

WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

175

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
#3a memo	to President from W. W. Rostow re: Ecuador confidential <i>open 12-4-89 NLJ 87-172</i>	1 p 06/23/66	A
#3c memo	to President from Charles Schultze re: Ecuador confidential <i>open 7-11-88 NLJ 88-158</i>	2 p 06/14/66	A
#3d memo	to President from David Bell re: Ecuador confidential <i>open 8-10-88 NLJ 87-175</i>	5 p 06/07/66	A
#6 memo	to President from Rostow re: Argentina secret <i>open 12-4-89 NLJ 87-172</i>	1 p 06/29/66	A
#6a memo	to President from George Ball re: Argentina secret <i>open 3-6-89 NLJ 87-174</i>	3 p 06/29/66	A
#6b report	re: US policy toward Argentina secret <i>open 3-6-89 NLJ 87-174</i>	4 p undated xxx	A
#8a cable	text of Ottawa 1788 <i>open State Ltr 7/14/77; 10/14/92</i> confidential <i>sanitized 3-6-89 NLJ 87-174</i>	2 p 06/29/66	A
#9 memo	to President from Rostow re: Ghana possible classified info <i>open 12-4-89 NLJ 87-172</i>	1 p 06/29/66	A
#9b message	to President from Gen. Ankrah secret "	1 p 06/23/66	A
#9a letter	to Gen. Ankrah from President Johnson possible classified info "	1 p undated XX	A
#12a cable	text of Canberra Secto 35 <i>open 10-12-99</i> secret <i>Example NLJ 87-174 NLJ 98-336</i>	4 p 06/28/66	A
#15 memo	to Sec. Def from Pres. Johnson secret <i>open 4-16-90 NLJ 87-173</i>	1 p 06/28/66	A
#17 memo	to President from WWR re: meeting with Robert Bowie confidential <i>open 12-4-89 NLJ 87-172</i>	1 p 06/28/66 XXX	A
#17a memo	to President from W. Rostow re: Robert Bowie confidential "	2 p 06/24/66	A
#18 memo	to President from Rostow re: Argentina confidential "	1 p 06/28/66	A
#18a cable	to Am. Emb. Buenos Aires confidential <i>open 3-6-89 NLJ 87-174</i>	2 p 06/28/66	A

FILE LOCATION

NATIONAL SECURITY FILE, Memos to the President
Walt Rostow, vol. 7, June 21-30, 1966
Box 8R

RESTRICTION CODES

- (A) Closed by Executive Order 12356 governing access to national security information.
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WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

2705

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
#20 memo	to President from W. W. Rostow re: meeting with PM Holt secret <i>Open 4-16-90 NLJ 87-173</i>	1 p 06/28/66	A
#21 memo	to President from Rostow re: POW's in Vietnam secret <i>Open 4-16-90 NLJ 87-173</i>	1 p 06/28/66	A
#27 memo	to President from Rostow re: Pres. Marcos confidential <i>Open 4-16-90 NLJ 87-173</i>	1 p 06/27/66	A
#27a letter	to President Johnson from Pres. Marcos confidential <i>Exempt NLJ 87-173</i> <i>Open 7/21/98</i>	3 p 06/24/66	A
#27b letter	draft reply to Marcos' letter confidential <i>Open 4-16-90 NLJ 87-173</i>	3 p undated	A
#27c cable	Canberra Secto Nine confidential <i>Open 3-6-89 NLJ 87-174</i>	1 p 06/26/66	A
#28a cable	text of Tokyo 4588 secret <i>Exempt NLJ 87-174</i> <i>Open 10-12-99 NLJ 98-336</i> <i>Exempt 8-18-92 NLJ 92-212</i>	1 p 06/27/66	A
#29 memo	to President from Bator secret <i>Open 4-16-90 NLJ 87-173</i> <i>[Duplicate of #65, NSAM 345, Box 8]</i>	1 p 06/27/66	A
#29a memo	to President from George Ball secret <i>Exempt NLJ 87-174</i> <i>Open 10-12-99 NLJ 98-336</i>	1 p 06/25/66	A
#30a memo	to Bill Moyers, et al from Rostow secret <i>Open 12-4-89 NLJ 87-172</i>	1 p 06/27/66	A
#30b memo	to Rostow from Wm. Jordan re: Asia confidential <i>Open 4-16-90 NLJ 87-173</i>	5 p 06/24/66	A
*#30d memo	to WWR from Hal Saunders re: Middle East secret <i>Open 8-26-96 NLJ 94-409</i> <i>Open 4-16-90 NLJ 87-173</i>	3 p 06/24/66	A
#30e report	re: Middle East secret <i>Open 4-16-90 NLJ 87-173</i>	1 p 06/24/66	A
#31a cable	text of Canberra, SECTO 19 secret <i>Open 3-6-89 NLJ 87-174</i>	1 p 06/27/66	A
#31b cable	text of Canberra, SECTO 20 top secret <i>Open 11-30-88 NLJ 88-54</i>	1 p 06/27/66	A
#38b letter	to President Johnson from President Fernandez possible classified info <i>Open 3-6-89 NLJ 87-172</i>	2 p 06/15/66	A

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NATIONAL SECURITY FILE, Memos to the President
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NATIONAL ARCHIVES AND RECORDS ADMINISTRATION

NA FORM 1429 (6-85)

* 30d DUPLICATES - NSP name file, "SAUNDERS" Box 7, #72
SUBJECT file, "Foreign Policy", Box 18, #11e

~~MEANS, Vol. 7, Box 8, Files of R. Homer, Box 5, "Walt Rostow" Doc 51~~

WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

305

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
#41 memo	to President from Rostow re: Alliance for Progress confidential <i>open 12-4-89 NLS 87-172</i> 1 p	06/25/66	A
#41a cable	draft cable to Embassy Monetvideo, et al confidential <i>open 3-6-89 NLS 87-174</i> 2 p	undated	A
#43 memo	to President from Rostow re: Guatemala confidential 1 p	06/25/66	A
#43a memo	to President from Lincoln Gordon re: Guatemalan Inauguration confidential <i>open 3-6-89 NLS 87-174</i> 1 p	06/25/66	A
#44 memo	to President from Rostow Secret <i>Open 4-16-90 NLS 87-173</i> 1 p	06/25/66	A
#44a cable	text of Saigon 5762 from Lodge secret <i>Exempt NLS 87-174</i> <i>Open 10-12-99 NLS 98-336</i> 3 p	06/25/66	A
#45a letter	to Pres. of Somali Republic from Pres. Johnson possible classified info <i>open 12-4-89 NLS 87-172</i> 1 p	undated	A
#49 memo	to President from W. W. Rostow <i>Open 10-12-99 NLS 98-337</i> secret <i>sanitized 4-16-90 NLS 87-173</i> 3 p	06/25/66	A
#49a report	re: Israeli and UAR Desalting Plants secret <i>sanitized 4-16-90 NLS 87-173</i> <i>Open 10-12-99 NLS 98-337</i> 3 p	06/25/66	A
#50 letter	to President Toure [Guinea] from Pres. Johnson possible classified into <i>open 12-4-89 NLS 87-172</i> 1 p	06/25/66	A
#54a memo	to President from George Ball re: East-West Trade Policy confidential <i>sanitized 3-6-89 NLS 87-174</i> 4 p	06/02/66	A
#56 memo	to President from Rostow <i>Open 12-4-89 NLS 87-172</i> secret <i>Sanitized 6/13/00 NLS 98-338</i> 1 p	06/24/66	A
#58a cable	text of Paris 9045 <i>Exempt NLS 87-174</i> secret <i>open 10-12-99 NLS 98-336</i> 2 p	06/24/66	A
#59a cable	text of Saigon 5738 secret <i>open 3-6-89 NLS 87-174</i> 1 p	06/24/66	A
#59b cable	text of Bangkok 2887 <i>Exempt NLS 87-174</i> secret <i>open 10-12-99 NLS 98-336</i> 1 p	06/24/66	A
#59c cable	text of Ottawa 1754 <i>Exempt NLS 87-174</i> secret <i>open 10-12-99 NLS 98-336</i> 1 p	06/24/66	A

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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
#59d cable	text of Manila 2827 <i>open 3-6-89 NLJ 87-174</i> secret	1 p 06/24/66	A
#60 memo	to President from Rostow re: Robert Bowie confidential <i>open 7/21/98</i>	2 p 06/24/66	A
#61 memo	to President from Rostow re: nuclear test Secret -	1p 06/24/66	A
#61a memo	to Chairman AEC from Rostow re: nuclear test secret -	1 p 06/27/66	A
#65 memo	to President from Rostow re: PM Wilson secret <i>open 4-16-90 NLJ 87-173</i>	1 p 06/23/66	A
#66 memo	to President from Rostow re: letter to Chiang Kai-shek confidential <i>Open 4-16-90 NLJ 87-173</i>	1 p 06/23/66	A
#69a memo	for Administrator from Wm. Macomber re: project loans confidential <i>Open 8-10-88 NLJ 87-175</i>	1 p 06/12/66	A
#69b memo	to President from David Bell re: Turkey confidential <i>Open 8-10-88 NLJ 87-175</i>	4 p undated	A
#69c report	description of Three Projects confidential <i>Open 8-10-88 NLJ 87-175</i>	4 p undated	A
#70a cable	text of London 6155 <i>Example NLJ 87-174 open 7/21/98</i> secret	1p 06/23/66	A
#71a memo	to SecDef from Gen. Marshall re: Vietnam top secret <i>sanitized 12-26-89 NLJ 88-58 Open NLJ 98-339 5-12-99</i>	1 p 06/23/66	A
#72a cable	text of Saigon 5710 secret <i>open 3-6-89 NLJ 87-174</i>	3 p 06/23/66	A
#73b memo	for record by Gen. Goodpaster re: Meeting with Gen. Eisenhower secret [sanitized 4/15/80] <i>open 7/21/98</i>	3 p 06/22/66	A
#77 memo	to President from Rostow re: Ecuador confidential <i>open 12-4-89 NLJ 87-172</i>	1 p 06/23/66	A
#79 memo	to President from Rostow " confidential	1 p 06/23/66	A
#79a report	re: Dominican Situation <i>sanitized 9-22-88 NLJ 88-53</i> confidential <i>open 8-5-93 NLJ 93-229</i>	2 p 06/23/66 undated	xx A

FILE LOCATION

NATIONAL SECURITY FILES, Memos to the President
Walt Rostow, vol. 7, June 21-30, 1966-
Box 8

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WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

585

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
#81 Letter	to President Branco [Brazil] from Pres. Johnson possible classified info <i>open 12-4-89 NLS 87-172</i> 1 p	06/23/66	A
#83 memo	to President from Rostow <i>open 12-4-89 NLS 87-172</i> confidential 1 p	06/22/66	A
#83a memo	to President from Dean Rusk <i>open 3-6-89 NLS 87-174</i> confidential 3 p	06/17/66	A
#84a cable	text of Saigon 5684 <i>open 3-6-89 NLS 87-174</i> secret 4 p	06/22/66	A
#86a letter	to President Branco [Brazil] from Pres. Johnson possible classified info <i>open 12-4-89 NLS 87-172</i> 1 p	06/23/66	A
#88 memo	to President from Rostow re: nuclear test secret - <i>sanitized 4-18-91 NLS 88-185</i> 1 p <i>Sanitized 5/25/00 NLS 98-335</i>	06/22/66	A
#88a memo	to Chairman AEC from Rostow re: nuclear test secret - <i>sanitized 4-18-91 NLS 88-185</i> 1 p <i>Sanitized 5/25/00 NLS 98-335</i>	06/22/66	A
#89 memo	to President from Rostow top secret <i>open 12-12-91 NLS 88-55</i> 2 p	06/22/66	A
#92b memo	to President from Dean Rusk re: France <i>open 7/21/98</i> secret <i>Exempt NLS 87-174</i> 2 p	06/21/66	A
#92c memo	for Amb. Bohlen re: discussions with French <i>open 7/21/98</i> secret <i>Exempt NLS 87-174</i> 3 p	undated	A
#93 memo	to President from Rostow secret <i>open 4-16-90 NLS 87-173</i> 1 p	06/21/66	A
#96a cable	text of Paris 8926 secret <i>open 3-6-89 NLS 87-174</i> 1 p	06/21/66	A

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1

Wednesday
June 22, 1966 -- 12:15 p.m.

Mr. President:

Here's my try at a
response to Ken's latest.

W. W. Rostow

Dear Ken:

I note the offer you make in your letter to me of June 16.

It is my intent -- and my conviction -- that the contingency shall not arise.

Sincerely,

The Honorable John Kenneth Galbraith
Harvard University
Cambridge, Massachusetts

LBJ:WWRostow:rlh

to Mrs Roberts
2

Tues., June 28, 1966
10:00 p.m.

To: Mrs. Roberts

Herewith a draft reply to President
Truman.

W. W. R.

tu p 2a

Dear Mr. President:

I am delighted to hear that the idea from the Center for the Advancement of Peace is gaining momentum.

When I looked into the availability of the Vice President as your representative, I found, to my regret, that he was firmly committed to an enterprise which he should not cancel.

If there is anyone else in the Government whom you would wish me to designate to represent you, I should be delighted to try.

With warmest regards,

Sincerely,

The Honorable Harry S. Truman
Independence
Missouri

LBJ:WWR:mz

BB FORM
NO. 38

ROUTE SLIP

(Fold Here)

*Bill
Cand - 3
30 June*

EXECUTIVE OFFICE OF THE PRESIDENT
BUREAU OF THE BUDGET

DATE 6/21/66

TO: Mr. Rowtow

FROM: RWRichardson *rust* Ext. 21144

REMARKS: Submitted here for President's approval are the Ecuador and Turkey project loans. Please call my office as soon as the loans have been signed off. We are anxious for a quick reply.

*Mr. Bowdler
notified BoB + Gaud
6/28/66*

~~CONFIDENTIAL~~

Thursday, June 23, 1966

3a

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Emergency Budget Support for Ecuador

Dave Bell, with the concurrence of Charlie Schultze and Joe Fowler, requests your authorization to negotiate a loan of up to \$10 million to Ecuador to help meet its budgetary needs for the balance of this year. Their memoranda are attached.

The background to this request is:

1. The two-month old interim civilian government of President Yerovi inherited a serious budget problem from the ousted military junta.
2. Despite its belt-tightening efforts, it still confronts a deficit estimated at \$15 million. Any further belt-tightening would be at the expense of its badly needed development and reform program. This should be avoided.
3. Last month you authorized negotiation of a loan of \$4 million. This authorization recognized that \$4-6 million more might be necessary. The Yerovi Government declined the \$4 million loan, considering the amount inadequate and the self-help conditions proportionately too stiff.
4. Since then the Government has taken several self-help measures on its own and worked out assistance arrangements with the IMF (\$13 million standby) and some New York banks (\$11 million to meet foreign exchange needs).
5. Our \$10 million loan would be tied to additional self-help measures and released in installments based on performances.

I consider this a good loan from an economic and political standpoint. President Yerovi has established a realistic schedule for returning the country to constitutional government by the end of the year. He needs our support for constitutional, as well as economic, recovery.

W. W. Rostow

Approve loan ✓

Disapprove loan

Speak to me .

Attachment

DECLASSIFIED

E.O. 12356, Sec. 3.4

NIJ 87-172

By inf NARA, Date 11-16-89

~~CONFIDENTIAL~~

ROUTE SLIP

(Fold Here)

EXECUTIVE OFFICE OF THE PRESIDENT
BUREAU OF THE BUDGET

DATE 6/21/66

TO: Mr. Rowtow

FROM: RWRichardson *RWR* Ext. 21144

REMARKS: Submitted here for President's approval are the Ecuador and Turkey project loans. Please call my office as soon as the loans have been signed off. We are anxious for a quick reply.

~~CONFIDENTIAL~~

EXECUTIVE OFFICE OF THE PRESIDENT
BUREAU OF THE BUDGET
WASHINGTON, D.C. 20503

2004
3c
1- Bowler
2- Rot.
3-c

JUN 14 1966

MEMORANDUM FOR THE PRESIDENT

Subject: Emergency Budget Support for Ecuador

AID is requesting your approval to negotiate a loan of up to \$10 million to Ecuador to assist the Government in meeting its budgetary needs for the balance of this year.

The two-month old interim Yerovi Government inherited the budget problem from the Junta. The deficit last year was estimated at from \$30 to \$35 million, largely financed by inflationary means. The new Government is planning on keeping this year's expenditures to last year's level, while tax and other new measures already taken are expected to increase revenues by \$10 million. After borrowing from domestic non-inflationary sources, the Government will be left with a deficit estimated at \$15 million.

You already approved Linc Gordon's request to negotiate a loan of \$4 million to meet the Ecuadorean emergency financial crisis. The Yerovi Government declined the loan because the self-help conditions were too stiff, particularly for the amount of money involved.

Conditions have now changed. Following talks with the IMF and with AID, Ecuador has already:

- imposed new import taxes and foreign exchange surcharges
- reduced budgeted transfers to autonomous agencies
- increased commercial bank reserve requirements

The IMF is happy enough with this progress that they will provide a \$13 million standby. Some New York banks will come in with an additional \$11 million to help meet Ecuador's foreign exchange needs.

AID wants authority to negotiate a loan of up to \$10 million to be released in installments; up to \$4 million this month, the balance in October and January, subject to satisfactory review of performance. Additional monetary and revenue measures will be worked out before the first release. These measures will be designed to eliminate the risk of further inflation this year.

DECLASSIFIED

E.O. 12356, Sec. 3.4

NIJ 88-158

By *uf*, NARA, Date 6-16-88

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2

Ecuador will represent a new entry on the list of countries to which we give budget support. Revenue measures to be agreed under this loan are expected to provide additional income in 1967, thereby eliminating the need for budgetary aid next year.

Balance of Payments Effects

Funds will be provided through letters of credit tied to U. S. exports to minimize any adverse impact on our balance of payments. Secretary Fowler does not object to this loan from the point of view of the balance of payments.

In view of our strong interest in assisting the Yerovi Government, I recommend you approve the request to negotiate a loan of up to \$10 million.

Attachment



Charles L. Schultze
Director

Approve 141177

Disapprove _____

NOTE FROM THE SECRETARY OF THE TREASURY

I wish to stress the importance, from the point of view of the balance of payments, of a careful review by AID and Ecuador of the procedures for utilization of this loan, in order to assure to the maximum feasible extent that the loan will result in additional U.S. exports.

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2004
3d

DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON 25, D. C.

OFFICE OF
THE ADMINISTRATOR

JUN 7 1966

MEMORANDUM FOR THE PRESIDENT

SUBJECT: ASSISTANCE TO ECUADOR

DECLASSIFIED
E.O. 12356, Sec. 3.4
NJ 87-175
By ing, NARA, Date 8-5-88

Action Proposed

I refer to my memorandum of April 28, 1966, in which I recommended an AID loan of \$4 million to Ecuador to assist the Government in its current financial crisis. My recommendation was given oral approval at that time. In that memorandum, I stated that additional U.S. assistance not to exceed \$4-6 million might prove necessary, based on the self-help performance requirements in connection with this emergency assistance.

Following discussions with the IMF, and with us as to the terms of our offer of assistance, the Ecuadorean Government has taken several measures in recent weeks which will reduce the prospective budget deficit and improve economic stabilization prospects. As a result, the IMF sent a mission to Ecuador on June 1, 1966, to negotiate a new stand-by agreement.

Even with these new measures and additional tax and other measures which may be taken as a result of the prospective negotiations, there will remain a sizable budget gap which, if not financed externally, will result in recourse to further inflationary borrowing at the Central Bank. Ecuadorean officials, on a recent trip to Washington, pressed for a loan of \$20 million to cover the budget gap. In response, AID suggested further emphasis on revenue and expenditure adjustments to help close the gap. We believe the Government should be able to take actions to cover half of this amount with its own resources. I therefore recommend that AID be authorized to negotiate a total loan package, including the original \$4 million already approved, not to exceed \$10 million.

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GROUP 3

Downgraded at 12 year intervals;
not automatically declassified.

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U.S. Interest

The present stage of consideration of this loan comes as the interim Yerovi government is completing two months in office. On balance, Yerovi has made substantial progress in moving toward elections for a constituent assembly (scheduled for September); in organizing his government; and in dealing with the critical budgetary situation and related economic problems. Moreover, with assistance from political leaders, Yerovi has so far been able to counter the threat posed by the return of ex-President Velasco--a charismatic and demagogic political leader who can be expected to add turbulence to Ecuador's political atmosphere in his attempt to regain the presidency. Yerovi's success in these fields leads our Embassy in Quito and the Department to the conclusion that the Yerovi regime has demonstrated a considerable degree of political acumen in meeting its problems. We also believe that--if the budgetary and related problems can be overcome--this government has a reasonably good chance of carrying through on its plan, during the next six months, to return the country to constitutional government.

It should be emphasized that any attempt to increase revenues, or to adopt other austerity measures, poses a particularly sensitive political problem for the Yerovi government. Attempts by the military Junta in mid-1965 and again early this year to raise import tariffs led to commercial shutdowns and some violence in Guayaquil, where regional rivalry is keenly felt, and the Junta's fall in March of this year was to a considerable extent due to the opposition of Guayaquil commercial interests to announced import duty increases. So far Yerovi has been able to hold off any further resort to force by these interests to oppose new economic measures adopted by his government.

The predictable political repercussions stemming from still further economic deterioration in Ecuador would be serious indeed. As unemployment spreads, as inflation disadvantages fixed-income groups, as economic development falters, and as Armed Forces, police and other payrolls go unmet--as these and other problems grow more serious they threaten the very

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continuance in office of the Yerovi regime, not to mention its plans for a transition this year to constitutional government and its initial progress toward stabilization and economic recovery.

Self-Help Action

Aside from the self-help action already taken as outlined in my memorandum of April 28 (in the fields of agrarian and civil service reform, control of public sector finances, improvements in tax field, agricultural, industrial and transportation programs), the Government of Ecuador has made a considerable effort this year to reduce public sector expenditures by over 1,000 million sucres from the original 1966 budget decree (about \$55 million and nearly 30% of the original budget).

Additionally, in the past few weeks the Government has taken several important actions in the fiscal and monetary field which, in total, show substantial progress toward fulfillment of the self-help commitments proposed in my earlier memorandum. The fiscal aspects of these measures should narrow the budget gap--through a combination of new, increased and restructured taxes--by an expected 190 million sucres in 1966. The monetary aspect is expected to restrict much of the current excess liquidity in the banking system, and thus, among other effects, dampen the heavy demand for imports which has caused a serious loss in foreign exchange reserves in the past few months. These measures are described in Annex A. I should like to emphasize once again that aside from the improved economic picture which these measures represent, they were taken at considerable political risk, and they, therefore, represent encouraging evidence of the good faith of the present government.

