talk straight with you about the situation in Southeast Asia and to have a chance to exchange thoughts about some very serious possibilities that may lie ahead of us.
2. I will ask Secretary Rusk to describe briefly the immediate diplomatic crisis over Laos and Cambodia and to comment generally on the political situation in South Vietnam.
3. I will then ask Secretary McNamara to report on his own most recent visit to South Vietnam. Some of you may have heard this report, but its essentials have been brought up to date and confirmed by Mr. Michael Forrestal who returned yesterday, and it is worth hearing in outline.
4. I will then ask Director McCone to give a brief estimate of the forecast which the intelligence community now gives of possible further weakening in the situation in Laos and South Vietnam in coming months.
5. I hope that we can then have a general discussion.
6. Finally, I would emphasize in opening the meeting that while in one sense these are small scale problems involving small scale countries,

-- and while each country and even each province has a separate set of tricky questions (even the names of the actors are hard to remember and pronounce)

-- and while ~~in one sense~~ the whole struggle in Laos has a comic opera aspect

-- nevertheless what is ~~more~~ at stake overall is whether the Communists will take over Southeast Asia -- by a process of subversion and terror and general nibbling.

7. It is in this large framework -- the U. S. national interest and the future of Southeast Asia -- that I hope we will all be thinking as the discussion goes on.

*McG. B.*  
McG. B.

DECLASSIFIED

Authority NSC la 6/19/77  
By MBA/RG, NARS, Date 7/1/97

~~TOP SECRET~~

P.L.

May 26, 1964

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McG. B.

May 25, 1964

MEMORANDUM FOR THE PRESIDENT

In the light of your travel plans, Jack Valenti and I now suggest a joint meeting of the NSC and the Cabinet in memory of President Kennedy, on ~~Wednesday~~<sup>Thursday</sup> at 10:00 AM. This would bring together in one place about fifty people who worked for President Kennedy and who now work for you, from essentially four areas:

- 1. Sub-Cabinet.
- 2. The heads of agencies who have substantial business with the President.
- 3. Sub-Cabinet and staff who have had and have direct access to the President, e. g. George Ball and Cy Vance.
- 4. Senior members of the White House and NSC staffs whose first sense of allegiance is to the President himself.

The total list from these four categories is as follows:

- 1. The Cabinet.
- 2. Other agencies:

David Bell	Glenn Seaborg
Walter Heller	James Webb
Kermit Gordon	Governor Herter
John McCone	William Foster
Ed McDermott	General Taylor

- 3. Sub-Cabinet members who have seen the President often:

George Ball	Paul Nitze
Cy Vance	Gene Zuckert
Averell Harriman	

4. White House Staff:

Mr. Bundy	Mr. Lee White
Mr. O'Donnell	Mr. Henry Wilson
Mr. Dungan	Mr. Manatos
Mr. O'Brien	Mr. Desautels
Mr. Powers	Mr. Holborn
Mr. Feldman	Mr. Goodwin
Mr. McNally	Mr. Komer
Dr. Burkley	Mr. Forrestal
General Clifton	Mr. Brubeck
Mr. Bromley Smith	

I think you will be your own spokesman on this occasion, but if you want a few ideas, Dick Goodwin or I will be delighted to oblige.

McGeorge Bundy

8a

THE WHITE HOUSE

WASHINGTON

May 25, 1964

MEMORANDUM FOR McGEORGE BUNDY:

The President will be in New York City Thursday evening, May 28. Mr. Valenti has no indication of when he plans to return from New York.

The President is leaving for the LBJ Ranch in Texas sometime on May 29. Mr. Valenti has not been given any indication of what time we should leave.

I have checked the schedule at President Kennedy's gravesite for the day of his birthday, May 29. There are various groups at 8:30 a.m., 9:00 a.m., 9:15 a.m., 9:30 a.m. and 10:00 a.m. scheduled to lay wreaths, etc., at the grave.

A group of allied officers is laying a wreath at 10:30, and another group from Falls Church is laying a wreath at 11 o'clock. The Military District of Washington people tell me that the group of allied officers could easily wait a few minutes if a group headed by President Johnson were to come over there.

My recommendation is that the President assemble the group of people we talked about here at the White House about 10 o'clock and, after a brief statement, have us all get in cars and be escorted over to the cemetery and driven up close to the gravesite.

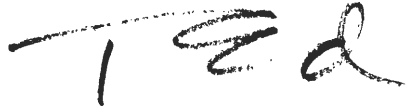
The Military Aide's office will provide a wreath, which the Sergeant of the Guard will have on hand, and we will go through a very brief wreath-laying ceremony upon our arrival. After the people in the party get a chance to file past the grave, we will return to the White House, and any time after that the President can take off for Texas.

If we assemble at 10 o'clock, the President should be able to return here by 11 o'clock at the latest, if we move out promptly.

As an alternative time, we could have this performance at the gravesite anytime between 11:10 and 12 noon.

It is my recommendation that we hold the publicity on this to a minimum. I don't believe that we should have television newsreels and all the cameramen who would follow us over there. Whatever press coverage is granted should be done as discreetly and quietly as possible, maybe with a very small photographic pool; otherwise, the President will get some criticism for making it an extravaganza.

You wanted to be reminded to talk this over with the Attorney General if the President concurs in our plan.

A handwritten signature in black ink, appearing to read "Ted". The letters are stylized and connected, with a long horizontal stroke for the "T" and a cursive "ed" following.

TED CLIFTON

P.S. The President seldom appears in public without some sort of an Honor Guard, and it would seem to me appropriate that we have a small group of soldiers there of all the services, say about 4 from each service including the Coast Guard, as an honor platoon, with the Colors including the President's flag, at the gravesite when we have this ceremony. They would be called to "Present Arms" and would hold this salute while the President places the wreath; then when they gave "Order Arms", the ceremony would be over. I don't believe we should have any bugler playing Taps or any music, but that would be optional.

If you will get all these points checked, I will get it lined up properly with the Military District of Washington and the Secret Service.

ATTACHMENT

Recommended List

As we discussed, the basis for this list is primarily all of those members of the President's official family, as nearly as we can make it, who served both President Kennedy and now continue to serve President Johnson.

~~We also thought that the wives should be invited because some of them would feel hurt if they were given no opportunity on the President's birthday to pay their respects. It certainly should not be obligatory, but they should be included if they so desire.~~

A recommended list:

Members of the Cabinet ~~and their wives~~

From the White House Staff:

- Mr. Bundy
- Mr. O'Donnell
- Mr. Dungan
- Mr. O'Brien
- Mr. Powers
- Mr. Feldman
- Mr. McNally
- Dr. Burkley
- General Clifton
- Mr. Bromley Smith
- Mr. Lee White
- Mr. Henry Wilson
- Mr. Manatos
- Mr. Desautels
- Mr. Holborn

*Mr. Goodwin Gen*

~~The four Joint Chiefs of Staff~~

~~General Taylor~~

~~(Admiral McDonald and General Wheeler will not be in town. The Commandant of the Marine Corps, General Greene, was appointed on December 31.)~~

*Mr. Rott Komer*

*Mr. Forrestal*

*Mr. Baubeech*

Other agencies:

Dave Bell  
Walter Heller  
Kermit Gordon  
John McCone  
Ed McDermott  
Glenn Seaborg  
Jim Webb  
Christian Herter  
*William Foster*

Subcabinet members who occupied positions of importance:

George Ball  
Averell Harriman  
Cy Vance  
Gene Zuckert  
Paul Nitze

Mac Kilduff from the Press Office should be asked to supervise any press coverage of this, and that will make a reason for his attendance.