Self-Help Commitments

My memorandum of April 28 listed six self-help commitments which the Government of Ecuador was expected to agree to before release of the first and second tranches of the emergency assistance offered. Even without specific agreement between Ecuador and the United States, there has been

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significant progress toward fulfilling these commitments. The status of each point is described in Annex B.

Nevertheless, additional steps must be taken in order to demonstrate full compliance with these performance criteria. As a part of a stand-by agreement, the IMF will insist on the Government's carrying out such additional fiscal measures as will be required, along with the proposed \$10 million of AID assistance, to close the 1966 budget gap. The IMF program is expected to include requirements for additional fiscal measures so as to increase 1967 revenues at least by the equivalent of the external budget assistance to be furnished in 1966.

We sent a mission to Quito on June 2 to assist the Country Team in coordinating our program with that of the IMF and to determine what additional measures if any--beyond the IMF requirements--the Government ought to undertake in order to qualify for assistance beyond the first four million dollars previously offered. The report of that mission will form the basis of negotiations and development of a detailed loan paper in support of an eventual loan proposal.

Structure of Loan

We expect to release the loan in tranches corresponding to the first three drawing authorizations of an IMF stand-by. That is, a portion would be released immediately upon signature of the loan agreement, which would follow the development of a detailed statement of an action program of the Government of Ecuador. A second drawing would take place in October following review of the financial situation to assure compliance with required commitments, and a third drawing in January, 1967, the supplemental or "close out" period of the 1966 budget, after further review of the Government's budgetary needs and performance.

Balance of Payments Question

Of Ecuador's total imports from the United States, Western Europe and Japan, the U.S. share increased from 53.5 per cent in 1963 to 59.1 per cent in 1964. Although preliminary estimates of the first six months of 1965 show that the U.S.

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share declined somewhat, this is probably explained by shipping strikes in the United States, and when final figures are in for the full year, the U.S. share of 1965 imports should still be above that of 1963.

The proposed U.S. assistance will be provided under the normal Special Letter of Credit procedure to assure that the entire loan is tied to imports from the United States.

David E. Bell

David E. Bell

- Annexes: A. Recent Self-Help Actions.
B. Status of Self-Help Related
to Proposed Commitments.

APPROVE _____

DISAPPROVE _____

~~CONFIDENTIAL~~

Recent Self-Help Actions

A. Commercial bank reserve requirements have been raised from 25 to 30 per cent on demand deposits, in an effort to dry up some of the excess liquidity now existing in the banking system, thus, among other effects, dampening the excessive demand for imports which has caused a serious loss of foreign reserves in the past several months.

B. An exchange surcharge of 20 per cent on imports of non-essential and luxury goods was instituted in late May. Thirty per cent of the proceeds from this measure is to be used as ordinary revenue in the budget, and seventy per cent will be sterilized in the Central Bank, thus acting also to dry up excess liquidity.

C. Within the past few days, the GOE informed the IMF that it would apply immediately a 10 per cent exchange surcharge on essential and semi-essential imports, the effect of which will be to provide even greater budgetary relief and liquidity control than that arising from the measure outlined in the preceding paragraph.

D. The Government has decided to retain provisionally 25 million sucres originally assigned to projects of the Central Government and the autonomous agencies, which projects have been found postponable.

E. Central Government revenues will be increased by an estimated 30 million sucres as a result of earmarking a percentage, rather than a fixed sum of banana tax proceeds to the autonomous agencies. Another 25 million sucres is to be provided from similar action on other taxes.

F. Proceeds from banana export taxes will be increased by 14.4 million sucres this year by changing the form of the tax.

G. A new import tax on luxuries and non-essentials will yield an estimated additional 20 million sucres in 1966.

Table I (Annex A)

ECUADOR - Central Government Budget - 1966 a)
(millions of sucres)

Total Expenditures	-2570
Tax Revenues	<u>1831</u>
Overall deficit	- 739
Financing: Net domestic & foreign project borrowing	<u>203</u>
Net deficit before new measures	- 536
Financing resulting from new measures:	193
1) Centralization of funds for postponable activities	(25) b)
2) Restructured banana taxes earmarked for autonomous agencies	(30) c)
3) Other restructured taxes earmarked for autonomous agencies	(25) d)
4) 30% of 20% exchange surcharge for List II imports	(34) e)
5) New import tax on some List II items	(20) f)
6) Restructured tax on banana exports	(14) g)
7) Proceeds from 10% surcharge on List I imports	(90) h)
8) Loss due to elasticity of demand for imports	(-45) i)
Increase in floating debt	<u>50</u>
Net unfinanced deficit before external assistance and further measures	- 293

Notes to Table I

- a) According to Sub-Secretary of Finance, Benalcazar, transfers to autonomous agencies, municipalities and provincial governments, formerly included in expenditures of Central Government, are excluded from 1966 budget. On the revenue side, taxes which supplied such transfers are also treated outside Central Government budget.

- b) Funds originally to have been transferred to autonomous agencies, or to Central Government agencies for activities which are post-ponable.
- c) Savings as a result of earmarking a percentage, rather than a fixed sum, from banana taxes to autonomous agencies.
- d) Same as (c), but for receipts from other taxes.
- e) The other 70% to be sterilized in Central Bank.
- f) This is 10% and 15% additional import duty on some luxury and non-essential imports.
- g) Change in form of banana export taxes from box to weight.
- h) The decree issued May 30, 1966, establishing this surcharge, provides that the entire proceeds will be held in the Central Bank for periodic distribution to public sector budgetary operations following approval of the Central Bank and Monetary Board. According to a tentative USAID estimate, 84 per cent of the proceeds will be used in the Central Government budget. In such a case an expected 90 million sucres would be available for the 1966 budget.
- i) IMF estimate of revenue loss resulting from decreased imports due to higher effective price.

Status of Self-Help Related to
Proposed Commitments

1. "The Government is now preparing a new 1966 budget and should invite an IMF/AID/IDB team to provide financial advice and to recommend further Government actions in the financial field."

The IMF sent a mission to Quito on June 1, to negotiate a stand-by agreement. Fiscal, as well as monetary requirements, will form a part of Ecuador's commitments under a new stand-by. An AID team is travelling to Quito on June 2, to recommend to the Government further actions in the financial field, and to assist the Country Team to coordinate the program of AID emergency assistance with the IMF program. The IDB is considering sending a team to Ecuador.

2. "The Government should reach agreement with the IMF on an urgent basis."

An IMF negotiating mission left for Quito on June 1.

3. "The Government should increase taxes and improve tax administration to produce an additional 300 million sucres, including 180 million sucres in new taxes."

The Government has already taken measures which are expected to result in fiscal improvement equal to over 190 million sucres in 1966. The Government reportedly is prepared to take additional measures. AID and the IMF will advise the Government as appropriate with respect to such new measures.

4. "The Government should agree to supervise all public sector expenditures and to borrow a minimum of 200 million sucres during 1966 from independent public sector accounts."

The Government already has programmed gross borrowings from this source in excess of 200 million sucres. It may be possible to achieve this goal on a net basis also.

5. "The Government should agree to hold down expenditures, avoiding, however, budget cuts which would impede important ongoing development and reform programs."

The Government has already made substantial cuts from the original 1966 budget; but the effect on the development and reform programs will be reviewed by the Country Team.

6. "The Government should agree to further improvements in the budgetary and accounting processes."

The Country Team will recommend measures to fulfill this proposed commitment. Some improvement in both fields has already been noted.

Lois,

Bromley Smith said to tell you that Jacobsen
said "The President has read these papers and
is not going to act on this now." BKS has informed
Bowdler, who is to tell State.

mz

THE WHITE HOUSE
WASHINGTON

June 30, 1966

NOTE FOR JAKE JACOBSEN

The urgency for Presidential action
on this piece of paper is this:

The Vice President is scheduled
to meet with President Balaguer at
6:45 p.m. Washington time tomorrow,
July 1. We would like for him to be
able to tell Balaguer in this conver-
sation that future sugar deficits, as
explained in the memorandum, will
be given to the DR.

Bill
Bill Bowdler

~~Itan 10~~ 4a
F
S

THE WHITE HOUSE
WASHINGTON

Thursday, June 30, 1966
5:00 P. M.

Mr. President:

The underlying memo was drafted
by Bill Bowdler.

In Mr. Rostow's absence this after-
noon I am sending it, because of its
urgency, in this evening's pouch.

Bromley Smith
Bromley Smith

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2, fine*

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

Thursday, June 30, 1966 - 5 p.m.

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Allocation to the Dominican Republic of any Shortfall in Western Hemisphere Sugar Allocations during the Remainder of 1966

The Dominicans expected to receive a major share of the Puerto Rican sugar deficit this year and were greatly disappointed when we decided to distribute it on a pro rata basis. Both Garcia Godoy and Balaguer have expressed keen disappointment to Ambassador Crimmins.

Crimmins recommends that we indicate to Balaguer our continuing concern with the Dominican sugar problem by having the Vice President tell him that we will assign the Dominican Republic any further deficit in sugar allocation available to Western Hemisphere countries declared by these countries, Puerto Rico and the Philippines during the remainder of 1966. There will be no commitment for preferential treatment beyond 1966. The present available deficits amount to 9,500 tons, but more may be declared.

You have authority under the Sugar Act to assign additional quotas to a particular country based on a finding that it is in the national interest. Helping the Dominican Republic get back on its feet is certainly in the national interest.

The report of the Conference Committee of the Congress last year recommended that you use this authority with respect to the Dominican Republic. State favors assignment of these deficits to the DR. (Tab C)

Agriculture thinks that departures from the pro rata distribution policy is unwise because other countries will then seek special treatment. But they are not taking a negative position. Under Secretary Schnittker's memorandum is at Tab B.

This is a relatively easy way to show support for Balaguer on his economic problems and to help the Dominicans pay their own way. Linc Gordon believes he can handle any unhappiness that the special treatment for the DR might cause among the other Latin Americans and with Senator Mansfield.

I recommend that you sign the memorandum to the Secretary of Agriculture (Tab A).

W. W. Rostow

Attachments



DEPARTMENT OF AGRICULTURE

OFFICE OF THE SECRETARY

WASHINGTON

June 29, 1966

MEMORANDUM

To : Walt W. Rostow, Special Assistant
to the President

From: John A. Schnittker

We have learned that a recommendation has been, or may be made, to the President, urging him to direct the Secretary of Agriculture to assign the Dominican Republic the share reserved for Western Hemisphere countries in filling future deficits that may arise in 1966 sugar quotas.

The Sugar Act contains a formula for prorating such deficit share on the basis of existing quotas unless the President determines that it would be in the national interest to allocate it on any other basis which he finds appropriate.

Two facts should be carefully considered before any action by the President. First, the proposed departure from the proration basis of allocating deficits would be criticized by 17 Western Hemisphere countries which would not participate in the allocation. Second, the precedent would lead all Western Hemisphere countries to make representations to the United States in the remaining years of the Act.

John A. Schnittker

We should have the most serious reasons for a special allocation to the Dominican Republic in view of the possible difficulties with other countries.



S/S 10218

DEPARTMENT OF STATE
WASHINGTON

June 30, 1966

212/4e
1 - Bowdler 4/20
2 Ret.

9

MEMORANDUM FOR MR. WALT W. ROSTOW
THE WHITE HOUSE

Subject: Allocation to the Dominican Republic of
any Shortfall in Western Hemisphere Sugar
Allocations during the Remainder of 1966.

I understand that Mr. Palmer has discussed this matter
with Mr. Bowdler of your staff.

The Dominican Republic had expected, on the basis of
the legislative record established when the Sugar Act passed
the Congress last year, to receive a major share of the
Puerto Rican deficit. They were greatly disappointed at the
United States decision to assign it on a pro rata basis.
Embassy Santo Domingo reports that there is still widespread
bitterness over the June 1 deficit allocation, with continuing
press and radio coverage, and that this is certain to affect
the tone of talks between Dominican officials and members of
the United States delegation to the inauguration of President
Balaguer on July 1. The Vice President and Assistant Secretary
Gordon are on the delegation.

Embassy Santo Domingo has recommended that some gesture
be made by the United States at the time of the inauguration
to indicate continuing concern with the Dominican sugar problem,
and suggests that the Vice President be authorized to inform
President Balaguer that the President will use the authority
given him under Section 204 (a) of the Sugar Act to have
assigned to the Dominican Republic any deficits in sugar alloca-
tions declared by Western Hemisphere countries (other than
members of the Central American Common Market) during the
remainder of 1966.

Panama has declared a deficit of 18,000 tons, of which
about 9,500 would be available to Western Hemisphere countries.
No other deficits have been declared, but there is a possibility
that the Philippines will not be able to fill their entire
quota and that an additional small quantity may become available


for

for reallocation later in the year. These shortfalls could be assigned exclusively to the Dominican Republic under the provisions of Section 204 (a) of the Sugar Act on a finding by the President that such action would be in the national interest.

Embassy Santo Domingo was informed that if preferential treatment were given the Dominican Republic in reassignment of quotas for the remainder of the year it would not set a precedent for similar preferential treatment in reallocation of the (much larger) Puerto Rican deficit in future years. It was also informed that the quantity likely to become available for reallocation would be very small in comparison with the 200,000 ton reallocation which the Dominicans had originally hoped to obtain. The Embassy has confirmed that allocation of even token quantities should have a favorable political impact.

It is therefore recommended that the President:

- (1) sign the attached directive to the Secretary of Agriculture, (Tab A).
- (2) authorize the United States delegation to the inauguration of President Balaguer to inform the Dominican Government of the action he has taken, if the question of sugar allocations is raised.
- (3) ask the United States delegation to state, in this connection, that the present action does not establish a precedent for preferential treatment for the Dominican Republic with respect to reallocation of the Puerto Rican deficit in future years.


Benjamin H. Read
Executive Secretary

Attachment: ✓

Presidential Finding, Tab A.

RECEIVED
ROSTOW'S OFFICE

1966 JUN 30 AM 9 35

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THE WHITE HOUSE

Washington

MEMORANDUM FOR

THE SECRETARY OF AGRICULTURE

SUBJECT: Finding Pursuant to Section 204 (a) of the Sugar Act of 1948, as amended by the Sugar Act Amendments of 1965.

In view of the establishment in the Dominican Republic of a democratically elected government and the restoration of stable political conditions, and in accordance with the recommendation of the Conference Committee of the Congress, in its Report on the Sugar Act, that the President use his authority to assign deficits to provide additional quota to the Dominican Republic if the political situation in that Republic should warrant such action, I find that it would be in the national interest to increase the sugar import quota of the Dominican Republic by whatever quantity of sugar may become available to Western Hemisphere countries through deficits declared during the remainder of 1966 and after the date of this finding with respect to: (a) these countries, other than members of the Central American Common Market, and (b) Puerto Rico and (c) the Republic of the Philippines. You are directed to take the necessary steps to reallocate to the Dominican Republic any and all such deficits from the date of this finding.

Wednesday
June 29, 1966
7:00 P.M.

Mr. President:

Consul General Rice in Hong Kong
sends in a highly interesting
summary of what is apparently
going on in Communist China.

Bromley Smith

Attachment

Cable from Hong Kong 2327

5a

CONFIDENTIAL

June 25, 1966

FROM HONGKONG (2327)

SUBJECT: Mainland China: Speculation on Recent Developments

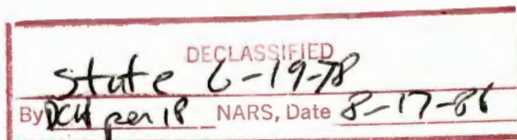
At no time in recent years have there occurred on Mainland China developments at once so important and so clouded in obscurity as those of the past few months. Part of what has been happening is on-stage drama, but the stage managers' identities have been unclear. Their purposes have been ambiguous, and the noises from the wings suggest that the most important events have been occurring offstage. I have, at least, so concluded since my return earlier this month to the vantage point provided by Hongkong. Evidently foreign observers on the Mainland enjoy no substantially better overview of events: One of them, British Charge Hopson, remarked to me a week ago that it is impossible for those observers now to know what is really going on in China.

It may nevertheless be worthwhile at this point to draw back from reporting of daily events and speculate about what may be going on -- if only to identify some of the main unanswered questions and to set up hypotheses and alternative explanations to be tested for subsequent acceptance or discard when further facts become known. Within my post there is a healthy range of opinion on which I have drawn and which should facilitate future hammering-out of conclusions on the anvil of argument.

Multiple Character of the Crisis.

First of all, have we been observing an ideological purge, a dispute over policy, or a power struggle? Almost certainly all three.

In arguing over policy or in criticizing an officials' performance in a Communist State, ideology provides much of the language, and ideological correctness is likely to be advanced as the main yardstick. No group of leaders could address the major problems China faces or contemplate the setbacks it has recently suffered, without arguing over policies. Even if Chicom leaders were all selflessly devoid of individual ambition to wield power -- and there is much reason to think otherwise -- the outcome of policy disputes and ideological arguments will help decide who moves up, down, or out. It is the relative weight which should be assigned each of these three aspects of the present struggle which cannot be judged with any degree of accuracy.



CONFIDENTIAL

The Internal Power Struggle

The antagonists in the power struggle must surely have in the back of their minds Mao's age (now 73) and the question of who will succeed him. And the shadow of this coming event must lend urgency to maneuverings for position among the leadership under Mao -- maneuverings in which Mao may or may not have played a deliberate role. At the same time official statements and the atmospherics both suggest to some members of my staff that there may have been a serious challenge from within the party to the authority of Mao himself. If Mao himself unleashed the present storm, its violence -- before which all China seems to be bowing down as though Mao were God -- suggests his doing so was triggered by something of no mean importance. A May 4 editorial in the Liberation Army Journal about a "life and death struggle" against elements which include "Right opportunists within the Party" may have overstated the case with typical Chinese Communist hyperbole, but such circumstances as recourse to an Army Journal to contradict the Party's leading newspaper suggest a serious struggle did indeed occur. In any case, political power abhors a vacuum and there will always be those who are tempted -- sometimes prematurely -- to seize authority from apparently failing hands. That a hard-liner, ranking Politburo member and "close comrade in arms" of Mao like Peng Chen would fall during a "cultural" purge suggests how dangerous it can be to be called -- as Peng was in the talk of some Chinese -- the "Crown Prince" while the Sovereign is still alive.

The Cultural Purge

The ideological purge now being attempted in China under the current "Cultural Revolution" undoubtedly is intended to be more sweeping than any which has occurred in China since about 221 B.C. It was then that the authoritarian first Emperor of the Ch'in Dynasty ordered the burning of the Confucian books, in an effort to destroy the ideological basis of Feudalism and the authority of the scholar-official class which had served the Feudal Lords.

As Chou En-Lai has put it, the present objective -- and it represents an unrealistically big order -- is "to liquidate completely all old ideas, all old culture, all old customs and traditions which have been created in the course of thousands of years by the exploiting classes to corrupt the people." The current cultural campaign is largely directed against what might be broadly termed today's class of scholar-officials, who are or are suspected of being the carriers of that old culture -- not only scholars and educators, but also newspaper editors and other Party

specialists in the field of publicity and propaganda. A topmost Communist scholar like Kuo Mo-Jo may perhaps escape a worse fate by publicly asserting that everything he has ever published was "rubbish," but a Peking newspaper editorial like Teng T'o will not get off so easily for having at one point written, in veiled but understandable language, that one of Mao's foreign policy assessments -- that the East wind was prevailing over the West wind -- was "great empty talk."

A few isolated cases of double-talk might be passed over without resulting in an ideological purge, but frequent and more explicit challenges of the Party line could not. It is the official line that the thinking of Mao Tse-Tung provides the basis for solving all problems. "Mao's thought" is undoubtedly intended to serve as a gyroscope, keeping the Chinese Communist ship of state away from the shoals of revisionism and on the revolutionary course he has set -- now and for the future after he is gone. This line has been questioned too often of late, while he is still alive, to instill confidence it would be generally accepted after he goes. A Mao who attacked Peking University students for giving only lip-service to Communism could scarcely be expected to tolerate explicit challenge, and evidently he has not.

Who is in Charge?

We do not know to what extent Mao is in charge of the purge, and to what extent he has felt personally threatened by events leading up to it. Mr. Hopson, the British Charge, reports that the atmosphere in Peking reminds him of that in Moscow during the time of the doctors' plot. I would not blame Mao, given his suspicious and obsessive character, if he did not feel safe in Peking. In any case, he appears to have stayed away from the Capital throughout the past half-year. (The last two times we have heard of his whereabouts he was, respectively, near Canton and probably in the vicinity of Shanghai: except in political terms their climate is not all that much healthier than Peking's.)

Reports of conversations held with Mao at Canton last March present the picture of a man complaining that his subordinates do not tell him everything -- which is undoubtedly true -- and in the grip of what we would regard as obsessions. However, the vigor of his arguments makes it clear he has not become, as one commentator had concluded, a senile vegetable. It would accordingly be logical to suppose he is well able to fight back against his adversaries. It is not likely that he is directing the campaign in detail: that was not his habit when, a far younger man, he was directing campaigns from his cave in Yen-an, so it is unlikely he is doing so today. It is also unlikely that Mao's subordinates, in carrying out operations under his authority, do not utilize it in ways which serve

their own interests and discredit their rivals.

It is now clear that the campaign is being spear-headed by or in the name of Minister of Defense Lin Piao. Retrospectively, one is entitled to wonder whether the opening maneuvers of this campaign did not begin long ago. For some time Lin has been building himself up as a leading exponent of "the thought of Mao Tse-Tung." The abolition of military ranks and distinctions of uniform, a reversion to practices of civil war days which created so much speculation at the time, put the leaders of the Peoples Liberation Army in position to point to themselves as exemplars of pure revolutionary orthodoxy. And the extension of the commissar system from the Peoples Liberation Army to industrial, financial, and commercial sectors of the economy, with many Army veterans becoming its commissars, may have inserted the influence of Lin and his associates deep into the citidels of the pragmatists and revisionists who had been challenging Maoism as the solution of all China's problems.

It is also possible that Mao may have decided to back Lin as the successor to his own position of Party Leader. A number two man like Liu Shao-Chi, who is almost Mao's age, might not provide a succession which is long enough to ensure its consolidation, and Mao may remember the fate of the one really revolutionary and authoritarian Chinese Dynasty -- it perished in a power struggle shortly after its founder's death. Lin Piao not only has more charisma than Lin: at 59 he is a decade younger than the average among the full members of the Politburo.

The foregoing hypothesis is open to questions based, inter alia, on long-held assumptions that Lin was in chronically poor health. However, these assumptions are drawn into question by evidence of his intense if not generally publicized activity in 1960-61, as indicated in captured documents from that period. Moreover, the veterans of the long march were a tough lot: many of them endured great hardships, survived serious illnesses such as tuberculosis, and have lived to a ripe age.

Mao's most recent pictures showed him meeting the Albanian Premier, who was in China in May, in company of the triumvirate of Lin Piao, Teng Hsiao-Ping, and Chou En-Lai -- not looking moribund. The ever-supple Chou En-Lai has been acting as exponent of the Cultural Revolution and has just been entrusted with an important mission abroad. Teng also was with Mao during a recent meeting with Japanese Communist leaders. And Lin has retained the greater prominence into which he stepped, with the publication last September of his article on "People's War;" it is only he who now is being cited as having "creatively applied the thought of Mao Tse-Tung."

All of this may help answer the question as to what men are really in charge of China and the purge: it suggests that under Mao the party chairman there is a triumvirate: Lin, the Head of Armed Forces; Teng, the Party Secretary; and Chou, the Prime Minister. Chief of State Liu Shao-Ch'i continues to perform his representational duties, but his chance for succession to party leadership may have been hurt by close association with the career of P'eng Chen, Mayor of Peking and only Politburo member known to have been caught so far in the purge.

The Policy Struggle

China has, within the past few years, suffered two sets of great policy failures, one internal and the other external. The first, of course, was the failure of the policies of the Great Leap towards rapid industrialization and full-scale Communism. Defense Minister P'eng Te-Huai objected to them and was purged in consequence; it later failed and China was so badly shaken that the third Five-Year Plan had to be postponed for three years, and may still be the subject of dispute.

The second was the great series of setbacks attending initiatives in the foreign field which, had they succeeded, might have diverted U.S. efforts from Vietnam. (The disaster in Indonesia was the most resounding: Communist China may have intended Indonesia to serve as the southern arm of a great pincers on the two sides of Southeast Asia.)

The foregoing failures would undoubtedly have brought down the elected regime in any parliamentary democracy. They undoubtedly raised serious strains within the regime in China where, given its one-party system, policy dispute would be largely contained within the Party but could hardly be excluded from it.

It may be premature to say what the final result will be, in policy terms, of the leadership struggle and ideologic purge which have been going on. However, it appears clear that the ship of state is, internally at least, on a leftward track: the pragmatists are being discredited and there is published and other evidence of plans for another Leap Forward.

The greatest issues in the external policy sphere evidently have concerned China's confrontation with the U.S. There is reason to think Mao expressed, at a meeting late last September of the Party's Central Committee, the conviction the U.S. and the USSR would attack China within the next two or three years. Mao professed that same belief to the head of the Japanese Communist Party as recently as last March. It is doubtful

all within the Chinese leadership believe such an attack inevitable or that efforts to avoid it should not be made: Chen Yi on June 9 conveyed to British Charge Hopson the impression he did not totally share Mao's apparent conviction. And even if the leadership were agreed that an early war with us were inevitable it does not follow they would be careless about precipitating it on the theory that how it comes does not greatly matter. They will greatly prefer the external and internal advantages of being the party to conflict which is the apparent victim of aggression. This undoubtedly contributes to the apparent Chinese Communist intention not to become directly embroiled with the U.S. in Vietnam provided we do not precipitate such embroilment.

To most Western minds, and undoubtedly to some Chinese Communist military and non-military minds as well, a conviction we will soon attack China -- consequent to frustration in Vietnam or out of more deliberate calculations -- would not be consistent with presumably reliable reports of continued Chinese Communist supply of tanks and MIG's to Pakistan. It might be assumed China would want not only to retain its present inventory of these items but also to build it to the maximum extent from current production against the day of our attack. This may leave out of account two considerations: Mao may hope Pakistan would put such materiel to good use for renewed operations against India -- to the discomfiture of both the U.S. and the USSR -- in case we were embroiled in a war with China. (A U.S. war on China, its leaders like to warn, would not be limited.) Moreover, Mao's defense strategy would depend primarily on the resources of manpower, space, and time rather than complex weapons -- he would pit China's strengths against our weaknesses, not vice versa.

Accordingly, the Chicom supply of tanks and planes to Pakistan is one more evidence that Mao remains in command of major decisions in China and that his strategic thinking prevails there.

RICE

~~SECRET~~

Wednesday, June 29, 1966 - 7:00 p.m.

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Our Policy Toward Argentina

Line Gordon, through the IRG/ARA mechanism, has done a careful analysis of our political, military, economic and cultural relations with Argentina and come up with specific recommendations for continuing or suspending elements of on-going programs until diplomatic relations are resumed. The attached memorandum from George Ball contains these recommendations. It is a first-class job, which, incidentally, shows that the IRG/SIG mechanism can be made to work promptly and effectively.

What the memorandum proposes is a delicately balanced package which permits as much of our present programs to continue consistent with the automatic break in diplomatic relations. The dividing line is essentially official contacts: what can be carried forward without dealing officially with the new military government should proceed and what requires official contact should be held in abeyance. This puts us in a correct posture with respect to the other OAS countries while we consult on recognition without antagonizing the new Argentine government.

With respect to recognition, this must await formation of the new government, a definition of the policies it intends to pursue, a request for recognition and consultation with the other OAS governments. This may take 2-3 weeks. As George Ball suggests, we should seek the usual assurances regarding acceptance of international obligations, as well as respect for civil liberties and an early return to constitutional government, before recognizing. But we should not take too rigid a position on the scheduling of elections which might preclude recognition if we did not get the commitment.

I recommend your approval.

W. W. Rostow

Approve ☒

Disapprove ☐

Speak to me ☐

Attachment

DECLASSIFIED

E.O. 12356, Sec. 3.4

NJ 87-172

Rev. sig NARA, Date 11-16-89

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DEPARTMENT OF STATE
WASHINGTON

June 29, 1966

~~SECRET~~

MEMORANDUM FOR THE PRESIDENT

Subject: U.S. Policy Toward Argentina with
Respect to Military and Economic
Assistance and Recognition of the
New Government

Recommendation:

The Interdepartmental Regional Group for Inter-American Affairs met on June 28 to consider the situation in Argentina and has made the recommendations set forth in the enclosure regarding United States policy toward Argentina with respect to military and economic assistance and recognition of the new de facto Argentine Government resulting from the military coup which took place on June 27. I consider these recommendations sound and suggest that you approve them.

Approve _____ Disapprove _____

Discussion:

As a consequence of the Argentine coup, relations between the United States and Argentina were automatically suspended. Until a definite decision on the recognition of the new regime is taken, we do not wish to take any action that could be construed as recognition or continuance of official relations. Furthermore, we wish to demonstrate our regret over the break in continuity of democratic, constitutional processes

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DECLASSIFIED
E.O. 12356, Sec. 3.4
NJ 87-174
By mg NARA, Date 3-1-89

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- 2 -

in Argentina without appearing to be unduly vindictive or needlessly alienating this regime with which we may have to work for several years. Additionally, we do not wish to terminate programs designed to assist in the economic and social development of Argentina under the Alliance for Progress.

The recommendations set forth in the enclosure are based on the following guidelines:


1. No new activities should be initiated.
2. Binding commitments should be carried out in good faith. If the fulfillment of the commitment involves official contact, action should be suspended until relations are renewed. If the commitment is being carried out by private contractors, it would not be affected.
3. Transactions in the process of negotiation should be suspended.
4. Private activities, although financed in whole or in part by the United States Government, should generally not be interrupted. This includes educational and travel grants.
5. Commercial activities, except in military hardware, should not be interrupted. The Eximbank would, for example, continue to provide exporter credits.
6. Individuals training in U.S. military schools should be allowed to complete their course. No new training grants would be issued, but training slots would be kept open.
7. Military grant equipment deliveries should be suspended. Military equipment that has been purchased

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~~SECRET~~

- 3 -

and for which an export license has been granted would not be affected.


Acting Secretary

Enclosure:

IRG/ARA Recommendations

~~SECRET~~

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~~SECRET~~

Recommendations on United States Policy Toward
Argentina with Respect to Military and Economic
Assistance and Recognition of the New Government

As a result of a number of agreements already signed or which had been under negotiation with the Illia Government, we are faced with a variety of problems related to military and economic assistance to Argentina. We are also faced with the problem of recognition of the de facto regime in Argentina. These problems and recommendations for United States policy with regard to them are set forth below.

1. Military Grant Aid

Various items of grant military equipment (primarily armored personnel carriers, trucks, trailers and spare parts) are scheduled to be delivered to the Argentines.

These deliveries should be suspended. Shipments should not be made to ports of embarkation and shipments arriving in Argentine ports should not be offloaded, but returned to the United States or diverted to other MAP countries.

2. Military Credit Sales

Several agreements for military credit sales have been negotiated and are ready for signing (a battalion of tanks, 4 DC 6B aircraft, and 15 helicopters).

The signing of these agreements should be suspended. However, equipment purchased under credit sales which may be en route to Argentina should be delivered (no significant items of combat equipment are involved).

3. Special Aircraft Sale

We have sold 25 A 4B aircraft to the Argentine Air Force. These have been delivered to the overhaul facility in Tulsa

~~SECRET~~

DECLASSIFIED
E.O. 12356, Sec. 3.4
NLJ 87-174
By mg NARA, Date 3-1-89

~~SECRET~~

-2-

and title has been vested in the Argentine Government, but no export licenses have yet been requested.

For the time being such licenses should not be issued.

4. Commercial Military Sales

In addition to credit sales the Argentines often purchase military equipment in the United States for cash from commercial sources, subject to United States Government licenses.

No new applications should be approved for the time being, but delivery should be permitted on equipment already contracted for, paid for and licensed.

5. Military Training

There are a number of Argentine military personnel in training at various United States facilities.

The training now underway should be continued, but no new personnel should be brought to the United States for training. However, training slots allocated to Argentina for FY 67 should be held open for the time being.

6. Military Mission Training

We have a number of Americans engaged in training military personnel in Argentina.

These training programs should be quietly suspended by having the American training personnel go on administrative leave temporarily.

7. AID Loans

There are a number of projects (primarily road construction) financed by AID loans now in progress.

~~SECRET~~

~~SECRET~~

-3-

We should make no move to suspend these projects, but should not disburse funds to reimburse the Argentines for their expenditures on them until we recognize the new regime.

8. AID Grant Programs

We are engaged in several grant AID programs, primarily technical assistance to help the Argentines improve government administration, higher education, and agricultural research.

Those portions of the program which involve official contact with the Government of Argentina should be temporarily suspended, with United States personnel taking leave; but programs not involving official contact with the Argentine Government should be continued.

9. Export-Import Jet Loan

A signing ceremony was scheduled for June 29 for a \$25 million loan for the purchase of Boeing 707 aircraft.

The signing should be postponed, but the Boeing Company should be told it may continue work on the three Argentine planes.

10. Export-Import Steel Mill Loan

The Bank has been discussing with the Argentines a proposed loan for expansion of the SOMISA steel mill, which is operated by the Argentine military.

These discussions should be suspended.

11. Supplier Credits

The Bank engages in loans and guarantees for United States supplier credits on commercial terms for exports to Argentina.

~~SECRET~~

~~SECRET~~

- 4 -

Credits for previously authorized loans should continue to be disbursed and the Bank should continue to consider new loans of this type.

12. World Bank, Inter-American Development Bank and International Monetary Fund Activities

The World Bank and the IDB have under consideration loans for several Argentine development projects, and the IMF has engaged in discussions regarding a drawing by the Argentines this year. The IMF in its most recent letter to the Government of Argentina made it clear that the terms it stipulated pertained only to the government then in power (the Illia Government).

We should suggest to these international financial institutions that they delay further negotiation on projects under discussion until the Argentine situation clarifies.

13. Educational and Travel Grants for Civilians

Grants for government officials should be suspended, but others should be maintained.

14. Recognition of the New Government

We will be faced with the problem of recognition of the new de facto government.

We should consult bilaterally with the other OAS nations, as required by Resolution XXVI of the 1965 Rio Conference; and should make efforts, through informal contacts with the de facto Argentine authorities, to obtain, in addition to the usual assurances regarding acceptance of international obligations, assurances that civil liberties will be respected and to induce the new government to commit itself to an early return to democratic, constitutional processes. However, in attempting the latter we should not place ourselves in a rigid position that would preclude recognition if we are unsuccessful in obtaining the commitment on elections.

~~SECRET~~

Wednesday, June 29, 1966
4:50 p.m.

Mr. President:

I regret the short fuse on this:
authorization is required before tomorrow
midnight. The system of triple clearance
is slow. I'm going to get it tightened.

W. W. Rostow

WWRostow:rlh

7a

CONFIDENTIAL

Wednesday June 29 1966

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Project Loans for Brazil

Dave Bell requests your authorization on the loans to Brazil described in the attached memoranda. They are:

Mascarenhas Hydroelectric System	- \$13.3 million.
Sao Paulo highway maintenance equipment	- \$20.0 million.
Food production (fertilizer)	- \$20.0 million.
Total	- \$53.3 million.

The loans have been examined by Charlie Schultze and Joe Fowler and approved by them.

The three loans are designed to help Brazil in three critical areas: electric power, transportation and food production. They will support well-conceived programs. The balance of payments impact will be minimal. I recommend your approval.

W. W. Rostow

Approve ☒

Disapprove ☐

Speak to me ☐.

Attachments

CONFIDENTIAL

DECLASSIFIED	
NSC 10-5-76	
By <u>WHS per RB</u>	NARS, Date <u>8-17-86</u>

THE WHITE HOUSE
WASHINGTON

Wednesday
June 29, 1966
3:00 P.M.

Mr. President:

Canadian Foreign Minister engaged
in some counter-punching in Ottawa
last night with his Russian guest,
Soviet Deputy Premier Polyansky.

Walt Rostow

DECLASSIFIED

Authority State letter 7/14/77

By plg, NARA, Date 10/14/92

~~CONFIDENTIAL~~

Wednesday, June 29, 1966

TEXT OF CABLE FROM OTTAWA #1788

Following a very sharp speech by Soviet Deputy Premier Polyansky last night, Foreign Minister Martin delivered an extemporaneous and unscheduled reply rebutting Polyansky's remarks. After leaving the table the two men argued in what an eye witness, reporter Fraser Kelly called, a "nose-to-nose" confrontation reminiscent of the Kitchen debate between Nixon and Khrushchev. Polyansky continued his criticism of the U. S.

Martin replied, "We have found the U. S. a good neighbor, dedicated to the principles of freedom and anxious to use its resources and power for the good of mankind."

Polyansky interrupted: "Do you believe the war in Vietnam is for the good of mankind?"

Martin: "No war is for the good of mankind. Let's make the United Nations strong."

Polyansky: "I'm all in favor of that."

Martin: "You must know that we in Canada understand the U. S. better than anyone else. We have our differences, but we have deep respect for their national purposes and what they are trying to do to promote harmonious relations in the rest of the world."

Polyansky: "Does that mean you support the war in Vietnam?"

Martin: "I spent an hour today letting you know of our efforts in this field and our hopes they will not go unfulfilled." (Martin referring to recent initiatives by senior Canadian diplomat Chester Ronning in Hanoi.)

Polyansky: "But the U. S. is the belligerent. It could stop the war at any time."

Martin: "The U. S. has offered to conduct peace negotiations in Vietnam with no preconditions and we are working towards that end with every energy at our disposal."

Polyansky: "U. S. activities in this field is just a theatrical performance."

Martin: "The most fruitful way to pursue these discussions is the way we began today." He raised his glass and said: "It's all over."

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

- 2 -

Polyansky, who kept jabbing his finger at the External Affairs Minister was not to be deterred: "What is required is not mediation, but those who started it (the war) must put an end to it."

####

~~CONFIDENTIAL~~

Rostow

9

~~1. [unclear]~~
2. Pres file

Wednesday, June 29, 1966

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Reply to General Ankrah of Ghana

At Tab A, for your approval, is a proposed message accepting General Ankrah's offer (Tab B) of two Soviet anti-aircraft guns and 5,000 rounds of ammunition of the type being used against us in Viet Nam. The weapons are part of a large stock Ankrah discovered after he overthrew Nkrumah. We won't learn anything from them that we don't already know, but Ankrah's offer is most gracious and it makes sense to accept it.

Ankrah is anxious to keep the transfer secret -- the message assures him that we will respect his wishes in this regard.

W. W. Rostow

Approve ☒

Disapprove ☐

Speak to me ☐

EKHamilton/vmr

DECLASSIFIED
E.O. 12356, Sec. 3.4
NIJ 87-172
By ing NARA, Date 11-16-89

9a

MESSAGE FROM PRESIDENT TO GENERAL ANKRAH

Dear Mr. Chairman:

I am happy to accept the offer contained in your letter of June 23. This gesture of good will and mutual understanding is much appreciated.

Ambassador Williams will soon be in touch with you about arrangements for shipping the weapons to the United States. As you suggest, this will be done under the strictest security precautions.

I was deeply touched by your message, Mr. Chairman, and by the spirit which prompted it. Please accept my profound thanks and best wishes.

Sincerely,

DECLASSIFIED
E.O. 12356, Sec. 3.4
NLJ 87-172
BY rip NARA, Date 11-16-89

MESSAGE FROM GENERAL ANKRAH TO THE PRESIDENT DATED JUNE 23, 1966

I am sure that your Ambassador Mr. Franklin Williams has reported to you the discovery of large quantities of Soviet arms and ammunition in Ghana soon after Nkrumah's overthrow. These arms, far in excess of the requirements of the Armed Forces, were secretly imported and stored in depots in various parts of the country. We have made a thorough check and examination of these weapons, some of which are of the most modern types and used by the Soviet Army.

We have discovered among these stocks a few ZU-23 MM. anti-aircraft guns which, I am informed, are being used in Vietnam against United States aircraft. As a gesture of friendship and goodwill, it is my intention to make a presentation of two of these anti-aircraft guns together with spares and 5,000 rounds of ammunition to the United States Government for analysis and tests. This offer will, I think, enable appropriate counter measures to be taken in Vietnam to save American lives in this grim struggle.

If you find it possible to accept my offer, arrangements will immediately be made for the shipment of these weapons to the United States under the strictest security precautions. I need not stress the importance of treating this offer with the utmost confidence. I wish to emphasize that the National Liberation Council is making this presentation solely in the interest of its declared intention to collaborate with the United States in all matters affecting the mutual interests of our two countries.

Accept, Mr. President, the renewed assurances of my highest consideration and esteem.

DECLASSIFIED
E.O. 12356, Sec. 3.4
NLJ 87-172
By ijg NARA, Date 11-16-89

~~SECRET -- NOBIS~~

June 29, 1966

Dear Mr. Prime Minister:

I am asking Secretary Rusk to give you this personal note of greeting from me on the occasion of the fifth meeting of the United States-Japan Joint Committee on Trade and Economic Affairs. Mr. Rusk will also be presenting you, on my behalf, with a gold medal commemorating the 100th anniversary of the first Japanese Embassy to the United States.

Please accept this medal as a token of my deep satisfaction with the solid partnership of trust and respect that has developed between our two nations. I know that the discussions between our two governments in Kyoto will be valuable and productive in advancing our common objectives.

On behalf of the American people, I send my warm regards to you and to your countrymen.

Sincerely,



His Excellency
Eisaku Sato
Prime Minister of Japan
Tokyo

LBJ:JCT, Jr:mz

6 P 100x

June 28, 1966
Tuesday, 7:00 pm

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Letter to Prime Minister Sato

State proposes that Secretary Rusk, who will present Prime Minister Sato with a gold medallion from you next week, also give him a brief note of greeting from you.

The attached letter will be sent to Japan in the special plane for the Joint Committee which departs Thursday, June 30, 1966. I recommend that you sign it.

W. W. Rostow ✓

P.S. This is a last-minute bright idea from State. If possible, it should be signed today (Wed.) if you agree it's useful.

Att:
Letter to Sato

Tuesday, June 28, 1966
10:30 p. m.

to P II

MR. PRESIDENT:

cc McIntyre
Hoyers

Ambassador Goldberg telephoned to report the following:

1. Negotiation in Geneva of the space treaty with the Soviet Union will begin on July 12.
2. After careful analysis, the experts all agree that there are no significant points of substantive difference between the U. S. and Soviet drafts. This view is shared by legal, space, Defense and diplomatic experts.
3. The problem is merely one of prestige: that is to produce a draft in which both countries can claim elements of initiative and authorship.
4. Ambassador Goldberg notes that it is always impossible to predict what the Soviets might, in fact, do; but if they want a treaty and are prepared to compromise on prestige matters, a treaty seems within grasp.

W. W. R.

Tues. June 28, 1966
9:30 p. m.

EP 12

MR. PRESIDENT:

As preliminary to your meeting with Holt tomorrow, you will want to read every word of this heartening conversation between him and Secretary Rusk.

W. W. R.

~~SECRET~~-attachment

(Canberra Secto 35)

SECRET

12a

(copy of Canberra Secto 35, 6/28/66)

Following uncleared memcon of Secretary's meeting with Prime Minister Holt June 27, passed for information of the Department in connection with the forthcoming Holt visit to the U. S.

Secretary said important question before U. S. is solidarity on Viet-Nam. We must somehow get signal to North Vietnamese that what they are attempting to accomplish in Viet-Nam will not succeed.

The Prime Minister said public opinion in Australia was increasingly favorable to Government's position on South Viet-Nam. In the past week he had fewer letters relative to Viet-Nam than any other week since he became Prime Minister. Domestic political sensitivity of issue definitely lessening. The main problem relates to question of sending national servicemen (conscripts) to Viet-Nam. Calwell, leader of opposition, has followed consistent anti-conscription line during his entire political career, and he will not change. While there is some opposition to conscription among young men of Australia, they seem to develop a certain esprit de corps and sense of patriotism once they are in military forces. The Secretary said Australia is doing a very good job in Viet-Nam and expressed appreciation for Australian commitment. He said the importance of Australian forces in Viet-Nam was far greater than their numbers.

The Prime Minister referred to recent attack on Calwell's life and said that while he suffered only superficial injury, the incident has shaken him rather badly. He referred to June 26 telephone conversation with Calwell, who had talked rather irrationally about sending peace mission to Hanoi. The Prime Minister said the general feeling in Australia is that Australia is more directly threatened by the situation in Viet-Nam than is the U. S., and that there is widespread feeling the U. S. is fighting Australia's battle there, rather than the other way around. He said his party completely unified in both houses of parliament on the question of Viet-Nam. There is not one "wobbler."

The Prime Minister referred to dissension within the British Labor Party on East of Suez issue. He had sought personal assurance of Wilson that Labor Party policy had not and would not change. He was completely satisfied with the reassurance that Wilson had given him. The Prime Minister thought he may have strengthened Wilson's resolve on the issue.