Our two White House photographers, Captain Stoughton and Chief Knudsen, should certainly be included and their wives should be allowed to come because they were closely associated with President Kennedy and are still associated with President Johnson.

Mrs. Johnson should be alerted early if the President wants her to come.

President

~~Vance~~

~~A~~

~~Stacy~~

Cabinet 10

White House

Feldman

Bennet

O'Brien

O'Donnell

Dunyon

Burkley

Clifton

Powers

McNally

~~Smith~~

White

Wilson

Monroe

de Santels

Hollborn

B.K. Smith

Kilguff

Bell

Heller

Gordon

McCune

Wells

Seabury

McDonnott

Hester

4 Print clubs of Staff

Ball

Hanneman

Vance

Fleehut Nitze

THE WHITE HOUSE  
WASHINGTON

J 9  
copy to  
Rusk  
McNamara  
Ball  
Walt Rostow

D R A F T

May 25, 1964

~~TOP SECRET SENSITIVE~~

MEMORANDUM TO THE PRESIDENT

SUBJECT: Basic Recommendation and Projected Course of Action  
on Southeast Asia

I. Basic Recommendation

1. It is recommended that you make a Presidential decision that the U. S. will use selected and carefully graduated military force against North Vietnam, under the following conditions: (1) after appropriate diplomatic and political warning and preparation, (2) and unless such warning and preparation -- in combination with other efforts -- should produce a sufficient improvement of non-Communist prospects in South Vietnam and in Laos to make military action against North Vietnam unnecessary.

2. This basic Presidential decision is recommended on these premises:

(1) that the U. S. cannot tolerate the loss of Southeast Asia to Communism;

(2) that without a decision to resort to military action if necessary, the present prospect is not hopeful, in South Vietnam or in Laos;

(3) that a decision to use force if necessary, backed by resolute and extensive deployment, and conveyed by every possible means to our adversaries, gives the best present chance of avoiding the actual use of such force.

3. It is further recommended that our clear purpose in this decision should be to use all our influence to bring about a major reduction or elimination of North Vietnamese interference in Laos and in South Vietnam, and not to unroll a scenario aimed at the use of force as an end in itself. We will have further recommendations on the ways of stating U. S. objectives.

**DECLASSIFIED**

Authority State Dept 2-21-78; NSC 12-5-78  
By if, NARS, Date 6-7-79

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(page 1 of 5 pages)

~~TOP SECRET SENSITIVE~~

4. It is further recommended that in the execution of this decision all separate elements of the problem (political, diplomatic, economic, and military) and all separate geographical elements of it (in Laos, in South Vietnam, in Cambodia, and in North Vietnam itself) should be treated as parts of a single problem: the protection of Southeast Asia from further Communist encroachment.

5. It is the hope and best estimate of most of your advisers that a decision of this kind can be executed without bringing a major military reply from Red China, and still less from the Soviet Union. It is also the prevailing estimate that selective and carefully prepared military action against North Vietnam will not trigger acts of terror and military operations by the Viet Cong which would engulf the Khanh regime. Nevertheless, it is recognized that in making this decision we must accept two risks: (1) the risk of escalation toward major land war or the use of nuclear weapons; (2) the risk of a reply in South Vietnam itself which would lose that country to neutralism and so eventually to Communism.

## II. An outline of the proposed sequence of actions

It is our current estimate that the actions which follow should be taken in the order in which they are listed. Especially in the later stages it might well be important to modify the sequence in the light of the development of events. In each major stage, moreover, there would be a number of connected actions. Finally, it must be remembered that the enemy has choices, too, and that this sequence might therefore be truncated or drastically modified by the actions of others.

- (1) A Presidential decision as outlined in I. above.
- (2) The establishment of communication with Hanoi (through the Canadians) and with other adversaries of major importance (USSR, France, Red China).

The purpose of these communications would be to make very clear both the seriousness of U. S. will and the limited character of U. S. objectives. We intend that Communism shall not take over Southeast Asia, but we do not intend or desire the destruction of the Hanoi regime. If terror and subversion end, major improvement in relations is possible. It is only if they do not end that trouble is coming.

~~TOP SECRET~~

(page 2 of 5 pages)

~~SENSITIVE~~

(3) A Honolulu conference and discussions with Thailand .

This meeting, which might occur early next week, would be directed to the establishment of full understanding with Ambassador Lodge and MACV, and to possible intense consultations with Ambassador Unger and Ambassador Martin from Thailand. At the same time, or just after, we would communicate our basic determination and our opening strategy to the governments of Thailand, Laos and South Vietnam. This Honolulu meeting would imply major decisions also to intensify our efforts in South Vietnam (along lines to be presented in a separate paper).

(4) Action at the UN.

This would probably take a double form:

(a) in the broadest terms, we would present the problem of Communist aggression in Southeast Asia, together with much hitherto secret evidence proving Hanoi's responsibility;

(b) in parliamentary terms, we would probably ask a resolution confined to the Pathet Lao aggression in Laos. It is the current estimate of our UN experts that on a wider resolution involving South Vietnam we might not have the necessary seven votes for affirmative action. The one thing we do not want is to take our basic political case to the UN and fail to muster a majority.

The basic object of this exercise would be a double one:

(a) to give worldwide publicity to the basic problem through the voice of Stevenson, and

(b) to make it perfectly plain if we move to further action that we had done our best at the UN.

(5) A formal announcement by us and by our friends that the requirements of the UN resolution (whether or not it was vetoed) are not being met.

The purpose of this step is to clarify again that we have tried the UN and that it is not our fault that there has been an inadequate response.

(6) Consultation of SEATO allies.

We believe this should take place both by a meeting of the SEATO Council in Bangkok and by more intense consultations in the capitals of the more energetic members of SEATO, notably Australia, New Zealand, Great Britain, The Philippines, and Thailand. We do not expect Pak or French support. The object would be to obtain basic agreement on the next steps toward action and commitment of forces at as high a level as possible.

(7) The first deployments toward Southeast Asia of U. S. and, hopefully, allied forces.

It is our recommendation that these deployments be on a very large scale, from the beginning, so as to maximize their deterrent impact and their menace. We repeat our view that a pound of threat is worth an ounce of action -- as long as we are not bluffing.

(8) A Congressional Resolution.

We agree that no such resolution should be sought until Civil Rights is off the Senate calendar, and we believe that the preceding stages can be conducted in such a way as to leave a free choice on the timing of such a resolution. Some of us recommend that we aim at presenting and passing the resolution between the passage of Civil Rights and the convening of the Republican Convention. Others believe that delay may be to our advantage and that we could as well handle the matter later in the summer, in spite of domestic politics.