The Prime Minister said he had talked with Stewart on June 26 and stressed the importance of British maintaining position on Asia mainland, pointing out they could not expect to stay on mainland alone. He told Stewart

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E.O. 12958, Sec. 3.6

NLJ 98-336

By CG, NARA Date 9-24-99

Australia would play an increasing role in the area, but it was of vital importance that British stay on mainland. The possibility of British contribution to counterinsurgency in Thailand was discussed, and Stewart replied there would be political difficulties at home in supporting military dictatorship in Thailand. The Secretary agreed the British should continue to move north, not 2,000 miles to the south. Prime Minister said that in recent visit to Singapore/Malaysia, he heard no sentiment in favor of British withdrawal. In addition to defensive role, British troop commitment makes important contribution to economy of Singapore. He felt certain Malaysia would welcome continued presence of British. The Prime Minister expressed regret at inability to attend the entire SEATO/ANZUS meeting, stating his trip timed in order to attend meeting of Commonwealth Prime Ministers in London in July. The meeting was apparently postponed until September because of the Rhodesian situation, but this decision was made too late for him to alter his plans.

The Secretary mentioned the recent ASPAC meeting in Seoul. The Prime Minister said Hasluck is very pleased with the meeting and thought ASPAC would develop into a useful regional forum. The Prime Minister said he intended to talk in Washington about the domino theory in reverse. He would point out the tremendous support U. S. had given to Southeast Asian area both in security and economic terms, and that, in many respects, this had helped transform the area. He pointed specifically to positive developments in Thailand, Malaysia, South Korea and Indonesia. He said if the United States had pulled out of South Viet-Nam, the recent favorable turn of events in Indonesia would not have happened.

The Secretary said there should be no doubt whatever that we will see Viet-Nam through and North Vietnamese will not achieve their objectives.

The Prime Minister asked for the Secretary's view on what was behind the recent optimistic statements on Viet-Nam. He referred to the recent statement by Lord Walston that major fighting in Viet-Nam would be over within 12 months. Vietnamese FonMin Do said virtually the same thing to him. The Secretary replied we now have fire power and back-up support that assures us against military defeat. We already have 50% more fire power than we had in Korea, and will soon reach level of World War II. There simply cannot be another Dien Bien Phu.

Prime Minister said he had come back from his recent trip feeling very good about the situation in Viet-Nam. He had stated publicly that North Vietnamese could not win.

The Secretary pointed out that despite political turmoil in South Viet-Nam, no major group was in favor of yielding to the North Vietnamese. The Vietnamese situation was "entirely manageable."

The Prime Minister thought the Korean War had been one of major turning points of history. If we had not intervened in Korea, the future history of Asia would have been much different from what we hope it to be. Asia has great scope for growth and trade development. He referred to the growing closeness of the relationship between Australia and Japan, mentioning Australian trade with Japan now 4-1/2 times what it was in the early 1950's. It has now reached a level about equal to Australia's trade with Great Britain.

The Secretary said President Johnson will have the world food problem very much on his mind when the Prime Minister meets with him. Much more needs to be done to increase food production in under-developed countries. The Prime Minister agreed.

The Secretary expressed thanks for Australian cooperation in space, and hoped this was feeding useful technology into Australian industry. The Prime Minister said they hoped to hold on to Eldo, repeat Eldo, and thought everyone but France wanted to continue to use Australia as a launch site. France had offered an attractive alternate site in French Guinea. The Australian Minister of Supply is now in Paris discussing the matter, and was hopeful it could be worked out.

The Prime Minister again referred to ASPAC meeting and said this and other regional forums are useful in building unity within Asia. The Secretary said we see definite advantages in members of region getting together to talk over common problems without our participation. Such regional activities in no way weaken SEATO but help develop regional unity.

The Secretary expressed appreciation for what Australia is doing for U. S. interests in Cambodia. Sihanouk would like to see ICC presence strengthened, but the Soviets and Poles would not cooperate. We do not want to see Cambodia pulled into war, yet can't tolerate use of Cambodian territory for offensive purposes. Admiral Sharp said there was plenty of evidence of North Vietnamese military activity in Cambodia.

The Prime Minister said the situation in Laos looks fairly promising. The Secretary said that if North Vietnamese put as much emphasis on Laos as South Viet-Nam, it would be a different situation. The United States has no military forces in Laos, but we do conduct air operations over Laotian territory. This has not been publicly confirmed.

The Prime Minister asked why North Viet-Nam maintains impregnable resistance to peace overtures. The Secretary said there are essentially four reasons. First, they hope for possibility of military success. This is no longer realistic. Second, they hope for a collapse of South Viet-Nam, which isn't likely. Third, they think international opinion might turn against us.

This is also not likely to happen, and it would not make any difference to us if it did. Fourth, they may think that internal differences in U. S. might force a change in our policy. This is a more difficult problem. North Vietnamese probably misjudge importance of opposition in U. S. to our Viet-Nam policy.

The Prime Minister said he intended to speak frankly in the U. S. on the subject of Viet-Nam. He will express appreciation of Australian Government and people for what the United States is doing in the interest of freedom-loving people all over the world.

RUSK

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68/13
Mr. Poston
ch

Tuesday, June 28, 1966, 12:05 p.m.

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Presidential Message for Denmark's
July 4 Celebration

Each year, the Danes have a big Danish-American celebration on July 4. At Tab A, for your approval, is a Presidential message to be read by Ambassador White. Prime Minister Krag and up-to-60,000 Danes will be present. Presidential messages have been sent in all recent years.

Francis M. Bator

Approve ✓

Disapprove _____

Speak to me _____

Thelma said
this came back
approved.

FMB:mst

For 54 years Danes and Americans have met at Rebild on the Fourth of July to celebrate America's Independence Day. It is a wonderful thing to be able to observe our national holiday with Danish friends on Danish soil.

Danes and Americans will also be celebrating Independence Day in America. Your fine Ambassador Torben Ronne will address my countrymen in a few hours at celebrations honoring the author of our Declaration of Independence. Mindful of your festival at Rebild, it is fitting that your Ambassador should be the guest of honor at our celebration at Thomas Jefferson's home.

These ceremonies, at Rebild and Monticello, reflect our common heritage. We share a love of liberty, and a respect for the dignity of man. We share the heritage of Danes who crossed the ocean to help build this country. We are bound together, both as allies and as friends.

I should like to take this opportunity to extend my best wishes to your distinguished Prime Minister, Jens Otto Krag, and to say how pleased and privileged I was to welcome him in the United States two and a half months ago.

I hope many other Danish friends will come to see our country. Whether it is in Washington, in Copenhagen -- or in Monticello or at Rebild -- it is good for Danes and Americans to meet to renew and strengthen our cherished ties.

Tuesday, June 28, 1966 -- 6:15 p. m.

MEMORANDUM FOR THE PRESIDENT

SUBJECT: News Media Contacts

I had a short, interrupted session with Boyd France and David Secrest, BUSINESSWEEK, on how foreign policy is made. I explained your intent that the problem of Viet Nam not keep us from moving creatively elsewhere. I discussed changes initiated by you in Latin American policy; in Asia, through the Baltimore speech; in Africa; and the staff work going forward on Europe, including East-West initiatives. At this point you called. I shall resume soon.

W. W. Rostow

WWRostow:rlh

15

~~SECRET~~

Tuesday, June 28, 1966 -- 5:05 p.m.

MEMORANDUM FOR THE SECRETARY OF DEFENSE

As you know, we have been moving our men to Viet Nam on a schedule determined by General Westmoreland's requirements.

As I have stated orally several times this year, I should like this schedule to be accelerated as much as possible so that General Westmoreland can feel assured that he has all the men he needs as soon as possible.

Would you meet with the Joint Chiefs and give me at your early convenience an indication of what acceleration is possible for the balance of this year.

LBJ

DECLASSIFIED
E.O. 12356, Sec. 3.4
NLJ 87-173
By ip NARA, Date 7-5-90

~~SECRET~~

LBJ:WWRostow:rlh

THE WHITE HOUSE
WASHINGTON

Tuesday, June 28, 1966
2:20 p.m.

Mr. President:

Dave reports a good effort of
his, plus a good reaction against
Fulbright in the Atlanta Constitution.

W. Rostow
W. Rostow

16a

DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON

June 27, 1966

OFFICE OF
THE ADMINISTRATOR

MEMORANDUM FOR: The Honorable Walt Rostow
The White House

The attached came to me because it mentions my Tuskegee speech, but its significance - and the reason I forward it to you - is that it reflects a widespread and strong support for the President and disenchantment with Fulbright. I encounter this frequently around the country, and I hope the President is aware of it. This illustration happens to come from the very able editor of the leading newspaper in the Southeast.

Please return at your convenience.

David
David E. Bell

Attachment

Article from the Atlanta Constitution, June 1, 1966,
by Eugene Patterson re "Usefulness and Service"

*- Returned to Dave
Bell by BKS 6/28/66*

16b

THE ATLANTA CONSTITUTION

June 1, 1966



Eugene McCarthy

'Usefulness . . . And Service'

Once again Monday the young people marched in caps and gowns beneath the stately Alabama oaks of the Tuskegee campus to claim diplomas from the college Booker T. Washington commenced to build 85 years ago. The commencement speaker was David Bell, director of the U.S. Agency for International Development, and his words were a modern echo of a thing the college's founder once said.

"How I wish," said Booker T. Washington, "that from the most cultured and highly endowed university in the great North to the humblest log cabin schoolhouse in Alabama, we could burn, as it were, into the hearts and heads of all, that usefulness, that service to brother, is the supreme end of education."

* * *

In the gathering dusk, David Bell spoke quietly in the same terms to this generation of educated young Negroes. He told them of the usefulness and service this privileged nation owes to brother human beings in the less fortunate regions of the world, and of the aim of his foreign aid programs to help those who will use our assistance to help themselves.

Yet in Washington a curious political dislocation was visible to these students. Under leadership of Sen. J. William Fulbright, liberal congressional forces that once fought for foreign aid were now crippling the program with what The New York Times called "a dangerous blindness to the long-run interests of the United States."

Gone was the day when they stood for the program, against the "giveaway" assaults of doubting conservatives. Now liberal senators like Fulbright and Church, Gore and Eugene McCarthy were ready to junk the reforms in foreign aid that years of struggle had produced.

Cut the authorization, they said. Reinstitute "hard" loans at interest rates the neediest nations cannot pay; shut out any countries that exceed an arbitrary quota; obliterate long-range planning by voting aid funds year to year according to the political caprice of the moment.

* * *

Fulbright has been unhappy with President Johnson. He has disapproved the President's Viet Nam policy. He has expressed the view that we wouldn't be entangled in Viet Nam if we hadn't tried to aid that country in the first place.

So, shall we avoid the difficult by doing nothing? It is the old isolationist argument; we shouldn't get mixed up with foreigners, etc. Then of course the roof falls in with war.

Whether this rich nation does owe some debt to poor nations, and if so, whether effective ways can be devised to pay it, is the central point of what is happening in Viet Nam, and of what will happen in the southern hemisphere for the next generation.

In the Senate, some discouraged liberals are evading that problem. In Tuskegee, Mr. Bell asked young Americans to face it, difficulties and all.

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

~~CONFIDENTIAL~~

Tuesday, June 28, 1966
11:15 p.m.

MR. PRESIDENT:

SUBJECT: Meeting with Robert Bowie, June 29, 7:30 p.m.

If Bowie strikes you as the right man for Counselor at the State Department, two things will concern him.

First, your concept of the job. He will want your assurance that you wish to see the kind of creative initiatives listed in the attached memorandum of June 24 driven forward hard by a seventh floor State Department official.

Second, he will be concerned that he be geared into the State Department machinery in such a way that Assistant Secretaries have to come to him. He doesn't relish the notion of chasing around looking for business. Probably the best formula is that he be made Alternate Chairman of the Senior Interdepartmental Group. The Alternate Chairman would sit when new major plans and policies were being reviewed, as opposed to operational issues -- when the Under Secretary would chair the meeting.

This formula -- or one like it -- would have to be worked out with Secretary Rusk. What he needs, to clinch the deal, is your willingness to consider this problem seriously. As an old planner at State, I know it's a real issue, not a question of prestige.

You may also wish to hear something about his conclusions from his study of the 1970's, now nearing completion.

Walt R.

DECLASSIFIED
E.O. 12356, Sec. 3.4

NJ 87-172

~~CONFIDENTIAL~~

By mg

NARA, Date 11-16-85

952 11-29/66

Chron

~~CONFIDENTIAL~~

Friday, June 24, 1966 - 8:45 am

Mr. President:

Robert Bowie, whom we are considering for Counselor of the State Department, saw Secretary Rusk and Mr. Ball today. He also spent three quarters of an hour with me.

1. He is much interested in coming to Washington to try to help at this time.
 2. He found Secretary Rusk obviously interested in having him but somewhat vague about exactly what he wanted Bowie to do.
 3. I told him that what you most felt lacking at State was the development of new ideas and effective follow-through. I cited in particular the list of areas where you had made new initiatives but where we needed a senior officer in the State Department to make sure things actually happened.
- Follow through on Baltimore speech and Asian regionalism.
 - Follow through on the Atlantic and East-West proposals generated out of the Acheson exercise.
 - Follow through in preparation for the Latin American summit.
 - Follow through on your African speech.
 - New peace proposals.
 - New thoughts about China policy.
 - The food-population problem.

He said that out of his work looking ahead to the 1970's he had concluded that this was one of the most exciting and potentially creative times in modern history. He found the State Department passive and sluggish. He would "love" to make a contribution in the directions I suggested if he felt that this would have the backing of the Secretary of State and the President.

~~CONFIDENTIAL~~

DECLASSIFIED
E.O. 12356, Sec. 3.4

NLJ 87-172

By 418 NARA, Date 11-16-89

~~CONFIDENTIAL~~

-2-

If he came to Washington, he would have various family and personal problems to deal with; but the central question on his mind was whether this is what the President and Secretary of State wish done through the office of Counselor. In any case, I think you ought to meet him.

If you want him, it may be important that he hear directly from you what you want to happen over at State and what you think he could do about it.

He will be back in town next Wednesday, June 29. I recommend that you see him. He would, of course, make himself available to you at any other time convenient to you.

W. W. Rostow

Bring Bowie in on Wednesday, June 29 _____

The following time is more convenient _____

See me _____

WWRostow:rln

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

Tuesday, June 28, 1966 - 11:00 a.m.

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Argentine Situation

*Pres. saw
+ acted
ul*

The latest reports from Buenos Aires indicate that the Army has arrested President Illia and removed him from the Presidential Palace.

Where he will be taken is not known at this juncture. There are three likely possibilities:

1. detained on Martin Garcia island in the River Plate estuary.
2. put across the border in Uruguay.
3. sent to the United States to join his wife who is hospitalized in Houston.

This unjustified military coup is a serious setback to our efforts to promote constitutional government and representative democracy in the hemisphere. It will be necessary to re-examine our whole policy toward Argentina. This process will be carried out through the IRG-SIG mechanism starting at noon today. The OAS may also have to shift the site of the Foreign Ministers Meeting on OAS Charter amendment scheduled to open on August 29 in Buenos Aires.

State this morning sent the attached cable to our Embassy in Buenos Aires with guidance on official contacts and dealings with the press. In paragraph 3 it gives the press line which State is going to follow on the coup. The line is the correct one for the time being.

W. W. Rostow

cc - Bill Moyers

DECLASSIFIED
E.O. 12356, Sec. 3.4

NLJ 87-172
By ig NARA, Date 11-16-89

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

TELEGRAM TO

AmEmbassy Buenos Aires

DECLASSIFIED
E.O. 12356, Sec. 3.4
NLJ 87-174
By ing NARA, Date 3-1-89

1. The Department approves your action cutting off overt and official contact with Argentine authorities by all U. S. representatives. You should maintain this posture until further instructions. Do not take any action vis-a-vis de facto authorities that could imply recognition or continuance of official relations. However, discreet informal contact with de facto authorities, their spokesmen and intelligence sources for the purpose of obtaining information and learning of their plans should take place at your discretion.

2. In response to any press inquiries, you may state that you are keeping Washington fully informed, that the United States Government is carefully studying the developing situation, that you have no instructions as yet bearing on the future relations between the United States and Argentina, and that any United States Government announcement on policy in the new situation will be made in Washington.

3. At noon briefing today, we intend to state that we are greatly concerned over the displacement of a democratic government and the rupture of constitutional processes in an OAS member state, that

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

-2-

we are following developments carefully, and that we are reviewing programs now in progress or planned for Argentina in the light of the developing situation. In keeping with the international practice in such cases, diplomatic relations are suspended. We will be consulting with other OAS members in accordance with Resolution XXVI of the 1965 Rio Conference. If you have any comment, send a FLASH message.

4. Further instructions will follow on AID and military assistance programs. Your immediate recommendations on these and other ongoing programs would be appreciated.

5. The Department appreciates the Embassy's alert reporting of last night's activities and events and looks forward to continued up-to-the-minute reports of developments.

6/28/66

~~CONFIDENTIAL~~

June 28, 1966

To Mr. Watson

Marv:

You may want to keep this handy for tomorrow when Prime Minister Holt comes.

The top sheet may be useful to the President as a rough agenda for his side of the talks.

Frankly, I don't know how it got back into my hands.

W. W. Rostow

~~SECRET~~ Attachment_s

WWR Memo to President of 6/28/66

Memo from State

Prime Minister's program in Washington

Holt biography

Talking points (British role East of Suez, Australian election)

Background Paper (Britain "East of Suez").

Australia -- Science Highlights

June 28, 1966

~~SECRET~~

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Your Meeting with Australian Prime Minister Harold Holt

You will be meeting Australian Prime Minister Holt tomorrow (12:15 p. m. welcoming; 12:30 p. m. in your office).

The Prime Minister will want to:

1. Get acquainted.
2. Get a first-hand outline of U.S. policy and assessments regarding Viet-Nam.
3. Have an informal conversation on any subjects you wish to discuss.

You may want to:

1. Thank him for Australia's help in Viet-Nam.
2. Give your current assessment of Viet-Nam and U.S. policy.
3. Ask about Australia's view of Viet-Nam and the outlook for Asia (regional development, etc.). (Note: He was in Viet-Nam in April.)
4. Ask about his election prospects (probably November, but no firm date set).
5. Get his views of the British role "East of Suez" (detailed treatment attached).
6. Express interest in his forthcoming talk with Prime Minister Wilson (Holt goes to London from here).
7. Thank him for Australia's major contribution to joint space research (e. g. tracking stations at Woomera, Canberra, etc.).

Attached are: - *In file*

1. Memo from State.
2. The Prime Minister's program in Washington.
3. Holt biography.
4. Talking points (British role East of Suez, Australian election).
5. Background Paper (Britain "East of Suez").
6. Australia -- Science Highlights.

DECLASSIFIED

E.O. 12356, Sec. 3.4

NJ 87-173

By *ip* NARA, Date *4-5-90*

W. W. Rostow

Atts.

~~SECRET~~

21

DEPARTMENT OF STATE
WASHINGTON

JUL 28, 1966

June 28, 1966

~~SECRET~~

MEMORANDUM FOR THE PRESIDENT W. W. ROSTOW

SUBJECT: Efforts to Help American Prisoners in Viet-Nam

We have been trying to promote better treatment of U.S. prisoners held by the Viet Cong and the North Vietnamese and, if possible, to obtain the release of some or all of them. Meantime, Hanoi has revived talk of trying some pilots as "war criminals."

A progress report on our efforts to date:

1. On June 13, we delivered a note to the North Vietnamese in Vientiane expressing concern about the welfare of our pilots held in North Viet-Nam. We asked for: a list of names of those held prisoners; visits to them by the International Committee of the Red Cross; improved treatment in matters such as mail, food packages, etc. We also expressed our interest in opening discussions concerning the release of the prisoners. The NVN official to whom we delivered the note flew to Hanoi the next day. He has not yet returned to Vientiane. Hanoi has not repudiated, or even referred to, our request so far. We await an answer in Vientiane.
2. ICRC President Gonard has sent a letter to Hanoi offering the services of the Red Cross Committee as a "Protecting Power" for our prisoners, as provided in Article 10 of the Geneva Convention. Hanoi has not yet replied. Gonard is now in Moscow and hopes to see representatives of the NVN Government and of the Liberation Front.
3. Robert Shaplen, correspondent of the New Yorker magazine, is on his way to Viet-Nam. He will stop in Cambodia en route. We have asked him to contact Australian Communist reporter Wilfred Burchett in Phnom Penh and make a discreet effort to encourage better treatment and to explore the possibilities of arranging release of some or all prisoners. This is a long shot, but Burchett is one of the few people who regularly visits Viet Cong areas.

W. W. Rostow

DECLASSIFIED

E.O. 12356, Sec. 3.4

NLJ

87-173

By if NARA. Date 4-5-90

~~SECRET~~

June 28, 1966

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Farewell message to King Faisal

The State Department proposes the attached farewell message to be given to Faisal by Protocol on the day of his departure.

If you approve, we should confirm to Protocol by Wednesday evening.

I recommend you approve this statement.

W. W. R.

Approve ✓

6/28/66

See me

S/S & Wiggins ignored

Attached: File #2087

HW:llw

Your Majesty:

On your departure from the United States, I want to tell you again what great pleasure we had from your visit. The warmth of our meetings in Washington was a true reflection of the close and cordial relations which have long existed between our two countries. I particularly welcomed this opportunity to become personally acquainted and to learn directly from you of your sincere dedication to the cause of peace and your deep interest in the progress and development of your country. I am confident that Saudi Arabia, under your leadership, will continue to make great strides forward. Let me assure you again that in doing so you will continue to have our best wishes and sympathetic support.

I thank you again for having honored us and wish you and the members of your party Godspeed and a safe journey home.

Sincerely,

Lyndon B. Johnson

Tuesday, June 28, 1966
6:00 p. m.

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JP

MR. PRESIDENT:

The attached memo was drafted before Bill Moyers and I went to work, at your instruction, to persuade Gene Black to do the Afghan chore and then to go to Cambodia.

It appears that he simply cannot free himself for Afghanistan; but he would be free to leave for Cambodia, if we could get him in, starting on July 24.

Therefore, may we approach Orville Freeman and see if he will undertake the Afghanistan mission?

W. W. R.

Try Freeman _____

Try _____

Come back with other recommendations _____

cc Moyers
KinTues

June 28, 1966

MEMORANDUM FOR THE PRESIDENT

SUBJECT: A Presidential Representative to Afghanistan for the Ceremonial Opening of the Kandahar-Kabul Highway, July 18, 1966

1. This famous highway, financed and engineered by U. S. money and skills, has finally been completed and will be dedicated on July 18. It is the last link in a complicated highway network we have been building. The Afghans have expressed the hope that we could send a senior official to participate in the ceremonies and dramatize, by his presence, the substantial U. S. contribution to this project which links the two main cities of the country.