(9) A further and expanded deployment of military force toward the theater.

The object of this continuing deployment, after the passage of the resolution, is to give still more time for threat to do the work of action.

(10) Initial strike against the north.

This would be very carefully designed to have more deterrent than destructive impact, as far as possible. This action

~~TOP SECRET SENSITIVE~~

would be accompanied by the simultaneous withdrawal of U. S. dependents from South Vietnam and by active diplomatic offensives in the Security Council, or in a Geneva Conference, or both, aimed at restoring the peace throughout the area. This peace-keeping theme will have been at the center of the whole enterprise from the beginning.

McG. B.

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(page 5 of 5 pages)

May 23, 1964

~~CONFIDENTIAL~~

MEMORANDUM FOR THE PRESIDENT

DECLASSIFIED

Authority State 8-10-77, NSC 8-14-78

SUBJECT: WHEAT TO THE BLOC

By isp, NARS, Date 6-7-79

We had a meeting Thursday about possible further sales of U. S. wheat to the Bloc with people from State (Thompson, Johnson), Agriculture (Murphy), Commerce (Roosevelt, Behrman -- Nick Johnson was unable to join us), Labor (Wirtz), CIA (Cline), Mike Feldman, and also Budget and Treasury. The following emerged:

1. Unless their weather turns sour, the outlook for another U. S. sale during the next few months is poor. Our evidence is that the Soviets found their last trade with us difficult and unrewarding, and will certainly not put us first in their list of possible sources.
2. If our wheat people are to have any chance in the near future, and a reasonable chance over the long run, we must offer commercially competitive terms -- match the Australians and Canadians. The Russians will not be interested -- Tommy made a strong point of this -- except in a good buy.
3. That of course means doing something about shipping and the unions. It was proposed that we follow a two-pronged strategy:

Work out, over the next several months, a sensible long-term maritime policy which would become a part of your FY 1966 program. (Frank Roosevelt did not think it would cost much money. I wonder.) Any beginnings we can make in the interim will help us with the Union.

As an interim measure -- to be understood as such by the labor people -- try to strike an informal bargain under which the unions would give up 50:50 on wheat to the Bloc, in return for a commitment by Agriculture to go correspondingly higher than 50:50 on PL 480 (by an amount equal to half of any tonnage actually shipped to the Bloc).

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subject to the availability of U. S. carriers. (That may cause trouble: PL 480 shipments tend to be bunched and to overlap with heavy seasonal traffic in oil. But we shall try to work out a scheme.)

4. Subject to your instructions with respect to the above, Feldman has agreed to run an interdepartmental group which would try to improve our posture on maritime problems in both short range and long range terms.

5. Since Thursday's meeting we have had a feeler from one of the grain traders asking what terms they could take to Moscow in an effort to compete with the Canadians. We are asking Bill Wirtz for a crash exploration with the labor people, but we doubt if we will be in a position to make any commitments to our grain trade in the next few days. This is an immediate sample of the general problem.

McG. B.

~~CONFIDENTIAL~~

May 23, 1964

MEMORANDUM FOR THE PRESIDENT

The attached is a further report from Dave Bell on the use of foreign aid funds. The most interesting sheet is the last, which is an informal document showing the first real action so far to spend "pipeline" funds. I now have a bright young economist following this as his first order of business, and your prodding is beginning to show results.

McG. B.

THE WHITE HOUSE  
WASHINGTON

TOP SECRET

May 22, 1964

MEMORANDUM FOR THE PRESIDENT

SUBJECT: PLANNING ACTIONS ON SOUTHEAST ASIA

A small, tightly knit group meeting at my call has now had two long sessions in working forward the two basic plans which you asked for Wednesday afternoon. Today's session had the benefit of the full-scale participation of both Bob McNamara and George Ball.

1. A group under William Sullivan is now preparing a basic statement of a three to six month program for major stiffening of our effort in South Vietnam, essentially by marrying Americans to Vietnamese at every level, both civilian and military. (The direct military aspect of this stiffening is being studied by General Goodpaster and members of the Joint Staff.) The object of this exercise is to provide what Khanh has repeatedly asked for: the tall American at every point of stress and strain. This cannot be done overnight, but for the first time there is agreement that we must prepare a means to do it. The persuasion of Lodge and his relation to such an effort are tricky problems to which outline answers are being prepared.

2. An integrated political-military plan for graduated action against North Vietnam is being prepared under John McNaughton at Defense. The theory of this plan is that we should strike to hurt but not to destroy, and strike for the purpose of changing the North Vietnamese decision on intervention in the south. This is easier said than done, but McNamara has confidence that we have the military means as long as we have the political will.

3. An estimate of enemy reactions to both of these plans is being prepared on a crash basis by a task force of the intelligence community under Chester Cooper. This task force will examine in particular such sensitive questions as whether the Chinese or the Soviets would intervene and the equally edgy question whether the North Vietnamese reply to air strikes might be an irresistible increase of action against the shaky regime in South Vietnam. (Bob McNamara thinks this is not likely, but others are more worried.)

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Authority: FRUS, Vietnam 1964, pp 349-51  
By: DeW NARA Date: 12-10-92

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4. A small group under George Ball is drafting alternative forms of a Congressional resolution so as to give you a full range of choice with respect to the way in which you would seek Congressional validation of wider action. The preliminary consensus is that such a resolution is essential before we act against North Vietnam, but that it should be sufficiently general in form not to commit you to any particular action ahead of time. Our hope is that you might be able to persuade Dick Russell to accept a three-day truce in Civil Rights on straight patriotic grounds.
5. I am meeting ~~this~~ afternoon with Douglass Cater to make sure that he understands this whole situation and to ask him to begin drafting a speech or statement which would precede any new action on any of the above fronts.
6. Drafts of all of these plans and papers are to be submitted to my office in time for duplication and distribution the first thing Sunday morning. The working group plans to meet on Sunday morning and will be ready to report to you in a preliminary way at any time after lunch. My suggestion is that you might wish to have such a consideration in the latter part of Sunday afternoon.

McG. B.

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THE WHITE HOUSE  
WASHINGTON

May 20, 1964

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MEMORANDUM FOR THE PRESIDENT

SUBJECT: Rumania

The attached message is one of a series from Rumania which points up important developments in that Soviet satellite. The Rumanians have been striking out on an independent course from Moscow, and the direction in which that satellite is moving resembles the course Tito took in 1948. The difference between the Yugoslav situation sixteen years ago and the Rumanian development is that Moscow is now under different management and the Kremlin is unable, and perhaps even unwilling, to carry on the kind of battle that Stalin waged against Tito.

If this is the case, the Harriman talks with the Rumanians, now taking place here, could have greater significance than we first thought.

Those discussions, incidentally, are going very well. The Rumanians have indicated willingness to accept the conditions we have imposed for political and security reasons and they have indicated their readiness to accept a balanced package -- including political concessions which gives us a proper quid pro quo. By the end of the week we should have a more precise idea of what the Rumanian bargain will look like and a clearer view of the alternatives before us.

*McG. B.*  
McG. B.