2. The occasion presents an unusual opportunity which we should not miss.

(a) Sending a member of your Cabinet or prominent personal friend would underline for all to see your concern for constructive development in Asia.

(b) Russian leaders appear frequently. When a Russian segment of the highway was completed, they sent a Deputy Foreign Minister. Rarely have Americans above an Assistant Secretary gone to Kabul. Apart from Mr. Harriman in 1965, the last high official was President Eisenhower in 1959.

(c) We have invested nearly \$40 million in this particular road project; a visit at this time would be an inexpensive way of getting a significant political return in Afghanistan and thereby, indirectly in Iran and Pakistan.

(d) It would give the Afghans an opportunity to show their interest in affirming that they are not under the Soviet thumb. This would help to underline the fact that Americans are wanted and our efforts are appreciated in Asia.

3. Secretary Freeman will be on the sub-continent at the time. He already knows his Afghan counterpart. He can't make a July 18th date in Kabul. State believes the Afghans would change the date to accommodate a U. S. Cabinet member, if Freeman could be persuaded to add

- 2 -

two days for the Kabul detour. Secretary Udall would also be a natural.

Perhaps a personal friend would equally demonstrate your personal interest.

W. W. R.

LBJ:WWR:HW:lw

THE WHITE HOUSE

WASHINGTON

June 28, 1966

MEMORANDUM FOR MR. ROSTOW

SUBJECT: A Visit to Afghanistan

It is much in the U.S. interest to send a high-level representative to Afghanistan in mid-July for the ribbon-cutting ceremony on the Kabul-Kandahar Highway.

(a) Russian leaders flow in and out in droves, but very rarely does the U.S. appear to care.

(b) Being part of a traditional society, the Afghans attach great importance to a personal demonstration of attention.

(c) We have put a lot of money into the road, and we should get some political returns from this investment.

(d) There was hope that Secretary Freeman could fit it in, but his schedule is too tight; Udall is also out for scheduling reasons.

(e) John Walsh has talked to Hayes Redmon, and the President is being asked to appoint a senior official or close friend as his personal representative.

I recommend we support this request with a reasoned foreign policy justification.


Howard Wriggins

→ Mr. Rostow
This should go through Bill Moyers to the President. The President wants Black to go - thus kicking off Black's Asian trip.
BKS

Monday, June 27, 1966
7:20 p.m.

Mr. President:

I don't know whether you saw
this product of cooperation between
Bill Bowdler and Senator Long's
staff.

W. W. Rostow

*clipping from
Congressional Record, June 28, 1966
re Dominican Republic*

wwrostow:rlh

cent of their basic salary. In the past 17 years, however, Federal salaries have risen, while the ceiling has remained constant. Today, nearly 15 percent of Federal employees, though otherwise eligible under the act for the full 75 percent of compensation, find the dollar limits prevent them from receiving that amount.

The provision for increasing existing awards by the same percentage rise as the percentage increase in the Consumer Price Index since 1958 is an attempt to meet the rise in cost of living experienced by persons receiving benefits under the act. In addition, the bill provides for future periodic increases in existing awards to meet future rise in the cost of living. This is accomplished by providing that whenever the Consumer Price Index experiences a rise of at least 3 percent and maintains that level or higher for 3 consecutive months, the existing award shall be increased by a like percentage. This provision was patterned after a similar provision in the civil service retirement amendments of 1965.

Another major change in H.R. 10721 provides for the continuation of benefits payable to or on account of dependents of deceased or disabled employees. Where such a dependent continues his education after age 18 in a qualified educational institution, benefits are payable to or on account of such child for 4 years or until he reaches age 23, or marries, whichever is sooner.

Under existing law, certain persons suffering from specified permanent injuries (mostly the loss, or loss of use, of a member) are entitled to receive compensation for a specified number of weeks. If the employee has suffered a permanent partial loss, or partial loss of use, of the member listed in the schedule, but no other significant impairment of the body, he receives no further compensation after his scheduled award is exhausted. On the other hand, if he has received a partial loss or partial loss of use, of a listed member and has also suffered a significant impairment in a part of the body not listed in the schedule, he can be compensated for loss of wage-earning capacity, if any, but not for the scheduled loss. The committee's amendment treats the person with a scheduled partial loss, whether or not accompanied by another disability, as the act now treats persons suffering total loss or loss of use of a member—by allowing them the scheduled injury in each case, and by providing for compensation based on loss of wage-earning capacity after the scheduled award has been paid out.

The existing law permits the Secretary to make a decision, solely on written evidence and reports, and does not provide for a forum for an aggrieved claimant to present evidence. This bill gives the claimant the right to request a hearing on his claim before a representative of the Secretary.

The hearing procedure is informal, and the Secretary is not bound by the rules of evidence or the Administrative Procedure Act. The purpose of this amendment is to give the claimant the opportunity to be heard and support his claim by evidence. The employee's right to appeal to the Employees Compensation Appeals Board from an adverse final decision is retained.

Other changes to the act which the committee believes to be improvements are as follows: Increasing the amounts payable to attendants of totally disabled persons from \$125 per month to \$300 per month; increasing benefits to Federal Civil Works Administration and other employees from \$150 to \$300 per month; extending the benefits for scheduled disabilities and medical services or supplies to employees who receive benefits under the Civil Service Retirement Act who are beneficiaries under other Federal retirement systems; provides reemployment rights to disabled persons for which they

are physically and otherwise qualified; provides a lump-sum payment upon remarriage to dependent widows and widowers instead of merely stopping payment of benefits; providing the time limit for filing claims shall not run against a minor until age 21 or against an incompetent person unless in each case a legal representative is appointed; providing that injured employees who are required to bring suit against third parties responsible for their injuries are entitled to a share of the proceeds of such suit; and giving the Secretary rulemaking authority in employment outside the United States.

HOUSE HEARINGS AND PASSAGE OF H.R. 10721

Hearings on H.R. 10721 and other bills amending the Federal Employees' Compensation Act were held in the House for 4 days during 1965. H.R. 10721 was reported from the Education and Labor Committee on March 2, 1966. The bill passed the House without amendment under suspension of the rules on March 7, 1966.

SENATE HEARINGS

The Senate Subcommittee on Labor held hearings on H.R. 10721 and related bills on May 3, 1966. Among the witnesses testifying were Mrs. Esther Peterson, Assistant Secretary of Labor for Labor Standards, representatives of major Federal employee organizations, and other interested groups. In addition, statements were submitted by interested individuals and organizations. The subcommittee reported H.R. 10721 with amendments to the full committee on June 9, 1966.

The amendments were agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time, and passed.

TO AUTHORIZE HON. EUGENE J. KEOGH TO ACCEPT THE AWARD OF THE ORDER OF ISABELLA THE CATHOLIC

The bill (H.R. 11227) authorizing the Honorable EUGENE J. KEOGH, to accept the award of the Order of Isabella the Catholic was considered, ordered to a third reading, read the third time, and passed.

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 1286), explaining the purposes of the bill.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

PURPOSE

The purpose of H.R. 11227 is evident from its title. The legislation is made necessary by the following provision of the Constitution:

... no person holding any office of profit or trust under them [the United States], shall, without the consent of Congress accept of any present, emolument, office, or title, of any kind whatever, from any king, prince, or foreign state (art. 1, sec. 9, par. 8).

COMMITTEE RECOMMENDATION

Similar legislation was enacted last year authorizing the Honorable JOSEPH W. MARTIN, JR., and the Honorable FRANCES P. BOLTON to accept various decorations. Moreover, on May 17 the Senate passed S. 2463 which would generally authorize acceptance of such items and which when enacted will make separate authorizations such as H.R. 11227 unnecessary.

Pending final passage by the House of Representatives of S. 2463, and in view of the fact the Honorable EUGENE J. KEOGH has announced his intention to retire at the end of this Congress, the Committee on Foreign Relations, on June 16, voted to recommend favorable action on H.R. 11227 to the Senate.

DOMINICAN INTERVENTION VINDICATED

Mr. LONG of Louisiana. Mr. President, the press of the Nation has all too often found fault with President Johnson before the facts were in, and I have particularly in mind the record as regards the Dominican Republic. In the early days following the landing of our marines there, the line taken by many of our newspapers, and especially those in the cities of the northeast, was that the action on our part was unjustified. It was said that the intervention was a mistake, and that the role of the Communists was not important, and was being used as an excuse to meddle in a neighbor's family argument.

We know much better now, Mr. President. As I pointed out to the Senate on March 25, the Communists had a purposeful plan which they were implementing skillfully, and which they have since been bragging about within their own circles. By their own admission, it was the action of President Johnson in sending troops which thwarted their program. The information available to the President at the time he acted from confidential sources, some of which was subsequently made available to the Foreign Relations Committee, was of similar nature.

I have been provided personally with still other information which must necessarily remain classified which certainly leaves no doubt in my own mind. It is completely clear that we knew far more about the plans of the Communists in the Dominican Republic, and the means at their disposal to carry them out, than we did when events in Cuba were at a similar stage. Senators should keep this point very much in mind.

Cuba went Communist while the United States stood idly by and watched the plot unfold little by little until Castro stood finally before the world for what he had been all along—a Communist acting under orders from Moscow. It may well be that there was much more to the Communist plan in the Dominican Republic than we knew, but we knew enough, and it was a much more advanced plan for taking over than we knew Castro had when he left the mountains and established himself in Havana.

The fact is that President Johnson arrested the spread of communism in Latin America, as he is doing in southeast Asia, by a foreign policy courageously and boldly calculated to frustrate the enslavement of the hemisphere. For the time being, the New World is more secure than it has been for a good many years. President Johnson has had a hand in helping Brazil, Chile, and other neighbors to maintain governments which might otherwise have fallen to subversion or misnamed wars of liberation.

For those of us who feel strongly that we must resist the Communist overthrow of friendly governments, it is disappointing to see some of our larger dailies giving such wide publicity to persons who could remain complacent in the face of Communist takeover of Cuba, who were critical of the U.S. actions in the Dominican Republic which were necessary to permit the people of that country to choose a government by the ballot rather than have one forced upon them with bullets, and who have at times been abusive of the representatives of our Government who advise a "hard line" policy to frustrate Communist subversion in Brazil, Chile, and other Latin American nations.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. LONG of Louisiana. I ask unanimous consent that I may continue for whatever length of time the completion of the statement requires.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG of Louisiana. Had we followed the logic of those who urge a soft line or no line at all against communism, those who fear that the risk would be too great and the danger of war with a major Communist power too much to accept, we could well be confronted today with Communist powers in control of continental Europe and perhaps dominant over even the courageous people of the United Kingdom.

Had Presidents Truman, Eisenhower, and Kennedy been so timid as some would suggest, we might today be confronted with Communist control of all Europe, the Near East, the Middle East, and perhaps all of Asia. Timid souls who refuse to support the type of action of President Johnson in the Dominican Republic and South Vietnam would be confronted with complete control by Communists of the land mass of Europe and Asia and the island chain from Japan through Indonesia, and perhaps practically all of Africa. We could easily have faced a Communist-dominated Central and South America, with medium and short-range missiles aimed at our cities and defense installations from Cuba and across the Rio Grande.

The decision that President Johnson made concerning the Dominican Republic is now supported by ample proof that it is the kind of action which prevents a Communist takeover in this hemisphere.

Mr. President, how I wish that General Eisenhower, a courageous President, might have moved to assure the free election of a democratic government in Cuba when it became clear that a Communist regime was establishing itself there. To his credit, it must certainly be said that at that time we were not aware of the many new techniques which were being developed to undermine and destroy democratic governments. Nevertheless, I have no doubt that the people of Cuba, once they were aware that communism was upon them unless they rejected it, would have voted overwhelmingly for the democratic way—if they could have had the opportunity which has just been exercised by the Dominican people.

The election results in the Dominican Republic again demonstrate why the Communists will never permit free elections. In a country which they might well have controlled by violent means only months ago, they were not even willing to offer themselves to the electorate in their true colors. However, there were some elements, specifically the so-called 14th of June movement which is directly associated with Castroism, who presented themselves in local situations which they judged, quite wrongly, that they might show up to advantage.

In the districts in which these Castroites offered candidates there was a total vote of slightly more than 250,000, of which they received only 4,427. Thus, Mr. President, they received less than 2 percent of the votes cast. This is indeed proof that the Communists who were trying so hard to win control by violence have no support among the people.

It is my hope, Mr. President, that we shall soon see the withdrawal of the OAS troops who still remain in Dominican Republic. Nevertheless, I certainly do not wish to see them withdrawn prematurely. The progress toward stability in the island is indeed remarkable, and it would be tragic to risk a return to needless violence. I am confident that we shall be able to bring home the remainder of our troops in the not-too-distant future, and I hope that Hanoi, Peking, and Moscow will be taking due note of this withdrawal.

One of the charges most often made is that we are never going to be willing to withdraw our forces from countries into which they are sent to assist those who wish to remain free. We are demonstrating in the Dominican Republic that this is totally untrue, and it is to be hoped that our actions there will have some persuasive effect on those who continue to oppose the President's action in Vietnam.

In supporting President Johnson's action in the Dominican Republic, Mr. President, I do not mean to detract from those others who have contributed much to the progress which has been made. Our special representative on the Organization of American States, Ambassador Bunker, should especially be praised for his dedicated work. The Organization of American States has been a source of strength throughout this period, and this has not always been so. It is much to be hoped that the future responses to direct threats to the freedom of other nations in this hemisphere can be made on a fully joint basis, and with even wider participation by the troops of the Latin American forces—if the use of such forces should again be required.

FORTY PLUS CLUB

Mr. DIRKSEN. Mr. President, quite some time ago I received a letter from Mr. James E. Wilson, president of the 40 Plus Club of New York. This is an organization composed of men over 40 who have held responsible executive positions but who have been overtaken by age and yet believe that they have plenty of youthfulness for modern society.

In order to present their case to the public, they have organized the 40 Plus Club and have been seeking in various ways to publicize their problem and their cause. There appeared in the New York Sunday News of June 5, 1966, an article under the intriguing caption, "Bosses Seeking a Job for Change at 40 Plus," which states the case.

I ask unanimous consent that this article be included in the RECORD as a part of my remarks.

The PRESIDING OFFICER. Without objection, the article will be printed in the RECORD.

The article is as follows:

BOSSSES SEEKING A JOB FOR CHANGE AT 40 PLUS
(By William Neugebauer)

The letter addressed to Soviet Premier Aleksei N. Kosygin represented an offer by 100-top-notch American business executives who are unable to find work at home because they are over 40, despite the fact all are active men with years of productivity ahead.

In the letter, the 100 offered to relocate with their families "within your country," they told the premier, and to give their "collective effort, experience and ability to increasing the Soviet national product."

LETTER IS A GAG

"The letter is mythical, of course," said Col. James E. Wilson, president of the Forty Plus Club of New York. "But if it had been real, you can bet your bottom dollar the Russians wouldn't waste a second sending one of their big, private superjets here to pick up the entire group in one sweep."

A former Air Force officer and onetime military governor of Seoul, Korea, Wilson said the 100 men would be of inestimable value to Russia and, put to work, would boost the output of Soviet industry by many millions of dollars in the first year.

"The real tragedy is," Wilson said, "that such groups do exist in this country, that is, executives of consummate skill and talent who cannot find employment simply because of the arbitrary age limits imposed by American industry."

Such men, Wilson, said, contend that America is losing the advantage of a collective, proven experience valued at billions of dollars. They point, he added, to the loss of what has always been a prime American asset, "brain power," possessed abundantly by trained executives over 40.

One of the major organizations concerned with this particular plight of middle-aged American executives, the Forty Plus Club, at 15 Park Row, managed to place in employment 254 out-of-work executives during the last year. Their combined earnings total more than \$3.5 million annually.

\$12,000 MINIMUM

A cooperative group of executives over 40, and presently unemployed, Forty Plus requires that its members have earned more than \$12,000 annually in an executive capacity. All prospective members are screened as to prior employment and other major factors. No fee is charged either the employer or the member for obtaining employment.

The membership, which usually numbers around 100 men, Wilson said, rotates as employment is found. Of the present membership, 15 have earned from \$40,000 to \$50,000 annually; four have earned more than \$50,000 and one, an executive vice president, \$55,000 each year.

DIRECTORY ISSUED

The club issues a monthly directory of available executives on its roster. The last issue, Wilson said, contained thumbnail biographies of eight executives in engineering and manufacturing, 40 general management executives, 16 international operations ex-

1. ~~summary~~
2. ~~Pres file~~

Monday, June 27, 1966 - 6:30 p.m.

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Appointment for Ambassador Covey Oliver

Ambassador Oliver wishes an appointment.

The attached memorandum from George Ball recommends it.

I see no particular need unless you want to see him.

W. W. Rostow

Approve Appointment ☒

Disapprove Appointment ☐

Speak to me ☐

cc - Jim Jones

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DEPARTMENT OF STATE
WASHINGTON

June 24, 1966

MEMORANDUM FOR THE PRESIDENT

Subject: Appointment for Covey T. Oliver,
United States Ambassador to Colombia

Recommendation

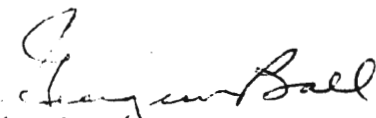
That you approve an appointment for Ambassador
Covey T. Oliver.

Approve_____ Disapprove_____

Background

Ambassador Oliver was appointed on April 2, 1964, and took up his post in Bogota in August 1964. His service in Colombia has coincided with the last two years of the Valencia Administration, during which Colombia has passed through a period of political and economic crisis before reaching relative stability. Ambassador Oliver met with you in June 1964 in a group of other ambassadors. He will be available on June 24, 28, 29 and 30.

Ambassador Oliver wishes to report to you on his tour in Colombia before returning to the University of Pennsylvania at the end of the summer. In addition, he would like to discuss such matters as the inauguration of Carlos Lleras in August, plans of the new government, President-elect Lleras' interest in the proposed summit meeting and what might be done in education in Latin America.


Acting Secretary

Enclosure:

Biographic Sketch.

BIOGRAPHIC SKETCH**Ambassador Covey T. Oliver (Colombia)**

Covey T. Oliver, who took up his post as Ambassador to Colombia in early August 1964, has had a distinguished career as a teacher and practitioner of international law. Before his appointment as Ambassador, he was professor of law at the University of Pennsylvania.

Since 1936 Ambassador Oliver has alternated between the teaching profession and government service. He joined the government as a senior attorney with the Board of Economic Warfare in 1942. He served as chief of the Economic Control Section of the American Embassy in Madrid from 1942-1944. In 1946 he was a member of the United States delegations to the Paris Peace Conference, the Paris Reparations Conference and the meeting of the Deputy Foreign Ministers in London. Between 1947 and 1949 he was a delegate to the Allied-Swiss Conference on German Assets, the Yugoslav and other claims settlements negotiations, and the Austrian Treaty Commission.

Ambassador Oliver returned to academic life in 1949 as professor of law at the University of California. He moved to the University of Pennsylvania in 1956. On leave of absence in 1963, he was a Fulbright teaching fellow at the School of Law at the University of Sao Paulo, Brazil. There, he became the American founder of a new Inter-American Institute of International Legal Studies, which is part of a broad university program for cooperation in the improvement of higher education in the hemisphere. From 1963 until early this year, Ambassador Oliver has also been a member of the Inter-American Juridical Commission of the OAS.

Ambassador Oliver was born in Laredo, Texas in 1913 and received his B.A. and LL.B. degrees from the University of Texas. He holds the Doctorate of Juridical Science from Columbia University. With him in Bogota are Mrs. Oliver and their five children.

Monday, June 27, 1966, 6:30 p.m.

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Press Contacts, June 27

Roscow and Geoffrey Drummond. In a wide-ranging conversation I talked about Viet Nam in the context of Asian economic development; the rise of regionalism; and the crisis inside Communist China. I went through various indications, within Viet Nam and outside, that things were going better and that this fact was being recognized. Drummond volunteered that there was a strange juxtaposition in the New York Times this morning on page 1: Charles Mohr's article suggested that "Opinion in the U.S. is Key to Victory;" and Ronald Sullivan's "Jersey Democrats Considering Revolt Over Viet Nam War." I said I felt it quite possible that U.S. political life held the key to victory and peace in Viet Nam.

Carroll Kilpatrick raised questions covering everything from Viet Nam to Latin America. I pointed out the generally constructive trends in the world emphasizing, as with Drummond, that our fighting in Viet Nam was not merely to fulfill a past commitment but to hold the line while a Free Asia emerged and organized itself. He seemed to find this a relatively new thought. We went over the Asian countries one by one, discussing both their economic growth rates and the specific reasons why they were moving toward regionalism at the present time.

W. W. Rostow

27
1-Sub
2-Proc. file

June 27, 1966
Monday, 5:30 p.m.

~~CONFIDENTIAL~~

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Letter to President Marcos Regarding Veterans Benefits

President Marcos of the Philippines has sent you an unexpected letter regarding the old and complex issue of Philippine World War II claims. His letter comes as the U. S. Panel (chaired by General Decker) prepares to depart for the Manila talks of the Joint Commission on Veterans Benefits -- now scheduled for July 4-8.

In essence, Marcos' letter seeks to re-open the long-closed issue of the so-called "Omnibus Claims" -- assorted claims by the Fil Government against the U. S. Government dating back to World War II and the pre-war period. As you are aware, four of these 19 claims were settled by U. S. Congressional action between 1959 and 1963, including \$73 million in additional war damage compensation. The remaining Omnibus Claims (which may amount to as much as \$900 million) were carefully examined and formally rejected by the U. S. Government in 1959, at which time the Fil Government was told that we regarded this issue as closed once and for all. Both Macapagal and Marcos, however, have been under periodic domestic pressure to re-open the issue.

State proposes -- and Mr. Rusk concurs from Canberra -- that your reply to Marcos be courteous but firm on two counts: a) we are always willing to listen to the Fils on any bilateral grievances, including the Omnibus Claims; but b) the present U. S. Panel on Veterans Benefits, established on the basis of your October 1964 Communique with Macapagal, is simply not empowered to make recommendations on such issues as the Omnibus Claims.

I recommend that you approve State's draft. We want to keep the atmosphere favorable for a Marcos visit in August, and Rusk may be discussing the visit when he sees Marcos July 3rd; but we can't settle this kind of issue between now and August -- and should not raise false expectations. (The entire U. S. Panel, including its Congressional member, has been fully briefed on this matter.)