DECLASSIFIED  
E.O. 12958, Sec. 3.5  
NSC Memo, 1/30/95, State Dept. Guidelines  
By ju, NARA, Date 10-15-98

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# INCOMING TELEGRAM *Department of State*

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## SUMMARY

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Control: 14189  
Rec'd: May 18, 1964  
5:17 p.m.

FROM: Bucharest  
  
ACTION: Secstate 869, Priority  
  
INFO: Belgrade 70  
Berlin 14  
Bonn 18  
Budapest 35  
Hong Kong 27  
London 28  
Munich 46  
Moscow 110  
Paris 46  
Prague 20  
Sofia 52  
Vienna 117  
Warsaw 34

- BUNDY-SMITH
- ALEXANDER
- BELK
- BRUBECK
- CHASE
- FORRESTAL
- JESSUP
- JOHNSON
- KENNY
- KELVIN
- KUMER
- MCGDY
- REEDY
- SAUNDERS
- SMITH, WM. Y.

DATE: May 18, 6 p.m.

PASS DEFENSE

LEGTel 864

**DECLASSIFIED**  
Authority State la 5/31/77  
By bmj, NARS, Date 7/18/77

Legation has received additional reports which confirm earlier rumors (reference telegram) that anti-Soviet meetings devoted to April 22 declaration being held throughout Bucharest and presumably other localities in country. Though reports may be deliberate leak (most come from local employees of Legation and other Western Diplomatic Missions) they regarded as reliable as they come from scattered sources and consistent with one another.

Piecing together various reports, appears that indoctrination meetings on declaration are being held in virtually all

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-2- 869, May 18, 6 p.m., from Bucharest

government agencies, other places of work, university and even high schools in Bucharest. Indoctrination campaign began about May 13 and still going on. According one detailed report, Ministry Internal Trade held day long meeting for employees May 15 which addressed by leading Ministry officials. Main themes of speeches were criticism of Soviet economic exploitation, of CEMA and of Khrushchev personally. Rumania, speakers said, exploited economically by USSR for 20 years; time has now come for Rumania to be for Rumanians. In detailing charges, speakers cited Soviet exploitation Rumanian economy through SOVROMS (joint stock companies since disbanded) and over-pricing grain sold to Rumania (possibly reference to 1957 grain loan). (Khrushchev called "thief" and referred to derisively as "that corn and pig specialist" who lectured Rumanians on farming methods but did not know what he talking about. Speakers said Rumania intended to trade with all countries, "even" with Soviet Union, but will continue to trade with West when Moscow sets prices too high or will not sell goods Rumania wants.

Speakers also admitted Soviet secret police had infiltrated Rumanian Securitate and Armed Forces but said measures had been taken to correct situation. (Lt. Gen. Gheorghe Pintilie, former Soviet citizen and NKVD official removed from post as head Securitate last year and other Securitate officials reportedly purged.) See Legation's A-268. (Further announced all political prisoners to be released by August 23, 20th anniversary of coup.) This has been widely rumored in past two weeks. According one rumor, which Legation unable verify, total 15,000 to be released. In any event, POL prisoners continue to be released.)

Among other apparently reliable reports, British Embassy informed that Ministry Light Industry also held lengthy meeting May 15 at which Soviet economic exploitation and Khrushchev denounced. At meeting high school students attended by Soviet Legation contact. Soviet exploitation him and students told "Khrushchev /and Mao

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-3- 869, May 18, 6 p.m., from Bucharest

and Mao can do what they want, Rumania will go its own way." At another meeting which also denounced Khrushchev and economic exploitation, Moscow specifically accused of demanding low prices for grain and wood products imported from Rumania and of re-exporting Rumanian tractors to under-developed countries after removing Rumanian manufacturing label.

Meetings coincide with rash unverified rumors which probably spawned by public excitement created by declaration and meetings. Thus, alleged that Chivu Stoica ousted from Central Committee Secretariat, that leading Rumanian official attempted to "defect" to USSR by plane night of April 22 but that Rumanian aircraft prevented escape (as reported USAIRA's C17, jet aircraft and two sonic booms heard over Bucharest 0200 hours April 22), and that six Soviet tanks sighted along Bucharest-Oltenita highway over weekend. Latter not confirmed by Service Attache field trips.

Several Legation contacts dumbfounded by boldness of criticisms of Soviet Government and Khrushchev voiced at meetings and claim those who attended meetings had similar reaction. Even if part of what they report is exaggerated, this indoctrination campaign would appear to be major development rivaling in importance April 22 declaration itself.

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Note: Relayed to Defense, 5/18/64, 10 p.m.

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May 18, 1964

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Authority State 8-10-77; NSC 8-14-78

By if, NARS, Date 6-7-79

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MEMORANDUM FOR THE PRESIDENT

The representatives of the fifteen NATO nations have agreed on the terms of a new agreement between the Government of the United States and the other NATO nations providing for the exchange of atomic information for NATO planning purposes. Eleven countries are now prepared to sign and the representatives of the United Nations, Canada, the Netherlands, and Portugal are awaiting their "full powers." Ambassador Finletter is awaiting your authorization to sign on behalf of the United States.

The two letters herewith signed by Secretary McNamara and Chairman Seaborg and concurred in by the Secretary of State, set forth the purpose and content of the new agreement, and why it is in our interest to have a new agreement. In brief, it will clear up certain procedural obstacles to transmitting to the NATO member nations the kind of atomic information necessary to the development of the collective military capability of NATO and at the same time the new agreement strengthens the security safeguards surrounding this atomic information. The new agreement, however, does not in itself provide any more information to NATO and the granting of additional information will continue to be under the control of the United States Government and be pursuant in each instance to a specific determination approved by you.

I recommend that you sign the attached memorandum for the Secretary of Defense and the Chairman of the Atomic Energy Commission to authorize Ambassador Finletter to sign the agreement as soon as it is "open for signature" which it is now anticipated will occur possibly this coming Wednesday.

Following signature, the agreement will be transmitted to the Congress in accordance with Section 123-d of the Atomic Energy Act to lie for a period of 60 days while Congress is in session.

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It is now understood that the Joint Committee on Atomic Energy will hold a hearing on the agreement. Informal consultation with the staff of the Committee indicates a favorable report. At the time the agreement is transmitted to the Congress, it will be made public by a White House release together with the unclassified McNamara-Seaborg transmittal letter, in coordination with the other signatory nations.

McGeorge Bundy

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May 16, 1964

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MEMORANDUM FOR THE PRESIDENT

SUBJECT: Your meeting with Mayor Willy Brandt, Monday,  
May 18, 12:00 noon

The German election campaign for 1965 is already under way and Mayor Brandt's visit here on Monday, just as Erhard's in June, is an important element in that campaign.

Brandt is bright, easy, and affable, but is very leaky. You can count on the substance of your private conversations with him reaching the German press in relatively short order. And since he is running hard against Erhard for the Chancellorship, he is not above using the substance of his talks with you for firing broadsides against Erhard. Therefore what we say to him must be the things that will not bounce back on us while he leaks them.

The two principal controversial issues between Brandt and Erhard now are (1) the question of passes which would permit West Berliners to visit East Berlin (at the present time, West Germans can visit East Germany but West Berliners cannot enter East Berlin), and (2) tactics in the German struggle for reunification.

In connection with the passes, Erhard has admitted frankly he is bothered by Brandt's exploitation of the issue and has made it clear he will not permit the Mayor to continue to exploit it for the benefit of the Socialists. In dealing with this problem you might remind the Mayor of your statement on the 15th anniversary of NATO in which you said, "We did not make the Iron Curtain. We did not build the Wall. Gaps in the Curtain are welcome, and so are holes in the Wall, whenever they are not hedged by traps." The point that Brandt should take away with him is that although we feel every effort should be made to "humanize" the Wall, the means for accomplishing this should be worked out jointly by Bonn and Berlin, in consultation with the Western Allies, who continue to bear responsibility for the security of Berlin.

There is essentially the same kind of problem in dealing with reunification. The Erhard government is now wrestling with an unsatisfactory plan for which allied endorsement is being sought, while the Socialists are looking on in amused silence. Your own position on reunification was made quite clear both during your meetings with Erhard at the Ranch and in

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E.O. 12958, Sec. 3.5

NSC Memo, 1/30/95, State Dept. Guidelines

By ju, NARA, Date 10-15-98

May 16, 1964

your NATO anniversary speech in which you said, "We continue to believe that the peace of all Europe requires the reunification of the German people in freedom." The point that should be made with Brandt here is that the United States is prepared to support any sensible proposal which truly advances and does not undermine the cause of reunification and will work closely with its British, French and German allies to this end. This will probably be used by Brandt to show that we are for realism on these matters -- but so we are, and it doesn't hurt to have it known.

Brandt's advance agent, his press secretary Egon Bahr, has indicated that the Mayor also intends to ask you specifically what the Germans should do to meet the Soviets part way to allay legitimate concerns about Germany and facilitate the achievement of a detente. To encourage him without giving him too much ammunition with which to bludgeon the Bonn Government, you might cite as an example of what the U. S. Government has in mind the recent German effort to establish useful and constructive working relationships with Eastern Europe (trade missions in Poland, Hungary, Rumania and Czechoslovakia). This is a helpful move in the right direction. It is our hope that the Germans will continue to take every reasonable step to reassure the Eastern Europeans of Germany's peaceful intentions and carefully consider all reasonable proposals to this end which do not threaten the freedom and security of West Germany and West Berlin.

Further points which may arise in the meeting with the Mayor are covered in the attached briefing paper prepared by the Department of State.

McG. B.

~~CONFIDENTIAL~~

May 15, 1964

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Authorization for Export-Import Bank Credit Guarantees

Here are two authorizations for Ex-Im Bank credit guarantees:

- (1) TAB A is a quite straightforward matter which involves no publicity and simply extends two long-term guarantees, an approval which you granted earlier for short and medium Ex-Im Bank credit guarantees for Yugoslavia. George Ball and Harold Linder concur, and so do I.
- (2) TAB B gives conditional authorization to Ex-Im Bank guarantees on non-agricultural products for Rumania and Poland. You have already given such authorization with respect to agricultural products, and what is wanted now is further authority, to be used if the forthcoming talks with the Rumanians and Poles justify it. This one is not yet a formal determination, but rather an expression of readiness to make such a determination if our negotiations justify it. Ex-Im Bank guarantees are not a useful sticking point on this kind of negotiation, so I concur in the Ball recommendation which has the concurrence also of the Ex-Im Bank.

If you approve, would you check in the boxes under the green tabs?

McG. B.

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Authority Export-Import Bank Act 4/7/77  
By MMG, NARS, Date 7/15/77

*The Post  
Foreign Affairs*

May 14, 1964

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Scorecard on Foreign Guests

I get such a needle from you on this subject that I thought you might be interested in records provided to me from the Appointments Office with respect to all the foreigners for whose visits I am responsible over the 12-week period from February 11 to May 5.

The official records show that in that 12-week period you averaged 32 minutes a week with people who are my fault. At Tab A is the memorandum which led you to agree on February 12 to an hour a week. So you see how extraordinarily restrained we have been.

What this means, of course, is that under the terms of our treaty you may be hit at any moment by five hours and 33 minutes of accumulated overdue visitors from nearly everywhere. But I am much too kind for that, and the truth is that we can keep up our good work in limiting your foreign callers to four classes:

1. Kings, Presidents and Prime Ministers you personally approve for official visits (like Erhard, Home, Segni, Pearson, Lopez Mateos).
2. Others who cannot be excluded from an office call by all the traditions of protocol: this means Ambassadors presenting their credentials and Heads of State or Government visiting Washington.
3. Foreign visitors whose time with you really makes some difference to you, in your job as President.
4. U. S. Ambassadors and other U.S. dignitaries dealing with foreign affairs, who generally need little more than a picture. This fourth class can be cut back further if you wish it, but I myself think the better course is simply to be careful which ones we ask and to choose people who really can gain from some contact with you, like the Assistant Secretaries of whom you spoke this morning. For them I am planning a meeting in a format which will be presented for your approval in a day or so.

McG. B.

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THE WHITE HOUSE  
WASHINGTON

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May 15, 1964

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Authorization for Export-Import Bank Credit  
Guarantees

Here are two authorizations for Ex-Im Bank credit guarantees:

- (1) TAB A is a quite straightforward matter which involves no publicity and simply extends two long-term guarantees, an approval which you granted earlier for short and medium Ex-Im Bank credit guarantees for Yugoslavia. George Ball and Harold Linder concur, and so do I.
- (2) TAB B gives conditional authorization to Ex-Im Bank guarantees on non-agricultural products for Rumania and Poland. You have already given such authorization with respect to agricultural products, and what is wanted now is further authority, to be used if the forthcoming talks with the Rumanians and Poles justify it. This one is not yet a formal determination, but rather an expression of readiness to make such a determination if our negotiations justify it. Ex-Im Bank guarantees are not a useful sticking point on this kind of negotiation, so I concur in the Ball recommendation which has the concurrence also of the Ex-Im Bank.

If you approve, would you check in the boxes under the green tabs?

*McG. B.*  
McG. B.

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Authority Export-Import Bank Act 4/17/73  
By MMG, NARS, Date 7/15/77

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THE UNDER SECRETARY OF STATE  
WASHINGTON

May 13, 1964

~~CONFIDENTIAL~~

MEMORANDUM FOR THE PRESIDENT

Subject: Export-Import Bank Long-Term Guarantees  
on Sales to Yugoslavia

Recommendation

I recommend that you approve the Export-Import Bank's proposal to authorize long-term guarantees for credits to Yugoslavia, as described in the attached memorandum (Enclosure A) to you from Mr. Linder, Chairman of the Export-Import Bank.

Approve ✓ Disapprove \_\_\_\_\_  
*ML*

Discussion

In my memorandum of January 14, 1964, concurring with Mr. Linder's memorandum of January 10 regarding short and medium term Export-Import Bank credit guarantees for Yugoslavia, I noted that your approval for other types of Export-Import Bank financing might be sought, including Bank participation in longer term credits for Yugoslavia.