W. W. Rostow ✓

Approved ✓
Disapproved _____
See Me _____

DECLASSIFIED
E.O. 12356, Sec. 3.4
NJ 87-173
By ip NARA. Date 4-5-90

Message LDXed to
S/S 6/28/66

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~~CONFIDENTIAL~~

Text of Cabled Letter of June 23 to the President from President Marcos
(contained in Manila's 2822 of June 24)

DECLASSIFIED

E.O. 12958, Sec. 3.5

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

By ju, NARA, Date 5-27-98

Dear Mr. President:

I wish to extend to you the appreciation of the Filipino people and my own for constituting the American panel on our war claims in accordance with the Joint Communiqué, dated October 6, 1964, issued by the Presidents of the Philippines and the United States on the occasion of the former's state visit to Washington, D. C. I wish also to extend my personal greetings to you and my thanks for the letters you sent me after the visits to Manila of Vice President Humphrey and Secretary of State Dean Rusk. The organization of the American panel for the settlement of the war claims of the Philippines has raised high hopes and expectations among our people in view of our firm belief in America's sense of fairness and justice. The Joint Communiqué of October 6, 1964, referred to the creation of a Joint Commission of our two governments to take up "matters pertaining to veterans of World War II." It is my understanding that this was agreed upon in view of the Treaty of General Relations signed on July 4, 1946, by our two governments wherein it was stipulated that claims of either government against the other "shall be promptly adjusted and settled by mutual agreement." Therefore, a unilateral action on the part of either government was not contemplated. In other words, although many of our claims have been rejected by your government, I feel that no less than a formal action of my government accepting such rejection would be necessary to constitute mutual agreement in accordance with our Treaty of General Relations.

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I have, therefore, instructed the Philippine panel to take up with the American panel all matters pertaining to Philippine veterans of World War II, which to us should logically constitute both benefits and claims.

I further instructed the Philippine panel to also explore with the American panel all other forms of settlement of all the claims.

However, indications lead me to believe that the American government may be interested to talk only of existing veterans benefits. I say this because my attention has been called to an unofficial statement of Mr. William P. Bundy, Assistant Secretary of State for Far Eastern Affairs, in the course of a speech before the Philippine-American Assembly held at Davao City last February that the American government is disposed to talk only about a "more equitable administration of veterans' benefits."

For the interest of both our countries, I feel I must request that the American panel be authorized to consider the entire range of veterans matters that the Philippine is ready to negotiate including all additional evidence, as well as material, not heretofore considered in previous negotiations on this matter.

I am apprehensive that any limitation of the negotiation to the area referred to by Mr. Bundy in his unofficial statement may render the meeting of the panels fruitless and cause further irritation and misunderstanding between our two countries.

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I make this personal appeal to you, Mr. President, on this matter, because the nature and the widespread character of this irritant between our two nations is such that it has affected bitterly, and in a very personal manner, a large segment of our population.

Please accept the assurances of my esteem and highest consideration.

Sincerely yours,

F. E. Marcos

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Draft Reply to Marcos' Letter of June 23

DECLASSIFIED

E.O. 12356, Sec. 3.4

NLJ 87-173

By ip NARA. Date 4-5-90

Dear Mr. President:

I have received your letter of June 23, 1966, regarding the forthcoming talks of the Joint Commission to consider veterans affairs, and I very much appreciate your writing to me personally about these matters which concern you.

Let me say first of all that I would regard any question likely to become an issue between two such old and close friends as the United States and the Philippines as a proper subject for full and frank discussion. I can therefore assure you that representatives of the United States are always ready to receive the views of the Philippine Government on such issues as you feel should be brought to our attention -- and to give these views the serious consideration which relations between warm friends and allies warrant.

As regards the forthcoming visit to Manila of the American panel, I feel I must tell you that this panel was formed in accordance with my ~~consistent~~ understanding that these talks would be confined to veterans benefits. When the Communique of October 4, 1964, which I signed with President Macapagal, was drawn, your Government's representatives here in Washington assured officials of my Government of the mutual understanding that the talks to which we agreed would be concerned solely with veterans benefits. We had assumed that the

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Philippine Government had been proceeding on the basis of that understanding, as has the United States Government. The members of the American panel were consequently briefed in accordance with this understanding, and their terms of reference were so drawn that they are not competent to recommend on matters extraneous to the provision by the Veterans Administration of benefits to recognized veterans of the Philippines.

It continues to be my strong feeling that the recommendations of the American panel should be confined to veterans benefits. This will certainly not prevent the American panel from listening to other matters, grievances or claims which may be presented to it by the Philippine panel, and reporting them. But I would hope that the main effort of the Joint Commission would be to achieve the most meaningful results on matters which the American panel is authorized to handle.

Furthermore, it seems to me that there already exist other appropriate channels by which the Philippine Government may wish to adduce new evidence or material with respect to the matter of wartime claims which has so long been an issue between our two Governments. My Ambassador in Manila is at all times available to you for the discussion of such matters, and I can assure you that you will always find him prepared to receive and to transmit your views.

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In conclusion, Mr. President, let me assure you that the United States will continue to work with the Philippine Government on all problems for which final solutions have so far eluded us. I am confident that the efforts of the Joint Commission will contribute to that important objective.

Sincerely,

Lyndon B. Johnson

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INCOMING TELEGRAM Department of State

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~~CONFIDENTIAL~~ JUNE 26

RSR FOR BALL AND BERGER FROM SECY

PHILIPPINE CLAIMS DISCUSSION

1. I AM IN COMPLETE SYMPATHY WITH TENOR OF BLAIR'S PROPOSED REPLY TO MARCOS' LETTER. I DO NOT SEE HOW WE CAN REFUSE TO LISTEN TO ANY MATTER REMOTELY RELATED TO CLAIMS THAT GOP NEGOTIATORS WISH TO BRING UP.

2. AT SAME TIME, AS LETTER BRINGS OUT, WE MUST BE CONCERNED THAT LIMITED TIME NOT PRECLUDE FULL DISCUSSION OF MAIN VETERANS' CLAIMS. I SHOULD THINK SOME QUIET WORK BY MACARTHUR OR OTHERS WITH DECKER, TEAGUE AND OTHER KEY MEMBERS COULD GET THIS HANDLED IN REASONABLE WAY WITHOUT GIVING AWAY SUBSTANCE OF OUR POSITION.

GP-3. RUSK
BT

NOTE: Advance copy to S/S-O at 5:00 a.m., June 26, 1966

DECLASSIFIED
E.O. 12356, Sec. 3.4
NIJ 87-174
By mp NARA, Date 3-1-89

~~CONFIDENTIAL~~

28
Monday, June 27, 1966
1:00 p. m.

Mr. President:

The Prime Minister of Japan comes
through with redoubtable advice.

W. W. Rostow

4588

TOKYO ~~SECRET~~

~~SECRET~~

WWRostow:rlh

DECLASSIFIED
E.O. 12356, Sec. 3.4(b)
White House Guidelines, Feb. 24, 1983
By DCH NARS, Date 9-4-85

~~SECRET~~

June 27, 1966

FROM TOKYO (4588)

1. Prior to receipt of cancellation cable the Prime Minister had asked the additional question of whether the U.S. Government had any specific reason to believe that an operation of the type contemplated might have a decisive effect on the war at this time. He requested that this query be passed along to Washington but did not press for an answer.
2. When informed of the cancellation cable, the Prime Minister said he had seen stories from Washington about the operation and assumed this was a deliberate softening up of public opinion in advance, and said he thought it not advisable for the U.S. Government to weaken its stand or to yield to public opinion on this matter.
3. The Embassy was assured the Prime Minister will keep the exchange secure.

REISCHAUER

DECLASSIFIED
E.O. 12958, Sec. 3.6
NLJ 98-336
By Cb, NARA Date 9-24-99

~~SECRET~~

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

Monday, June 27, 1966, 12:35 p.m.

29

~~SECRET~~

MEMORANDUM FOR THE PRESIDENT

In the attached, George Ball asks your permission for us formally to withdraw our tactical nuclear weapons from French forces in Germany on July 1, when the French are de-
committing those forces from NATO assignment.

You will recall that in our April 12 aide-memoire we told the French we would have to do this, as a matter of U. S. law.

I have asked John McNaughton personally to check out the physical arrangements for withdrawal. He and I will make sure that the scenario will minimize the chance of any unpleasant incidents. [REDACTED]

3.4
(b)(2)(6)

If you approve, we will tell State and Defense to go ahead.

Fig

OK

Francis M. Bator

Attachment

Approve 1

Disapprove _____

Speak to me _____

SANITIZED
E.O. 13292, Sec. 3.5
NLJ 98-337 and NLJ 87-173
By us, NARA, Date 7-27-04

~~SECRET~~

29a

DEPARTMENT OF STATE
WASHINGTON

June 25, 1966

~~SECRET~~

MEMORANDUM FOR THE PRESIDENT

Subject: Withdrawal of Nuclear Weapons
for French forces in Germany

In our aide-memoire to the French Government of April 12, we advised them that once they withdrew their forces from NATO, our agreement to supply tactical weapons for the use of their forces in Germany "would by its own terms, cease to have application".

The French Government has rejected German requests that they delay withdrawal of their forces from NATO until satisfactory arrangements could be worked out to define their mission. France insists on pulling its forces out of NATO on July 1.

Under the circumstances I think we have no option but to take the formal act to withdraw our nuclear weapons in accordance with our aide-memoire. French representatives have let us know they are expecting this. This does not mean, of course, that the weapons cannot be returned in the event the French and Germans work out an arrangement for stationing French forces in Germany that meets our requirements--and, in fact, the French have indicated that they expect to negotiate with us with regard to nuclear weapons at that time.

Secretary McNamara and Chairman Seaborg are in agreement with this procedure and unless you see objection, I hope we can go ahead promptly.


George W. Ball
Acting Secretary

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E.O. 12958, Sec. 3.6

NLJ 98-336

By CL, NARA Date 9-14-99

~~SECRET~~

F 30

Monday, June 27, 1966

~~10:00~~ a. m.
11:00

MR. PRESIDENT:

Some of my colleagues on the White House Staff exhibited a bit of wholesome skepticism about my temperate optimism on the state of the world.

I thought you might be interested in the batch of material I sent them.

The material was developed for use in driving home what I hope will be our foreign policy campaign theme:

The world is on the eve of an era of peace and progress -- if we see it through in Viet Nam. Therefore we shall persist; and we shall succeed.

I shall be developing and sharpening the material in the days ahead.

W. W. Rostow

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

DECLASSIFIED
E.O. 12356, Sec. 3.4

NJ 87-172

By 118 NARA, Date 11-16-89

~~SECRET~~

June 27, 1966

MEMORANDUM TO: Bill Moyers Bob Komer
 Bob Kintner Governor Bryant
 Marvin Watson Barefoot Sanders
 Jake Jacobsen Larry O'Brien
 Douglass Cater James Moyers
 Joe Califano George Christian
 Harry McPherson Francis Bator
 Milton Serner

I wanted you each to have -- quite unvarnished -- the summaries of progress on the world scene, region by region, prepared by my staff.

The unifying threads running through them are these:

- the decline of extremists, Communist or otherwise: Castro, Nkrumah, Ben Bella, Sukarno, Mao, etc.
- the growing movement towards constructive regionalism in Latin America, Africa, and Asia;
- the slow acceleration and increased steadiness of economic and social progress in developing areas;
- the slow emergence of moderates, willing to damp down ancient quarrels, and live with their neighbors.

These do not mean our troubles are over. In some cases the improvement in the situation raises problems; for example, in Europe, focussing on how to play more promising East-West relations.

In other cases great issues remain to be surmounted; for example, white-black problems in Africa.

Throughout there is the challenge of our making the most of these potentially promising trends.

But it does mean that the Viet Nam struggle is:

- the dam behind which a dramatic turn for the better is taking place in Asia and the world;
- the grain of history runs against those in Hanoi and elsewhere who are, in a rather old-fashioned way, still trying to pick up other folks' real estate.

Enclosures

Walt Rostow

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MEMORANDUM

THE WHITE HOUSE
WASHINGTON

June 24, 1966

~~CONFIDENTIAL~~

MEMORANDUM FOR MR. ROSTOW

SUBJECT: Elements of Progress in Asia

DECLASSIFIED
E.O. 12356, Sec. 3.4
NJ 87-173
By ip NARA. Date 4-5-90

The best way to put recent **developments** in Asia into perspective is to recall how that part of the world **looked just** a few years ago. Let's take 1963 as a base point:

1. Communist China **was still regarded** as "the wave of the future" in much of Southeast **Asia**. They were thought to have the answers to problems of rapid industrialization: the rationale, intensive mobilization of manpower **and internal discipline**.
2. Traditional frictions and animosities were as deep as ever: (a) Japan and Korea were still **knifing each** other, (b) border frictions persisted between Burma and **Thailand, and Cambodia** and her neighbors, (c) the Viet-Nam conflict showed **no clear forward** motion -- which further helped divide states in **the area**, (d) Indonesia's disagreement with the Netherlands over West Irian **threatened** to get out of hand, (e) Indonesia was "confronting" **Malaysia**.
3. Several countries were **beset** with serious internal problems of political and economic instability: **South Korea, South Viet-Nam, Laos**.
4. Communism was **galloping forward** inside Indonesia.
5. There were no signs **of Asian** countries exploring the possibilities for effective regional and **sub-regional** cooperation.

Where We Are Now

1. Communist China, suffering **reverses** around the world (specifically in Indonesia) and **up against U.S. determination** in

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Viet-Nam, is no longer regarded as "the wave of the future" -- quite the contrary. China's nuclear explosions have not caused the extensive political fallout feared -- again probably because of the import of U.S. determination in Viet-Nam, which has reaffirmed the belief among Asian states that our power presence will continue to sustain their own efforts to remain independent of Chinese domination.

2. In place of rampant intra-regional functions we have accomplished the Korean-Japan Treaty, the resolution of the West Irian dispute, the near-end to the Indonesian-Malaysian confrontation, restoration of diplomatic relations between the Philippines and Malaysia and similar prospect between Indonesia and Malaysia, Burma is warming up to the U.S., the better outlook in Viet-Nam, of course, but the Cambodian situation is unchanged and border problems still persist.

3. Internal political situations have been better stabilized in South Korea, Laos and South Viet-Nam.

4. The PKI suffered a stunning reversal in Indonesia, preventing a Communist takeover.

5. A plethora of regional and sub-regional cooperative initiatives has evolved: ASPAC, ADB, ASA, etc., which hold great promise for a future Asian resolution of the region's own problems. Most important, our own view that our presence in Viet-Nam was buying time for the rest of Asia is now shared by the Asians themselves -- for example, Lee Quan Yew's celebrated speech.

Country-by-Country

1. Japan -- Nagging disputes on a series of bilateral issues and lack of understanding on larger problems have given way to partnership and candor. Major developments: (a) US-Japan -- Johnson-Sato talks of January 1965, civil air agreement, annual Cabinet Committee meetings, expanded consultation and cooperation on the Ryukyus; mutual understanding on the China and Viet-Nam problems, (b) Other -- Milestone of Japan-Korea settlement (1965); Tokyo Conference on Asian economic development (1966); Japanese participation in ASPAC.

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In brief: Japan's emergence as a full-fledge U.S. partner and a leader in Asian development and conciliation.

2. Korea -- Political instability, economic doldrums, and isolation from its neighbors have given way to robust and relatively stable democracy, economic take-off, and full participation both in Viet-Nam war and Asian regional arrangements. Major developments: Transition from military dictatorship to constitutional rule; successful Pak visit of May 1965; Japan-Korea settlement; troops to Viet-Nam; Seoul ASPAC conference (June 1966) and creation of new Council (500 percent export increase in three years); economic boom.

In brief: Korea no longer a fragile and isolated U.S. ward, but reconciled with its traditional enemy and potential protector, participant in new Asian regional initiative, and number one Asian contributor to Viet-Nam effort.

3. Taiwan -- Continued political stability, the highest economic growth rate in Asia, transformation from aid-receiving to aid-giving status; participation in ASPAC Conference; improved relations with other developing nations in Asia and Africa.

4. Indonesia -- Changes here are self-evident.

5. Philippines -- Johnson-Macapagal visit of October 1964, with good progress on many bilateral issues; Manila the headquarters of Asian Development Bank; dynamic new leadership of Marcos, after orderly democratic change of government; conciliation with Indonesia and Malaysia; new commitment to Viet-Nam; ASA revival; Maphilindo possibility; ASPAC.

6. Singapore-Malaysia -- Gradual reconciliation despite break -- foundation for a better relationship; reconciliation with Indonesia, etc.

7. Burma -- Transition from xenophobic isolation to increasingly friendly ties with the U.S., culminating in Ne Win visit.

8. Thailand -- Increasingly a leader in Asian developments; host for next year for Asian and Pacific Council; increasing cooperation with U.S. in meeting threat of communist aggression in Viet-Nam and Laos; rapidly expanding economy; staunch partners in Prime Minister Thanom and Foreign Minister Thanat.

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9. Laos -- Still suffering under communist attack, but doing far better in meeting this threat; growing disillusionment with Pathet Lao and possibilities of Communist cooperation in orderly government; Prime Minister Souvanna has become far more active leader; small improvements in economic life; better relations with South Viet-Nam and Thailand.

10. Australia-New Zealand -- Continuation of close ties with U.S. (Vice President's visit, their visits here, etc.); but new participation as Asians in Asia (Viet-Nam, ASPAC, etc.).

11. Communist China -- Self-evident: external policy failures and internal convulsion.

12. Regional highpoints -- ECAFE (Mekong), Asian Development Bank, Tokyo Economic Conference, ASPAC, ASA. Fresh winds of regionalism and sub-regionalism under Asian leadership.

Where Are We Heading?

Our goals must, of necessity, be generally stated. But these are among them:

1. Further progress in regional and sub-regional cooperative relationships leading to more collective self-reliance for resolving area economic, social and security problems.
2. More momentum in economic growth rates and greater self-reliance in food production.
3. Successful resolution of the Viet-Nam conflict and the convincing of Peking that further wars of subversion on the Viet-Nam model are useless.
4. Greater economic and political leadership on the part of the Japanese -- possibly linked to a stabilizing regional axis comprising Japan, Indonesia and India.
5. A mellowing in Peking's policies and the beginning of peaceful co-existence between China and the rest of the world.

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6. The drawing out of Burma and Cambodia from their self-imposed isolation from the rest of the region.

7. The gradual reduction of the U.S. power presence on the Asian mainland as Asians themselves work out substitute security arrangements only/ⁱⁿdirectly buttressed by U.S. Pacific power.

8. More rational trade relationships between Asian states and the West, and the integration of Asian economies in accordance with compatible small industrial development.

Bill

William J. Jorden

~~CONFIDENTIAL~~

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

June 24, 1966

MEMORANDUM FOR MR. ROSTOW

SUBJECT: Positive Developments in GTI and SOA

1. Turkey

Present government popularly elected by a substantial majority in free elections after six years of political uncertainty following a coup d'etat; heavy stress on economic development, strong on self-help measures; economy growing at average rate of approximately 5-1/2% for the past three years; committed to being independent of concessional assistance by 1973.

Military assistance arrangements now require the Turks to do the planning and decide on their own priorities within a fixed ceiling of MAP resources.

However -

Turks are increasingly nationalistic, wanting to reduce visibility of U. S. military presence, although still loyal to NATO and bi-lateral arrangement; now willing accept some economic assistance from Moscow, though remain deeply suspicious.

2. Iran

The Shah's white revolution has reduced his political dependence on the landlord class, brought him some popular support in rural areas and improved his image abroad. Economic performance has been spotty, but has progressed at roughly 5% per year for the last three Iranian fiscal years.

However -

The Shah remains committed to overly heavy military expenditures, straining his economy. He is attempting to become increasingly independent of the U. S. by diversifying his sources of military supply (which will increase his costs and complicate logistics) and by following a more overtly independent foreign policy, including improved economic relations with the Soviets.

3. Afghanistan

Domestic political changes have replaced anti-deluvian dictatorship with a more modern, elected regime representative at least of more highly educated class; bureaucracy's energies released to some extent for development. Relations with Pakistan have been substantially improved. Russian influence somewhat diminished.

However -

New regime under new constitution has difficulties in dealing with opposition, particularly students.

4. Pakistan/India

Both countries looked over the abyss in 1965. Since then they have shown greater restraint in their relations and are careful in assessing the costs of continued conflict.

In Pakistan substantial economic growth has continued.

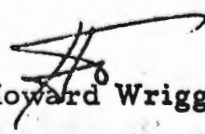
In India economic stagnation for a number of years and a new Prime Minister have brought new energy and courage to economic policy making. Two orderly successions have followed P. M. Nehru's death.

However -

Arms costs are now higher than before, and Soviet military assistance to India and Chinese military assistance to Pakistan are at new highs.

5. Ceylon

Instead of a Leftist anti-Western and ineffectual regime, free elections have brought a Government friendly to the West and now determined to get on with the necessary economic development.


Howard Wriggins

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DECLASSIFIED

E.O. 12356, Sec. 3.4

NIJ 94-409

By CU, NARA, Date 7-20-96

~~**SECRET**~~

June 24, 1966

WWR:

It is not too hard to build a list of undramatic but constructive developments in the Middle East 1964-66. That may be all you can use in public. However, for in-house purposes, a much more sophisticated argument clinches your line.

The big question is whether our basic position in the Middle East is stronger or being eroded. The long-run answer is that, while the Soviets continue to inch their way in, this is inevitable and the important thing is that we keep a base from which to protect our interests and to build the kind of Middle East that will stop the USSR short of eventual predominant influence a la Eastern Europe or Cuba. We are doing pretty well.

We have succeeded in maintaining satisfactory working relationships on all sides of a series of local disputes that have threatened to drive us and the USSR into opposing camps. We have long believed that splitting the Middle East is a major Soviet objective. Our interests in the area are wide and varied enough that we judge it essential to avoid that kind of split. Carrying water on both shoulders sometimes seems immoral and is always difficult. But for a power like the U.S. with its far flung conflicting interests there seems no other choice. The alternative is being driven to choose half our interests, sacrifice half and let the USSR pick up our losses.

In early 1964 shortly after President Johnson took office, we were writing that:

--1964 would be the year of the Jordan Waters crisis, forcing us to choose between Arabs and Israelis. The Arabs were strengthening their United Command and threatening to dry up the Israeli share of the Jordan.

--Cyprus would become the center of a minor war, forcing us to choose between two NATO allies with the USSR gaining from the split.

--Yemen would flare up again and force us to choose between defaulting on commitments to Saudi Arabia and opposing Nasser.

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None of these problems is solved. But none has erupted into the kind of showdown that would force us to take sides and effectively remove ourselves from the race in half of the Middle East.

Shortly thereafter we began worrying with the Israelis that a serious arms imbalance was developing against them with Soviet help. With a series of arms sales to both Arabs and Israelis in 1965 and 1966, we have temporarily succeeded in restoring a deterrent balance. While we have made modest moves toward dampening the arms race, they have not been ripe enough to avoid establishing a new balance of forces.