I believe that Bank participation now in the form of long-term guarantees for industrial projects in Yugoslavia is important to our foreign policy objectives toward Yugoslavia. Such guarantees will advance the policy reflected in the continuation of most-favored-nation trade treatment for Yugoslavia which you approved on March 26, 1964.

Yugoslavia's

DECLASSIFIED  
Authority State Sec 5/31/77  
By mmg, NARS, Date 7/18/77

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*Orig ret'd to S/S 5/21  
Page 343*

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Yugoslavia's course as an independent state determining its own foreign policy and developing its own type of economy has contributed significantly to the erosion of the unity of the world communist movement controlled by the USSR. Its example continues to generate pressures for change and national independence within the Soviet Bloc countries. Yugoslavia's role thus helps to advance our own policy objectives in Eastern Europe.

The United States has supported Yugoslavia's policy of independence with an investment of more than \$2 billion in various grant and loan programs since that country broke with the Soviet Bloc in 1948. While most of these programs have been phased out in recent years, the undertaking now of the proposed credit programs by the Export-Import Bank will serve to re-affirm to the Yugoslav Government that our basic policy toward them is unchanged and will help preserve the benefits of our past investment in Yugoslav independence. Long-term credit guarantees for industrial projects will enable us to show continued official interest in Yugoslavia's economic development and enable our businessmen to expand the influence of US products and technique in that country. This activity will support those elements within the Yugoslav Government who favor the maintenance of Yugoslavia's predominantly Western economic ties and continued liberalization of the Yugoslav economic system.

Ambassador Elbrick in Belgrade has strongly supported this step, as indicated in his telegram of May 5, 1964, (Enclosure B) and I am informed by Mr. Linder that the Bank's proposal will generally meet the three conditions set forth in the Ambassador's telegram for the two projects now under consideration.

  
Acting Secretary

Enclosures:

- A - Linder Memorandum
- B - Telegram of May 5 from Belgrade

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EXPORT-IMPORT BANK OF WASHINGTON

WASHINGTON 25, D.C.

CABLE ADDRESS "EXIMBANK"

PRESIDENT AND CHAIRMAN

~~CONFIDENTIAL~~

May 13, 1964

Memorandum to The President

Re: Title III of the Foreign Aid and Related Agencies  
Appropriation Act of 1964 and Export-Import Bank  
Guarantees on Sales to Yugoslavia

In a memorandum dated January 10, 1964, I advised you that the Bank was prepared to issue guarantees and insurance on short and medium term export credit sales to Yugoslavia if you determined that it was in the national interest to do so. At our request, however, your determination was expressed in general terms and was not limited to short and medium term exporter credits. For your convenience I set forth the text of the letter you sent to the Congress on February 4, 1964.

"In compliance with Title III of the Foreign Aid and Related Agencies Appropriation Act of 1964, this is to inform you that I have determined that it is in the national interest for the Export-Import Bank to issue guarantees in connection with the sale of United States products and services to Yugoslavia. The Bank will report the individual guarantees to the Congress as they are issued."

The Bank has before it two applications from the Yugoslav Government for relatively long term loans aggregating \$10.2 million. One request is in the amount of \$5.3 million to finance the United States dollar costs of expanding the Tovarna Dusika Ruse Chemical Plant to produce elemental phosphorus and phosphate salts. The proposed repayment period is ten years beginning about two and one-half years after the loan is made with interest at 5-1/2% per annum.

The other application is in the amount of \$4.9 million to finance the purchase of United States equipment for rolling aluminum sheet and strip for the Plant of Industrija Metalnik Polizdelkov. The proposed repayment period is twelve years beginning about three years after the loan is made with interest at 5-1/2% per annum.

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Authority

*Export-Import Bank ltr 4/7/77*

By *DMG*

NARS, Date

*7/15/77*

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The Bank is prepared to authorize long term guarantees for Yugoslavia, and under your determination of February 4, 1964 it may do so without any further communication to the Congress other than a report from the Bank when the guarantees are in fact issued. However, since my memorandum to you of January 10, 1964 stated we were considering at that time only short and medium term transactions, we wish to have your concurrence before acting on long term guarantees. The Department of State concurs with the Bank that long term guarantees generally should be approved, and there is enclosed a memorandum from the Department to that effect.

*Harold F. Linder*  
Harold F. Linder  
Per  
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INCOMING TELEGRAM *Department of State*

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Control: 3630  
Rec'd: May 6, 1964  
6:59 a.m.

FROM: Belgrade  
  
ACTION: Secstate 1735 PRIORITY

DATE: May 5, 6 p.m.

RUSE AND IMPOL CASES

Reference: DEPTTEL 1012.

**DECLASSIFIED**  
Authority Stallars 5/31/77  
By mg, NARS, Date 7/18/77

Since arriving Belgrade, I have had opportunity to study implication Ruse/Impol projects on our relations with Yugoslavia and I am convinced that USG should move ahead rapidly with implementation these projects. I concur fully with the analysis <sup>attached</sup> of the situation contained in EMBTEL 1363. Both projects appear to be economically sound and justified. Yugoslavia has been a good credit risk in past; it should continue to be so in future. Barring the unexpected, EXIM, or whoever the lender may be, can expect to be repaid promptly as notes fall due.

Since 1948 every American administration, after thorough study, has determined that an economically strong and politically independent Yugoslavia in US national interest. We have been willing to support GOY by way of various economic and military aid programs at a cost of over 2.5 billion dollars. It has been money well spent; Yugoslavia is an example to governments and peoples of bloc states of concrete value of independence from Soviet domination. Certainly this has been factor in rise of nationalism in eastern Europe and crumbling of the monolithic unity of the bloc. As yet I have seen no evidence that Yugoslav policy is made elsewhere than Belgrade, or that considerations other than Yugoslavia self-interest motivate it. However distasteful the Yugoslav stand on certain questions may be to us, in perspective, Yugoslav foreign policy is a relatively moderate one in which there are few areas of direct conflict with the US. Our policy towards Yugoslavia should take this into account and should demonstrate that there

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-2- 1735, May 5, 6 p.m., from Belgrade

are tangible, if modest benefits that will accrue to her from continued moderation.

In this sense Ruse/Impol projects have become earnest of our intentions. I think that Yugoslavs aware that days of low cost long-term DLF loans are over. Nevertheless they hope to be able to obtain on same basis as other friendly countries EXIM project loans for economically viable projects. The annual sum made available this purpose need not be very large to accomplish the political purpose we have in mind. However, procrastination in making decisions about extending loans of this type and mixing them up with domestic political considerations tend to vitiate their effectiveness.

I think that further delays over Ruse/Impol would be most unwise. I suggest that Department concur with EXIM and support, in strongest possible terms their recommendations to President, provided long-term guarantees meet following three tests:

1. That US private commercial banks are indeed willing and able to make necessary financing available against a 100 percent EXIM guarantee.
2. That rate of interest be competitive with that charged by EXIM on its direct project loans.
3. That length of credits be also equivalent to that provided for by direct EXIM loans.

If any of these conditions cannot be met, I would recommend that we again make every effort resolve legal ambiguities and press ahead with direct EXIM credits.

GP-3.

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# INCOMING TELEGRAM *Department of State*

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Action

Control: 19579  
Rec'd: February 28, 1964  
8:00 AM

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Info

FROM: Belgrade

SS

ACTION: Secstate 1363

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DATE: February 28, 11 AM

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By mmg, NARS, Date 7/18/77

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While recognizing extreme difficulty and sensitivity of problem, do not consider question of EXIMBANK financing of RUSE and IMPOL project can be allowed to drift much longer. Prompt and favorable resolution now needed on economic and more significantly political grounds; request Department make every effort resolve legal problems and if necessary secure Presidential determination without delay. (In light apparent Congressional acquiescence to EXIMBANK credit guarantees, would hope same attitude would apply EXIM loans.)

As Department aware, loan applications have been under consideration by several US agencies since October 1961. We cannot expect GOY (after 3½ year delay) wait indefinitely for a decision. Both plants under considerable pressure to push forward with their expansion; delay of considerable length will surely mean a turn to alternative suppliers. No doubt about economic soundness of projects.

Despite recent favorable action on MFN, other events are combining to sour our current bilateral relations with Yugoslavia and from Yugoslav point of view US actions demonstrate disregard of their interests and our unreliability as a trading partner of source of supply. These include particularly:

(A) Recent public announcement of cut-off of aid to Yugoslavia as carried by headlines in world press which implied that significant program of military assistance had been stopped. While GOY knew and were quick to point out publicly that cut related to a small residue, nevertheless publicity aided those hostile to US within GOY who will no doubt correctly argue that

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-2- 1363, February 28, 11 AM From Belgrade

we reneged on a commitment and thus demonstrated unreliability as a source of supply. If future requests to purchase spares are denied, and Yugoslavia looks elsewhere for military hardware, doubtless critics of Yugoslavia will cite purchase from the East as evidence of drift by Yugoslavia back towards Bloc.

(B) Understand our PL-480 offer will be substantially less than Yugoslav request with terms of sale far harder than any previously proposed. This will give Yugoslavs yet another reason to believe US policy has hardened. Because of Skopje disaster and attendant balance-of-payments drain, Yugoslavs had requested special consideration in our formulation PL-480 offer. They will interpret hard terms and low level commodities as deliberate rebuff.

Other US actions, i.e; cotton textile restraints, postponement of technical exchange, and general negativeness re Yugoslavia within US administration as result Congressional attacks, surely will contribute to a picture of studied rejection on part of USG and can lead to deterioration in relations and GOY reassessment of its attitude toward US.

All foregoing dictates essentiality and urgency of favorable action on RUSE and IMPOL. Positive action would be clear notice that our policy toward Yugoslavia is in fact unchanged. Negative action, despite any protestations we might make, could only be a clear signal to GOY that our policy has undergone unannounced but seriously adverse change since death President Kennedy.

Department thoroughly familiar with arguments for continued US support of Yugoslavia independence in which we have invested over \$2.5 billion. It would, in our judgment, be irresponsible to throw this policy away at moment when its usefulness is, if anything, greater than previously.

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DEPARTMENT OF STATE  
WASHINGTON

Authority State Sec 5/31/77  
By pmg, NARS, Date 7/18/77

May 13, 1964

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MEMORANDUM FOR THE PRESIDENT

Subject: Export-Import Bank Guarantee on  
Non-Agricultural Products for  
Rumania and Poland

Recommendation

That you authorize the Department's representatives, if the climate of the forthcoming talks with the Rumanians and Poles so warrants, to refer to the possibility of extending Export-Import Bank guarantees on short and medium term commercial credits for the sale to these countries of non-agricultural products from the United States.

Approve ✓ Disapproved \_\_\_\_\_

*WJF*

Discussion

On February 4, 1964 in accordance with Title III of the Foreign Aid and Related Agencies Appropriation Act of 1964, you determined that it was in the national interest for the Export-Import Bank to issue guarantees in connection with the sale of United States agricultural products to the USSR, Bulgaria, Czechoslovakia, Hungary, Poland and Rumania. In Secretary Rusk's memorandum of January 14, 1964, recommending the above action, he noted that at a subsequent time your approval might be sought for extending guarantees to these Soviet bloc countries to include non-agricultural as well as agricultural products.

I believe that political circumstances in the cases of Rumania and Poland now make it advisable in terms of the national interest to consider extending guarantees on sales of non-agricultural products to these two countries. These circumstances are discussed in the enclosed memorandum.

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*Orig ret'd to S/S 5/21  
Sent 3/83*

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The Export-Import Bank has advised me that, subject to the Bank's obtaining information from Rumania and Poland that will enable the Bank to satisfy itself as to the financial capacity to repay the credits being guaranteed, the Bank is prepared to issue guarantees on a case-by-case basis in connection with sales of all types of United States products and services if it were determined to be in the national interest. The credit terms of such sales would not exceed those normally encountered in international commercial transactions and in any case would not exceed five years. I am not at this time requesting you to make a formal determination that it is in the national interest for the Export-Import Bank to issue such guarantees. Rather, you are requested to approve our using the possibility of such a determination in discussions with the Rumanians and the Poles with the view that if we are satisfied with these discussions on trade, financial and political grounds, I would then recommend that a determination be made by you that the issuance of such guarantees by the Export-Import Bank would be in the national interest.

  
Acting Secretary

Enclosure:

Memorandum on Extension of Export-  
Import Bank Guarantees on Sales of  
Non-Agricultural Products to  
Rumania and Poland.

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Extension of Export-Import Bank Guarantees on Sales of Non-Agricultural Products to Rumania and Poland

Rumania

Rumania has recently undertaken political and economic initiatives demonstrating an intention to pursue a policy of greater independence from the Soviet Union and a clear intent to improve relations with the United States.

Rumania has successfully opposed Soviet attempts to centralize Soviet bloc national economic planning under the Council for Economic Mutual Assistance (CEMA) and is continuing its industrialization program on nationalist lines in spite of opposition from other bloc countries. Rumania has shown reluctance to be drawn into multilateral CEMA projects and has sought to strengthen bilateral economic relations with non-bloc countries. It is continuing to expand its trade with the West, which diminishes the supply of food and fodder available within the bloc and reduces bloc markets for manufactured goods. Rumania no longer automatically supports Soviet political positions on international issues. While basically agreeing with the Soviet Union's policy of peaceful coexistence and opposing the militant policy of the Chinese, Rumania, in contrast to other Communist countries allied to Moscow, has clearly demonstrated its intention to maintain neutrality in the Sino-Soviet conflict and has resisted Soviet efforts to secure Rumanian backing in the dispute.