The USSR is making a new push in the Middle East, taking advantage of the new rift that seems to be opening between moderates and radicals and of neutralist pressures in Turkey and Iran. Recent modest successes in Damascus and Baghdad belong with the older Soviet position in Cairo and suggest that they are gaining ground. CIA argues that Soviet covert assets are building a formidable position. This argument demands consideration, but the fragile nature of Arab politics assures that the situation may change again and that the competition is still very much open. Soviet gains have been far less impressive than we feared in 1956. As long as we can avoid a complete split, we can compete.

The key question in assessing these developments is, who profits from Arab unity? The new unity of early 1964--via summits and United Arab Command--seemed a growing threat to Israel then. Now it is disintegrating again. Presumably we should rest easier. Our strategists have debated for years whether we gain more from Arab unity or from Arab fragmentation.

One side of the argument is that an efficient, united Arab movement backed by an integrated military could do a great deal of harm, although any such unity may be a pipe dream. One can also argue that, while we have nothing to lose from cooperation of like-minded Arabs or from Islamic friendship, our interests are better served by evolution of effective national centers than by a Nasser-dominated Arab union of some sort.

But it is discomfiting that Moscow is pleased with the breakdown of Arab unity. The disadvantages of this spring's new fragmentation are that:

--It sharpens the Cold War confrontation in the Middle East and gives the USSR new encouragement to fashion a pro-Soviet camp.

--Nasser is pretty rational in calculating Arab chances in a fight with Israel, and he actually dampened down the more radical talk of driving

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- 3 -

Israel into the sea. Now the restraining influence of mild-tongued Arab unity is lifted. While Nasser may not feel any readier to drive Israel into the sea, he may feel forced to talk a more radical game in order to stay in line with his radical company. This talk encourages groups like the Fatah and PLO.

--When Arabs are squabbling, both Israel and the US are convenient scapegoats, so tension and chances of a flareup increase.

While on balance, the widening Arab split may seem a modest setback for us, Israel is a success and clearly here to stay--partly because of our help, largely because of Israeli's own efforts. Whether our support for Israel in 1948 was right or wrong, this has been a main tenet of our Middle East policy. Our purpose now is to buy time for an Arab-Israeli accommodation. While Arab-Israeli animosity is as great as ever, winds of change have begun to blow in the past year. The new Israeli government (particularly Eban) is seriously looking for bridges to build to the Arabs. Bourguiba on the Arab side has broken the solid Arab line that Arabs and Jews can never coexist. Resolution is far off, but the seeds of detente may be in the ground.

On balance, then, the real answer to your question is that, since 1964, we have surmounted a steady stream of problems that could have undermined our stance in the Middle East. Since our main purpose is to stay there and plug away at basic development, we can argue that we have bought time for the undramatic achievements which are going our way.

Hal Saunders

~~SECRET~~

~~SECRET~~

June 24, 1966

POSITIVE DEVELOPMENTS IN THE
MIDDLE EAST, 1964-1966

Jordan--Some hope for economic viability at last. It's still a while off. But real GNP is rising at 10% annually, and tourism, agriculture and mineral exports promise resources to work with.

UAR--Despite serious economic troubles, solid hope for oil development and some economic progress (per capita GNP rose from \$123 to \$150, 1963-65).

Saudi Arabia--Economically self-sufficient with a growth-rate estimated at 7-10% yearly, a sound fiscal base established by Faisal and a modest but expanding program of social and economic reforms.

Israel--A success story beyond all expectations. \$1250 per capita GNP.

RCD--The Organization for Regional Cooperation and Development set up in 1964 alongside CENTO showing a surprising degree of thought and planning for economic and technical cooperation among Turkey, Iran and Pakistan. Not much concrete achievement but far more than an empty show-piece.

Regional Trade conference--Being organized by Afghanistan for this summer including Iran, Pakistan, USSR, maybe India.

Water--Some beginnings of Turk-Iraqi-Syrian discussion on equitable management of the Euphrates River basin. US influence via negotiations on loan for Turkey's Keban Dam.

Arms races--Hopeful if limited signs that both Nasser and Israelis may be looking for a way out. (Nothing can be said about this publicly.)

DECLASSIFIED

E.O. 12356, Sec. 3.4

NLJ

87-173

By ip

NARA. Date 7-5-90

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

Limited Official Use

June 24, 1966

MEMORANDUM FOR WALT ROSTOW

SUBJECT: Latin America: Progress Over the Past Two Years

There follows the statement you requested:

"The diversity of Latin America makes it dangerous to generalize. But as a region it confronts problems common in varying degrees to most, if not all, its members: political and economic instability; weak institutional structures; inadequate political leadership and cadres of managers; and explosive population growth threatening to outrun food production, housing, schools, and jobs. Basically there is not a lack of human and material resources -- but a lack of rational utilization of what is available.

"The Alliance for Progress is our -- and the Latin American-- blue print and mechanism for meeting these problems. By attacking the economic and social deficiencies the Alliance effort is also achieving solid gains in the political field. An enormous amount of ground remains to be covered. Five years of the Alliance represents only a beginning -- but it is a beginning which shows positive results and holds great promise.

"In the political field we see emerging in the hemisphere a new dynamic, democratic leadership. These men have come to the forefront in the past two years: Diaz Ordaz in Mexico, Frei in Chile, Belaunde in Peru, Leoni in Venezuela, Mendez Montenegro in Guatemala, Lleras Restrepo in Colombia.

"The advances are also reflected in a growing political stability. Except for the upheaval in the Dominican Republic, there have been no irregular changes in governments in Latin America since November 1964. In the four preceding years there was an average of three coups per year.

"Another yardstick for political stability is found in respect for election results. Two hotly contested elections in Central America this year saw the opposition candidate win by narrow margins. In both instances, the popular mandate was respected.

Limited Official Use

"Two years ago there were more than half a dozen de facto regimes in the hemisphere. Today this number has been reduced to three -- Bolivia, Brazil and Ecuador -- and in each the government is preparing for elections during 1966.

"On the economic front Latin America as a whole exceeded the Alliance for Progress target of 2-1/2% per capita growth rate during 1964 and 1965. The fact that ten Latin American countries have already submitted development programs, that fourteen now have major tax reforms underway and that fourteen have instituted land reform programs is further evidence of how the Alliance is transforming institutional patterns in the hemisphere. The acceptability and confidence won by CIAP as a frank and objective partner to governments in the preparation and execution of their development programs represents another solid gain of the past two years.

"One of the most dramatic indications of progress is to be found in the Central American Common Market where the growth rate is almost 7%. But equally significant is the way in which some countries -- like Argentina, Brazil, Chile and Colombia -- have, during the past eighteen months, reversed the downward plunge of their economies. Each of these countries has taken major strides in curbing inflation, bringing their budgets into more rational balance, and improving their balance of payments position. Others, like Uruguay and Ecuador, have begun to tackle their serious problems.

"But despite the gains, the problems of Latin America on the economic and social side remain acute. As an average, per capita income in Latin America is about 1/10th that of the United States. Despite the population explosion of 3% annually, food production is increasing at only about 1%. Levels of literacy remain low and over 43.5 million children are not able to obtain schooling. All the members of the Alliance must work harder on education, agriculture and housing.

"Progress on the political and economic fronts have had their favorable impact on the hemisphere's security position. Moscow and Havana have little to show for their efforts since the communist subversive effort received new directions in the meeting of the Latin American Communist Parties in Havana in November 1964. Our action

in check-mating the Communists in the Dominican Republic was protested but the lesson understood, particularly in Havana.

"Communist elements in Peru initiated guerrilla operations in Peru in the summer of 1965. The Peruvian Armed Forces, with units that we helped train, reacted swiftly in bringing the movement under control before it could get a firm hold. In Venezuela, the security forces have contained the guerrilla-terrorist elements of the FALN and in recent months inflicted serious reverses. Communist subversion in other countries has made no significant headway.

"The increased Latin American awareness of the security threat (for which we have long campaigned) and the increased capability of the Latin Americans to deal with subversion (due in considerable part to our police and military programs) are heartening developments. There is no room for complacency, but we can derive satisfaction from the progress made. Our modest security assistance to Latin America (\$80 million annually) is small enough an investment to protect our major investment (\$1 billion annually) in the economic, social and political development of the area.

"We have also made progress in the past year in strengthening our multilateral machinery. In Rio de Janeiro last December, the American governments traced guidelines for modernization and strengthening of the inter-American system. The guidelines have now been translated into specific amendments to the OAS Charter. The American Foreign Ministers will meet in August in Buenos Aires to give final approval to these changes.

"Another initiative designed to invigorate and strengthen inter-American cooperation is Argentine President Illia's proposal for an OAS summit meeting. President Johnson has given his strong endorsement. Preparations are underway for a meeting toward the end of 1966. The meeting will focus on opening new paths and breathing new energy into the Alliance for Progress."

WGB
WGBowdler

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MEMORANDUM

THE WHITE HOUSE

WASHINGTON

Friday, June 24, 1966; 12:00 noon

WWR;

SUBJECT: Silver Linings in Africa


It goes without saying that optimism about Africa must be very cautious -- more so, in my opinion, than for any other region in the world. As you know, we are looking down the barrel of real trouble in southern Africa, and the odds favor serious problems in Nigeria, Sudan, and Ghana as well.

There is a brighter side, however, of which the following seem to me the main points:

1. The major upheavals of the recent past -- excepting Rhodesia -- have generally tended toward:
 - a. better relations with the U. S., and
 - b. regimes with more interest in internal development and less in foreign adventures:
 - Nkrumah's deposed in Ghana are tackling their financial miseries with a will, and the U. S. is enjoying a honeymoon (though the latter is threatened by a hassle over support prices for cocoa).
 - Ironsi is making an earnest (though perhaps inadequate) effort to pacify the warring tribes of Nigeria, on a platform of civil liberties and economic progress.
 - Boermedienne is a moderating influence in Algerian politics, and seems up to the task of getting attention focussed on the glaring economic problems of the inland Arabs.
2. The Congo is quiescent, though far from settled. We can't claim much more than cessation of major violence, but even that is quite a lot when one considers the outlook three years ago.
3. The Bloc, particularly the Chinese, have suffered severe reverses in rather clumsy attempts to move in. The expulsions in Ghana and Burundi were particularly summary and disappointing.
4. The African Development Bank has materialized through genuine local initiative. The economic significance of the Bank will not be great, but the political value of a self-starting continental institution is great.

- 2 -

We cannot take direct credit for any of these events, but it cannot be denied that they reflect the influence of our policy directions. We should promote them at every opportunity -- taking care to avoid the kiss of death.



Ed Hamilton

EUROPEAN BOX SCORE

Twenty-one years after the First World War, Europe's conflicts and ambitions ~~had~~ produced World War II. Now, twenty-one years after that struggle, Europe is further from being the cause or the cockpit of a new world conflict than at any time since 1945. It is becoming a truism that NATO's problems are the consequence of its success. West European prosperity has also had its relaxing effect. We are worrying -- rightly -- about the dangers of over-complaisance, not the immediate peril of war.

- We have successfully closed off Soviet post-war hopes for hegemony in Europe. Our integrated NATO forces have provided an effective defense on the continent itself. Successive Berlin crises have made clear our determination to protect Berlin. The Cuban missile crisis of 1962 convincingly demonstrated American will with respect to our nuclear deterrent. The Marshall Plan helped eliminate any threat of internal communist take-over in France and Italy.

A Major Source of Internal Strength: European Economic Community.
The recent crisis in the EEC has demonstrated the likely permanence of its institutions.

- Since the end of the French boycott, the British, Danish, Swedish and Spanish Governments have indicated their desire to join.
- The Six are ahead of schedule on tariff reduction within the Community.
- On June 13-14 of this year the Commission was authorized to prepare for the final phase of the Kennedy Round.

Major Country Situations

Britain continues to play a world role, despite its economic difficulties.

- The UK is holding to its commitment East of Suez -- British support of Malaysia has been crucial during the confrontation with Indonesia.
- The UK has been steadfast in its support on Vietnam. There
- There is evidence that Britain is preparing to move into Europe as fast as Europe's economic institutions and France's political attitude will permit.

- Since 1963 Britain's public and private aid to the developing world has risen to almost a billion dollars a year; public loans are interest free.

France has achieved considerable political and economic stability since Indo-China and the Algerian War.

- Since 1962, France's gross national product has risen by 4.9% a year.
- Her public and private assistance to the developing world (mostly West Africa) has been running at about a billion-and-a-third dollars a year.
- DeGaulle remains a stumbling block to faster European integration and sensible Atlantic arrangements. But the underlying loyalty of France to the West is not in doubt.

The Federal Republic of Germany has achieved stable, moderate, responsible government. Irresponsible nationalism has been held firmly in check, with every extremist movement in post-war Germany a failure. The most recent of these, the Nationalist Party of Germany, commands less than 2% of the vote.

- Germany's 400,000 soldiers in NATO's integrated force represent the greatest land-based contribution to the common defense of any country, exceeding even that of the United States.
- Germany's economy, growing at an annual rate of about 5%, has eliminated unemployment and provided jobs for over a million foreign workers. Germany's aid to the developing world is running at two-thirds of a billion dollars a year.
- Western initiatives are producing some erosion of the hard barriers that have divided both Europe and Germany. The proposed debates between the German Social Democrats and Pankow's leaders reflect this change.

In Italy, the threat of economic collapse and Communist take-over -- so real in 1945-48 -- has given way to economic expansion and considerable political stability. In the decade 1956-1965 Italian GNP rose 70.1% (averaging 5.5% a year). The recent recovery (following the recession of 1964-65) demonstrated Italy's continuing economic strength.

- Politically, Italian democracy has gained from the Socialist-Communist split and the Socialists entry into the government. The center-left coalition has made liberal democracy work at home, in combination with a sturdy foreign policy of support for NATO -- and for European economic integration. Since 1963 the Communists have lost ground in three successive rounds of voting.

Communist East Europe is undergoing a quiet revolution. National self-assertion, internal liberalization, and progress in re-association with the West, are the order of the day. Economic decentralization and reform in the Soviet Union and Eastern Europe represent flattery-by-imitation of the West.

The renewal of the Catholic Church may be a more fundamental influence for political, social and economic progress than many of us now realize.

Problems For the Future

There is an agenda of pending European questions, still unsolved. It includes:

Short Run

- the resolution of the NATO crisis in constructive integration and development, with ultimate reconciliation with France;
- the expansion of the Common Market to include Britain and other EFTA countries;
- a successful conclusion of the Kennedy Round before June 1967.
- a successful conclusion of negotiations on international money.

Long Run

- German reunification and a peace settlement in Central Europe;
- the building of a European community embracing East and West in the context of an Atlantic partnership;
- disarmament, non-proliferation of nuclear weapons, and effective arms control with an appropriate German role;
- an adequate European ^{role in} program of assistance to the developing world.

Francis M. Bator

Nathaniel Davis

Monday, June 27, 1966
10:20 a.m.

58 31
6/27

MR. PRESIDENT:

Herewith two cables from
Secretary Rusk.

The cable on Holt suggests the
importance of his National Press
Club performance on Thursday.

W. W. R.

(Canberra SECTO 20
" 19)

~~TOP SECRET~~ attachment

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~~SECRET - NODIS~~

Monday, June 27, 1966

TEXT OF CABLE FROM SECRETARY RUSK (Canberra, SECTO 19)

Eyes only for the President and Acting Secretary

I had a forty-five minute talk with Prime Minister Holt this morning and found him one thousand percent in support of what we are trying to accomplish in Southeast Asia. I expect, therefore, that his visit will be most helpful.

I would hope that he could be given exposure to some of our Congressional people. It seems to me that his visit should be in the framework of an ally meeting its responsibilities. Putting together their enlarged forces in Vietnam and their forces in Malaysia, their effort has been entirely respectable, particularly when we take into account the military establishment with which they started two years ago.

In other words, we should help ourselves by bragging on the Australians and not subject them to the question, "Why don't you do more?"

The impression I have gotten during the day from chit chat from Australian political leaders, including some Labor Party opposition, is that the Government will take the Vietnam issue into the next election in a very strong position in so far as Australian public opinion is concerned. We have friends here and Holt's visit should underline this fact.

DECLASSIFIED
E.O. 12356, Sec. 3.4
NLJ 87-174
By mg NARA, Date 3-1-89

~~SECRET - NODIS~~

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Monday, June 27, 1966 10:20 a.m.

MEMORANDUM FOR THE PRESIDENT

SUBJECT: News Media Contacts, Saturday, June 25, 1966

Bill Chapman, The Washington Post, telephoned and asked if there was any truth to the story out of Saigon that we were going to attack the dumps in the Haiphong-Hanoi area with B-52's. On a background basis, I told him it is contrary to government policy to discuss future military operations; but, because of the story, I could tell him there is no decision to attack those targets.

John Pomfret, New York Times, telephoned to ask if the "citizens' white paper" had been called to my attention. I told him that a copy had come to me, but I had not had time to look at it, except for a cursory glance. He remarked that it looked like the sort of thing that might wind up at the bottom of the pile. He asked if anything going on with the Rumanians is of any significance. I stated that is an old contact. Every single contact -- and there are a great many -- and every bit of information we had indicates they are not prepared to negotiate. And that was right down to this afternoon at 3:12 p.m., Saturday, June 25.

William S. White, came in at 3:45 p.m. and stayed until about 4:25 p.m. I discussed with him hopeful trends on the world scene, notably in Asia, which made the struggle in Viet Nam not merely a matter of resisting aggression but providing a screen behind which a new, free Asia was being born. I gave him Prime Minister Lee's (Singapore) statement on Viet Nam, suggesting it might make an interesting column. I plan to give him further materials to support this broad theme.

W. W. Rostow

WWRostow:rlh

Monday, June 27, 1966 -- 10:00 a. m.

Mr. President:

Bill Connell, assistant to the Vice President, asked me to place before you for decision the following matter.

President Truman has pressed the Vice President -- and has, according to Connell, written to you urging that the Vice President represent Mr. Truman in Israel on the occasion of the opening of the Truman Center for the Advancement of Peace, on July 11. The Vice President is committed on July 12 at a Presidential Club dinner here at home. He asked for your decision as to whether he should go to Israel on behalf of President Truman or stay with his commitment to the Presidential Club.

W. W. Rostow

Go to Israel _____

Keep commitment to Presidential Club ☒ _____

WWRostow:rlh

Monday, June 27, 1966

MEMORANDUM FOR THE PRESIDENT

The attached report on Public Law 480 could be rewritten to replace the phrase "Food for Peace" with "Food for Freedom" only if the two attached Executive Orders were amended. The first sets up the Food for Peace program and the second outlines the duties of the Director of the Food for Peace program.


Public Law 480 makes no use of the phrase "Food for Peace."

The new legislation covering PL 480 will use the phrase "Food for Freedom." Consequently, as soon as it becomes law, the two Executive Orders cited above will be amended to conform with the new version of the legislation.

A revision of the report would cause some confusion because the program has been known as "Food for Peace" since 1961. The new name can best be introduced at the time of the approval of the new law. Even if PL 480 is not superseded by a new law, the Executive Orders would be changed at the time the Food for Freedom Act comes into effect.

I recommend that the report go forward as drafted and that the Executive Orders be amended as soon as the fate of the Food for Freedom Act is known.

W. W. Rostow

- 
_____ Send the report forward as it stands
- _____ Revise it to use the phrase "Food for Freedom" and amend the necessary Executive Orders

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DEPARTMENT OF STATE

WASHINGTON

June 23, 1966

MEMORANDUM FOR MR. WALT W. ROSTOW
THE WHITE HOUSE

Subject: Effect of Food for Freedom Act on Food-for-Peace Director


The Secretary of State, by Executive Order, is Director of the Food-for-Peace Program and is assigned responsibility for "continuous supervision and coordination" of the operational functions of the several agencies carrying out P.L. 480. He, in turn, has redelegated the carrying out of this responsibility--principally to the Special Assistant, Food-for-Peace.

The functions of the Director of the Food-for-Peace Program are thus tied to the functions of other agencies as specified in the basic Executive Order (No. 10900) assigning responsibility for administration of P.L. 480. Those operating functions may be changed as a result of the Food for Freedom proposals, and this would affect the responsibilities of the Secretary of State, or his subordinate, as Director of the Food-for-Peace Program. But, if P.L. 480 were not actually superseded by the new law, and Executive Order 10900 remained in effect, there would be no direct effect on these coordination and supervision functions as such.

To the extent that the operational functions to be coordinated and supervised are changed or shifted or removed by law from Presidential control, therefore, the functions of the Secretary of State and his Special Assistant would be affected but only indirectly.

Since we no longer expect that P.L. 480 will be superseded by the Food for Freedom Act--only amended--no new Executive Order is strictly necessary to retain the present supervisory and coordinating functions of the Secretary of State. A new substantive Executive Order will be needed in any event, however, to provide for new or changed operational responsibilities under the Food for Freedom legislation, and the responsibilities of the Director could no doubt be reviewed at that time.

A more detailed analysis of the relationship between the Director of the Food-for-Peace Program and the new legislation is enclosed.


Benjamin H. Read
Executive Secretary

Enclosure:
Memorandum.

MEMORANDUM

Subject: Effect of Food for Freedom Act on Food-for-Peace Director

Basic Executive Order

The substantive functions of the Director of the Food-for-Peace Program were established by Executive Order 10915 of January 24, 1961, which amends the basic Executive Order for P.L. 480. An accompanying memorandum from the President to heads of agencies described those functions in greater detail. The order and memorandum are set forth at the end of this memorandum. (References in those two documents to section 402 of the Mutual Security Act are not relevant here because there are no current activities under that section.)

Transfer to Secretary of State

Executive Order 11252 of October 23, 1965, which is also at the end of this memorandum, shifted the functions provided for in the 1961 order without affecting substance. The shift was from a special officer directly responsible to the President to the Secretary of State. This 1965 order also established a Special Assistant to the Secretary and designated the salary level for that officer. The Secretary of State later redelegated to the Special Assistant those functions established by Executive Order 10915.

Effect of Change in Law

Because Executive Order 10915 is an amendment to Executive Order 10900, which in turn assigns Executive responsibilities under P.L. 480, any significant changes in the basic law would affect the functions of the Director of Food-for-Peace. The effect is indirect because his functions are not directly tied to any specific provisions of P.L. 480.

The Administration bill embodying the new Food for Freedom proposals would have repealed P.L. 480, necessitating an Executive Order superseding Order 10900. The House of Representatives, however, has changed the format for the proposals into an amendment to P.L. 480. The Senate is not likely to change that aspect of the House bill. Therefore, after completion of congressional action Executive Order 10900--at least in theory--could be retained.