Although there are few signs of liberalization of internal controls exercised by the Communist regime in Rumania, the removal of numerous manifestations of Soviet influence and the reassertion of traditional national values have improved the regime's popular image. In recent years the regime has accented the role of Rumanian forces in liberating the country in 1944 and has de-emphasized the Red Army's role in this event. The compulsory teaching of Russian in public schools was abolished in the fall of 1963, and a separate Institute of Russian Language and Literature was absorbed by a new institute where other major language groups have equal status with Russian. The only Russian bookshop in Bucharest was closed in the summer of 1963, the circulation of Soviet periodicals has been diminished, and a large number of theaters and cinemas which formerly bore Russian names have

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Authority Export-Import Bank  
By smg, NARS, Date 7/5/77

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been given apolitical Rumanian names. In recent, public discussions of major industrial projects, Soviet assistance is mentioned, but the unprecedented public listing of Western suppliers has highlighted the contribution of Western countries to Rumania's industrialization.

Rumania has taken positive steps to improve relations with the United States and has given indications that these relations can be further improved. A claims agreement between the two countries was signed in 1960, and the Rumanians opened a commercial office in New York City in 1961. A program of cultural exchanges was begun in 1961, and an expanded program was agreed to for 1963 and 1964. The Rumanians have agreed to permit our Legation to distribute a monthly cultural bulletin to certain individuals and institutions. During 1963, Rumania ceased jamming of Voice of America and Radio Free Europe broadcasts and gave a very warm reception to Secretary Freeman who visited Rumania in August, the first U.S. Cabinet member to visit that country since World War II. The Rumanians have also informed us that they are prepared to lift travel restrictions on a reciprocal basis and have taken steps, in response to our representations, to solve a number of consular problems by issuing exit permits to more than 200 dual nationals and members of separated families.

In response to these developments and within the policy guidelines on trade with Eastern Europe approved by the Export Control Review Board, the Departments of State, Defense and Commerce have approved an action program for Rumania which provides for the possible extension to that country of Export-Import Bank guarantees for normal commercial credits on sales of all types of U.S. products. In view of the steps Rumania has taken toward more independent action and improvement of relations with the United States, such guarantees would be in the national interest, provided our relations with Rumania continue to develop favorably and the Export-Import Bank is satisfied as to that country's credit-worthiness. Rumania has suggested comprehensive talks with the United States on trade and related matters. These talks will begin on May 18 along the lines set forth in the attached telegram sent to Bucharest on April 7, and we desire to use the possibility of extending these guarantees as a bargaining element in these talks.

#### Poland

United States policy toward Poland since 1956 has aimed at encouraging assertions of national independence, responding to Poland's desire to improve relations with the United States, and exposing Polish society

increasingly

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increasingly to the West. The development of our relations, including trade, has served as an example of the kind of relations the other Soviet bloc countries might hope to develop with the United States, provided they took steps to demonstrate independence and improve relations with the United States. The extension of Export-Import Bank guarantees on sales to Poland of U.S. products in addition to agricultural commodities will further this policy and is especially useful at present in view of the increasing changes among the countries in Eastern Europe and their growing interest in improving relations with the United States. The issuance of guarantees will be consistent with the continuation of United States most-favored-nation trade treatment for Poland which you authorized on March 26, 1964.

The extension of these guarantees to Poland and Rumania would represent nothing more favorable in the way of official financing than what is already being done by West European countries, but it would represent more favorable United States treatment of these countries than that given other Soviet bloc countries and thus further our basic policy of differentiating in our treatment of Soviet bloc countries according to the varying conduct of these countries in terms of United States national interests.

Attachment:

Telegram to Bucharest.

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# OUTGOING TELEGRAM Department of State

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ACTION: Amlegation BUCHAREST 486

Authority State ltr 5/31/77  
By mg, NARS, Date 7/18/77

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Agreement of interested agencies reached RPR should now be invited send Gaston-Marin delegation to Washington for purpose discussing trade and other matters in response suggestion first raised by Malita in August 8 conversation with Harriman. You are authorized extend invitation expressing US desire to reply responsively and constructively to Rumanian approach for comprehensive discussions between two Governments on economic and related subjects. You may inform Manescu we have now completed our preparations for talks and you are instructed to propose following agenda:

1. General discussion of further steps for advancing improvement in mutual relations.
2. Licensing US exports to Rumania. (FYI Within limits set by legislation US is prepared to consider establishing special Rumania General License List and otherwise liberalize licensing of commodity exports, technical data and license arrangements for Rumania to facilitate expansion of trade in peaceful goods between the two countries. END FYI. If question raised, you may say US prepared take positive and forthcoming position on licensing rubber plants with licensing dependent upon discussions going favorably and subject to reasonable assurances that plants are designed primarily to meet domestic consumption requirements

Drafted by:	4/6/64	Telegraphic transmission and classification approved by:	M-Governor Harriman <del>EUR:EE:PFWarker/HCVedeler:mg</del>
EUR:EE:PFWarker/HCVedeler:mg			
Clearances:	X EUR-Mr. Tyler	E/MDC - Mr. Wright	S/P - Mr. Fried
	E - Mr. Trezise	E/OT - Mr. Katz	L/E - Mr. Lowenfeld
	Commerce - Mr. Behrman	Defense - Mr. Sloan	U - Mr. Springsteen
	White House - Mr. Bundy	Commerce - Mr. George	
	S/S- Mr. Hilliker		

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- and that the technology will be protected.)
3. Arrangements re transshipments, re-exports and end-use checks of commodities licensed for export to Rumania.
  4. Facilitation of work of commercial missions, trade representatives and officials of both countries; and facilitation of exhibits.
  5. Reciprocal arrangements in connection with publication of trade opportunities.
  6. Activities of commercial offices in both countries.
  7. Arrangements for mutual protection of industrial property and processes and for orderly marketing procedures.
  8. Rumanian exports to US. (FYI US will explain its position on problems relating to expansion of Rumanian exports to US including those exports now subject to quotas. US will provide full explanation re Rumania's exclusion from MFN treatment by US. Rumanian representatives should discuss possibilities for expanding US exports to Rumania.)
  9. Financial arrangements for US-Rumanian trade. (US will explain legislation and policy on credits and Rumanians could indicate their financing capabilities and payments position.)
  10. Level of diplomatic missions.
  11. Conditions for operations of diplomatic missions in both countries. (FYI We propose bring up direct access Legation officers to RPR agencies, direct submissions by Legation of official invitations to Rumanians and mutual termination prior notification of travel.)
  12. Review of consular relations including steps for the negotiation of a consular convention.

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13. Any other questions concerning the improvement and broadening of bilateral relations.

When invitation and proposed agenda submitted to Rumanians you should request RPR submit in Bucharest soonest list of commodities which it interested in purchasing US so Commerce can prepare evaluation of list in light of export control criteria before discussions open. Suggest reference be made to Gaston-Marin's statement during conversation here November 27, 1963 on which further details would be useful. In view short time before proposed opening date, we will send separately suggestions on type detail desirable for shopping list to facilitate review prior to meeting.

Believe desirable aim at opening discussions Washington during last ten days of April. Final date for opening will have to await Rumanian response invitation and agreement of two governments on agenda.

We envisage joint communique to be published at conclusion of talks.

While USDEL will be formally headed by Governor Harriman, Acting Assistant Secretary for Economic Affairs Trezise will lead US Delegation in working sessions assisted by EUR representatives on political subjects. USDEL will also include Commerce representatives.

Welcome your comments on above, particularly agenda items. GP-3

END

RUSK

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