Minimally, there would have to be consequential changes in references to sections and titles. In fact, there would be some

major changes. Before the Food for Freedom proposals were submitted to Congress, the agencies concerned had agreed that a new substantive Executive Order would be needed to provide the necessary inter-agency guidance to the Secretary of Agriculture in his determination of the agricultural commodities required for disposition under the new Act. Section 401 of the bill as passed by the House contains the authority requested by the Administration in this respect, so the same need for a substantive Executive Order would exist if P.L. 480 were amended and not superseded.

Accordingly, if Executive Order 10900 were amended to make technical changes, substantive changes, or both, section 6 would not have to be changed (except perhaps in name) to preserve the Director's supervisory and coordinating role over the comparable Food-for-Freedom functions. If an entirely new basic order were issued, new provision would have to be made for the responsibilities of the Director.

June 27, 1966

MEMORANDUM FOR ROBERT E. KINTNER

Attached is a toast for use by the
President at his luncheon for Australian
Prime Minister Holt on Wednesday, June 29.

W. W. Rostow

Att.

A TOAST

BY THE PRESIDENT OF THE UNITED STATES
TO THE RIGHT HONORABLE HAROLD HOLT,
PRIME MINISTER OF AUSTRALIA

Mr. Prime Minister:

I would like to welcome you here with a few lines of poetry.

For a poem is sometimes like a picture -- it can be worth a
thousand words of prose.

"I love a sunburnt country,

A land of sweeping plains,

Of ragged mountain ranges,

Of droughts and flooding rains.

I love her far horizons,

I love her jewel-sea,

Her beauty and her terror --

The wide brown land for me...

"An opal-hearted country,

A willful, lavish land --

All you who have not loved her,

You will not understand --

Though Earth holds many splendours,

Wherever I may die,

I know to what brown country

My homing thoughts will fly."

Any American who read those words would think of this broad land -- of its plains, its mountains, and of the seas that surround it. No man from Texas could help think of the sunburnt country, the "wide brown land" that is home.

And an Australian, Mr. Prime Minister -- what would he think of? Surely of his homeland.

For these words were written by an Australian -- about Australia.

Our countries could hardly be farther apart -- physically.

Yet we could hardly be closer -- in spirit, in tradition, in outlook.

We are both of us an immigrant people -- men and women who crossed wide oceans to make a new world.

We found rugged and largely empty continents. And we carved from them new nations.

Both of us believe in hard work.

Both of us believe in the importance of the individual.

And both of us believe in government as the servant of the people.

Ours is a heritage of human rights -- and of responsibility.

Our highest hope is peace. But when duty summons, we are there.

And we have become accustomed -- when duty calls -- to be there together -- shoulder to shoulder -- as we were in North Africa and in New Guinea, at Savo Island and in Korea, and as we are now in Viet-Nam.

Today, in your capital of Canberra, our ministers are meeting as partners in SEATO. Tomorrow, they will be meeting as partners in the ANZUS Treaty. In these, as in most other enterprises that occupy us, we are working together.

And so, pray God, shall it continue to be.

For our friendship -- and our cooperation -- is among our greatest treasures.

We welcome you back to the United States, Mr. Prime Minister -- as the leader of the Australian Government and people, and as a valued partner in the common cause of peace with justice.

A very wise man of antiquity once said:

"A faithful friend is the medicine of life."

And so, we fear no illness.

Gentlemen, please join me in a toast to the Prime Minister of the Commonwealth of Australia.

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

June 27, 1966

36
Pres. file

MEMORANDUM FOR THE PRESIDENT

Attached is a transcript of King Faisal's press interview remarks on the Jews and Israel.

You will note that the interpreter did not read to the King in Arabic the exact question the MC read to the audience in English.

The King was at pains to distinguish between Jews native to Palestine, who had every right to live in Palestine. He and his government are not enemies of the Jews as Jews, but they are enemies of aggression -- and Zionists have committed aggression by bringing non-Palestine Jews to Palestine and forcing the local Arab population out of their homes.

All of this is not a new Arab position but is familiar from the days of the Palestine war in 1948.

Walt R.

NEAR EAST AND SOUTH ASIA DIVISION

June 27, 1966

Remarks of King Faisal on the Jews and Israel

(A partial transcription of King Faisal's press conference at the Statler Hotel in Washington on June 22, 1966; recorded, transcribed, and translated by the Voice of America's Arabic Service)

MASTER OF CEREMONIES: Your majesty, we have a number of questions about Israel and the Jews. One question is subtly phrased: "Which is the greater enemy, The United Arab Republic or Israel?" One fellow says, "Are you people still interested in driving Israeli (sic) into the sea?" Another is "Will your country boycott any American company doing business if that country invests in Israel?"

INTERPRETER (ARABIC): "Which of the two countries do you consider the greater enemy of your country, the United Arab Republic or Israel?"
hearing

KING FAISAL (ARABIC): The truth is, I regret hearing such a question because it is totally contrary to the truth. The United Arab Republic is our sister country...and its people are our brothers. Whatever disagreements of opinion or emphasis might take place, it will still be impossible for us to change our feelings or our emotions about our brothers.

INTERPRETER: I regret very deeply this question because it is very much contrary to the truth. The United Arab Republic is a sister country of ours. The citizens of the United Arab Republic are our brethren. No matter what disagreements may arise between us and them, they remain our brethren. (THE INTERPRETER THEN READS THE NEXT QUESTION TO THE KING IN ARABIC; NOTE THAT THIS IS NOT THE SAME QUESTION READ BY THE MASTER OF CEREMONIES) "For what reasons does Saudi Arabia impose restrictions on Jews who desire to enter the Kingdom of Saudi Arabia?"

KING FAISAL (ARABIC): The reasons...because unfortunately the Jews around the world support Israel and provide her with aid and contributions. In our present situation we are obliged to consider him who helps our enemy as our enemy.

INTERPRETER: "The reasons are that unfortunately the Jews throughout the world support Israel. They provide assistance to Israel. And, in our present situation, we consider those who provide assistance to our enemy as our own enemy. (INTERPRETER THEN READS THE NEXT QUESTION IN ARABIC) "Do you still intend to destroy Israel and throw her into the sea?"

*LIT. "Directions, trends."

KING FAISAL (ARABIC):

As a matter of fact I would like to dwell on this point for a little bit. What is understood in this country and other countries around the world--as a result of what has been disseminated by Israeli propaganda--is that we wish evil to the Jews, or that we wish to throw every Jew into the sea. But we have neither intended this nor sought it. We have at all times recognized those Jews who are of Palestinian origin and who did not come from elsewhere as Palestinian citizens living with their brothers and fellow citizens, the Arabs; but Israel, and behind her world Zionism, has created the impression that we are enemies of Jews as Jews. This is not the truth (Lit.; this is other than the truth). We are the enemies of aggression. Israel has committed aggression against the Arabs in their own homeland, has expelled them and scattered them from their homes and their lands and has cast them into camps and centers for refugees; and has filled their country with other people who in their origins have no connection with the Jews of Palestine and no connection with the country they now occupy. They have come from many diverse countries in all parts of the world. For this reason we do not recognize them as Palestinians. Instead we consider them as alien to the country, which they occupied by force, expelling its inhabitants. In our opinion this is a flagrant violation of the rights of the individual, of human rights and of the right of every people to its own homeland.

INTERPRETER:

I would like to dwell a little bit on this point. This impression has been spread around by Jewish propaganda throughout the world. It has never been our aim, our objective, to exterminate Israel and throw it into the sea. We have always recognized the Jews of Palestine as being co-citizens with the Arabs, at that time, in Palestine. But Zionism has, through aggression, taken over that country, occupied it, thrown its people out of it, many of them; hundreds of thousands of them have become refugees. They are scattered all over; they have no homes. Jews from outside of Palestine come into that country and took the place of its original inhabitants, and, to us, such people, Jews who have come from outside Palestine, are aliens. They have, by aggression, taken over a land which belonged to its inhabitants. This we consider a violation of every human right, a violation of the right of the person to his own home. (DURING THIS TRANSLATION KING FAISAL SPOKE TO THE INTERPRETER AND EVIDENTLY CHANGED SOMEWHAT HIS ORIGINAL ANSWER THESE FURTHER REMARKS ARE INAUDIBLE ON THE TAPE.)

MASTER OF CEREMONIES:

You majesty, a series of questions about oil.....

June 27, 1966

Dear Ellsworth:

Your letter of June 24 meant a good deal to me. You and I have been through a great adventure in the Dominican Republic.

A President can decide -- amidst all the uncertainties and difficulties -- what he believes is right. But it only comes right if there are wise and strong men who have the capacity to see it through.

In your public career you have done many remarkable things. I count on your doing more. But your achievement in the Dominican Republic will have a special place in my heart -- and in your country's history.

Sincerely,

/s/

LBJ

**The Honorable Ellsworth Bunker
United States Representative on the
Council of the Organization of American States
Department of State
Washington, D. C.**

LBJ:WWRostow:rlh

37a

1. map
2. Pres file

Sunday, June 26, 1966
12:25 p.m.

Mr. President:

Herewith a proposed reply
to the letter from Ellsworth
Bunker.

W. W. Rostow

WWRostow:rlh



UNITED STATES REPRESENTATIVE ON THE COUNCIL
OF THE ORGANIZATION OF AMERICAN STATES

DEPARTMENT OF STATE
WASHINGTON 25, D. C.

June 24, 1966

*Re: This
Instruction*

Dear Mr. President:

Your more than generous comments at your press conference last Saturday about my part in the Dominican situation during the last year have touched me deeply.

Any contribution I have been able to make toward a solution of the crisis and the establishment of a constitutional government has been possible only because of the constant and unwavering backing and encouragement I received at your hands. The holding of elections in an atmosphere of complete order and calm is not only a victory for the Dominican people but is also indisputable testimony to the soundness and wisdom of the policy you have pursued in this most complex and difficult situation. Your confidence and support have been a source of deepest satisfaction to me and as you know, I am always yours to command.

Sincerely yours,

Ellsworth Bunker
Ellsworth Bunker

The President,
The White House.

*Walt
or
61-*

June 27, 1966

Dear Mr. President:

I was greatly moved by your letter of June 15.

The talk I gave on Memorial Day came from my heart. I am grateful that you understood and responded to what I tried to say.

The people of the United States have been engaged now for a generation in hard and complicated tasks in many parts of the world. We have been working with others to defend freedom and to help build a better life for people on every continent.

What has made this worth while -- whether it is fighting in Viet Nam or working with our friends in the Alliance for Progress -- is that we have fought and worked side by side with others who shared a common vision of freedom, peace, and progress.

Your letter confirmed this feeling of brotherhood in purposes larger than any nation.

For that reason, I wish to tell you directly and promptly how much it meant to me for you to write.

Sincerely,

/s/

LBJ

His Excellency
J. J. Trejos Fernández
President of Costa Rica
San José

LBJ:WWRostow:rlh

1. *msg*
2. *Pres file*

Sunday, June 26, 1966
12:20 p. m.

Mr. President:

Herewith a proposed reply to
the good letter from the President
of Costa Rica.

W. W. Rostow

WWRostow:rlh

The President of the Republic of Costa Rica

Roston
B. U. WHITE
TO
DATE
OAS

San José
June 15, 1966

Mr. Lyndon B. Johnson
President of the United States
of America
Washington, D. C.

Very distinguished Mr. President:

I have had the opportunity to read the fine and brilliant speech which you delivered on last Memorial Day, and also the heart-felt prayer for peace which was made public on Thursday, May 26th.

I have followed your thought through those inspiring talks with profound emotion, and I have meditated again and again on the lessons of inestimable value which they offered to all of us who believe in democracy and are confident of the final victory of the ideals of Jefferson, Lincoln and Roosevelt.

I believe as you do, Mr. President, that the house of peace must be constructed by the effort of men, stone by stone; that peace, if it is to be effective and lasting, can only be reached through respect for law and not through the ephemeral victories of force; that the moment to oppose aggression is the very moment it begins; that the power of nuclear arms and the development of means of transportation and communication tend to make our world one with increasingly more limited perspectives, a single great family of nations, in which no one can feel indifference for the problems of others, and further that the maintaining of peace is a collective obligation of all nations.

It has fallen to the people of the United States of America, in recent decades, to give life to those principles, fulfilling the noble and generous role of the champion of liberty and independence in the struggles provoked against weak nations by the powerful enemies of democracy. Upon accepting this historic responsibility with courage and decision, the North American people and their leaders have showed themselves worthy a thousand times over of the admiration and the gratitude of men and nations who know how to appreciate the imperishable value of liberty and the respect of human dignity.

DECLASSIFIED

E.O. 12356, Sec. 3.4

NJ 87-172

By rip NARA, Date 11-16-89

All these nations, all these men, not just the United States of America, are all of us in debt to the heroic members of the Armed Forces of your country who risked their lives, and have fought and died, in the mountains of Greece and Korea, on the beaches of Kinman and of Vietnam or in the skies of Berlin. Edner and Anderson, Williams and Goodwin, Mendendorp, Davis and Lynn, as well as the others whose symbol they are, have fallen in the struggle for an ideal common to all free nations; they are heroes in the eternal struggle of man for the survival of good on earth. Their names belong to humanity, without losing their right to be considered as dearly beloved sons of the United States of America.

I have asked the Ambassador of my country, who is accredited to you, Mr. President, when he makes his official visit to present his credentials, to give to you this personal letter of mine as a mark of my respect and admiration for the valiant soldiers of the American Army who are today exposing their lives in the jungle and on the beaches of Vietnam, just as they did yesterday in the mountains of Greece and Korea in order that the flame of freedom and democracy in this divided world may not go out.

In transmitting this message, I am pleased to express my greatest consideration and appreciation.

J. J. Trejos Fernández
President of Costa Rica

1. susp
2. Pres file

Sunday, June 26, 1966
1:30 p. m.

Mr. President:

Herewith a proposed reply
to Mike Mansfield, which tries gently
to put a bit of the monkey on his back.

W. W. Rostow

WWRostow:rlh

Dear Mike:

You know how much you matter to me -- and your views on the great problems this nation faces in Viet Nam.

Therefore, I wish to respond as promptly, directly, and candidly as I can to your thoughtful letter of June 25.

We share certain basic judgments; and that is good.

First, there is no way to pull out in "a responsible fashion."

Second, our objective is peace.

Third, while striving to end the war as quickly as possible, we cannot guarantee that outcome.

Now to the questions you raise: Is it fair to compare Ho Chi Minh to Hitler? Where are the voices joined to ours in opposition to this aggression, if it really is so serious?

In a way, Prime Minister Lee of Singapore answered both questions in the attached recent statement.

We do not have great armies marching across frontiers to take over nations; but the slow-moving method of guerrilla warfare can be just as mortal a danger.

And, in fact, as Lee points out -- and we know well from independent sources -- the Indians, Paks, Burmese, Malaysians, Singapore, and even our old friend Sihanouk are, in fact, counting on us to see it through.

We must remember they have all been uncertain until recently that we would see it through; and even now they closely watch our debates at home for signs of wavering -- as does Hanoi.

We must remember that they each have local problems and commitments which keep their voices from being more open and louder.

But they all know what Souvanna Phouma's fate would be; what would happen in Northeast Thailand and in Bangkok, and right down the line, if we were to falter and fail.

I must tell you that I am greatly heartened in these hard days by the signs that a vital, free Asia is emerging behind the shield created and sustained by the Vietnamese and ourselves.

I am heartened by their beginning to pull together -- including the new trend of policy in Indonesia.

I am heartened by the evident debate about policy inside mainland China, beneath the struggle for power.

Sometime when you are free, I should like to sit down with you -- whose experience is so long and deep in Asia -- and review the trend of affairs outside Viet Nam.

In short, I am convinced that we are not only meeting a commitment to fourteen million human beings we could not evade with honor. We are -- in Lee's phrase -- "buying time" to help Free Asia build a vital regional structure that, one day, will have the strength and resilience to contain and live with a more moderate mainland China with a considerably diminished United States effort.

As for the men who govern in Hanoi, our task is to convince them that they cannot win in the South; that the costs of persisting in aggression will rise in the North; that they cannot seize political power in the South; that the South will not disintegrate under the pressure of inflation; and, above all, that we in the United States have the understanding, the maturity, and the capacity to see it through.

- 3 -

On this latter point, I believe we share equally a responsibility for helping create the conditions for an honorable peace -- by convincing Hanoi that Americans want no more but will settle for no less.

Sincerely,

The Honorable Mike Mansfield
United States Senate
Washington, D. C.

LBJ:WWRostow:rlh

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LEE KUAN YEW'S SPEECH
(Addendum)

Singapore Prime Minister Lee Kuan Yew recently outlined the city-state's position in Asian affairs at the University of Singapore Democratic (?) Socialist Club in an address entitled: "Big and Small Fishes in Asian Waters."

A question and answer period following the speech wound up with this question from a student: "Sir, you said that eventually only the big Asian fish will swim in Asian seas. I would like to know, are you pre-supposing that America is going to withdraw from Vietnam; and if so, in what manner and how soon?" Following are excerpts of Prime Minister's answer: "I am sorry if I gave the impression that that would be the likely course of events. Because that is surely the course of events which would be highly uncomfortable for all the medium and small fishes in Asian waters ...

"What should emerge would be a new power structure in which the legitimate interests of the big powers are conceded, and the legitimate interests of the middle and small powers are respected -- respected because it is in the interests of the big powers in Asia and because it is more so in the interests of the bigger powers in the world. For that reason I do not believe that there would be any

premature or precipitate withdrawal from Vietnam. But at the same time I think it would be unrealistic for us to believe that the Americans can keep on pouring in troops and men and resources indefinitely ... So, ultimately what you want is a formula which will give the Vietnamese their right of self-determination. The South Vietnamese should decide for themselves. And if they decide -- after a period of grace which should be given so as to make quite sure that there was an exercise of free will -- that they want to join North Vietnam, well so be it. But it is only worthwhile if there is a credible formula and a credible undertaking that the same process will not be repeated on the periphery after South Vietnam.

"If you look at the map of the world, you will find that there is one reason why these chaps all belong to one camp. It is because they all share a common land frontier -- Russia, Eastern Europe; Russia, China; China, North Korea; China, North Vietnam; North Vietnam, South Vietnam. If South Vietnam disappears, can you imagine the problems of Prince Souvanna Phouma? He already has enough problems.

"And what about so many of our other friends in Southeast Asia? And the point which I made, I hope not without some effect, was -- 'Do you believe that the Indians are stooges and lackeys of the Americans? Do you believe that Pakistan is a lackey of the Americans?' They are friends of China. There are the Burmese -- they are the best

neutralists in Asia. How is it that none of them have really said that 'this is a crime against humanity committed by the Americans?' Of course! Hundreds of Vietnamese are dying every day -- for what? For Vietnam? No! To decide that Vietnam shall not be repeated. That is why they haven't raised their voice in protest with the same indignation and rage.

"But whilst we buy time, if we just sit down and believe people are going to buy time forever after for us, then we deserve to perish."

(speech dated June 15, 1966)

United States Senate
Office of the Majority Leader
Washington, D.C.

June 25, 1966

The President
The White House
Washington, D. C.

Dear Mr. President:

A reply to my memorandum of June 13, was not expected. Nevertheless, I am very grateful to you for your letter of January 22. It was a great help to my understanding of present policy.

It was not my intention to "nit-pick" the pros and cons of the various alternatives. I simply sought to confine my memorandum to an exploration of the specific question on which you had requested comment. Your letter of response is in a much broader context and goes into general aspects of the Vietnamese situation. I feel it is incumbent on me, therefore, to write to you again. I hope you will not think me presumptuous, then, for imposing upon your time with these additional comments.

Your letter suggests that present policy puts us into Viet Nam not only to help the Vietnamese people but also for a larger purpose. We are there, if I read correctly, "to prevent the success of aggression", as in "World War II" and in "Korea", so that freedom can be safe and can prosper in the world. That is a fine purpose. However, I do not think that it adds to the lustre of this ideal to draw an analogy between Viet Nam and Korea, and, much less, between Viet Nam and World War II.

Take World War II and compare it with Viet Nam today. Where is the Hitler or the Mussolini or the Tojo of this conflict? Is it Breshnev or Kosygin? Or Mao Tse-tung? or Ho Chi Minh? Neither the Russians or the Chinese are directly involved in a military sense. That leaves only Ho Chi Minh as the great enemy of freedom in this conflict. Ho Chi Minh may be a figure of evil to us, but he is hardly a Hitler, Mussolini and Tojo rolled into one to his own countrymen - north and south and, in truth, to most of the rest of the world.

Where in this Vietnamese war, moreover, are the Nazi storm troopers, the Fascist legions goose-stepping over the prostrate body of Europe? Where are the Japanese invaders sprawling relentlessly into China and a dozen Pacific lands?

Finally, where are the authentic voices of world freedom urging us to war in Viet Nam as in World War II? Where are the ravished people pleading with us to liberate them? Where are the willing guerillas in a dozen lands, risking much and asking nothing except to fight with us for the liberation of their homes?

There may be an analogy between World War II and Viet Nam, but, in all frankness, it is not surprising that there are difficulties not only at home but abroad in equating 40,000-plus North Vietnamese soldiers, operating with small arms in the jungles of the southern half of Viet Nam with the massive and hated enemy war machines of World War II.

If Viet Nam and World War II are not analagous, neither are Viet Nam and Korea, although there may be some points of greater similarity. But there are also some vital missing links. Where in the Vietnamese situation, for example, are the equivalents of the UN General Assembly resolutions on Korea? Where are the resolutions condemning North Viet Nam as an aggressor and calling on all member states to lend every assistance in repelling it? Where is the UN command for Korea? In all honesty, can we get comparable resolutions on Viet Nam, today, from the UN General Assembly? Dare we even try to get them?

The objective of preventing the success of aggression, as I noted earlier, is an admirable one. But we ought not stretch the analogy between Viet Nam and these past conflicts. In Viet Nam, for all practical purposes, we have chosen unilaterally to define the aggression and the aggressor. We have chosen, unilaterally, to accept and to bear the great preponderance of the cost of "preventing the success of the aggression". And, in present circumstances, the most we can expect is a kind of skeptical world tolerance or indifference to what we are about. In truth, I suspect that we are getting a great deal of world hostility or, at best, semi-hostility.

With reference to the next major observation in your letter, I do not agree that "we can get out of Viet Nam", that "we can get out tomorrow or next week or next month". I wish that we could; I think all of us wish we could. But I do not see the remotest possibility that we can get out in a responsible fashion at anytime in

the near future. On the contrary, I see ~~as~~ the much greater likelihood of a deepening and prolonging of our involvement and enmeshment in Viet Nam.

Since that is the case, I do not know that there is much point in speculating on possible adverse reactions elsewhere to an overnight pullout of U. S. forces. However, since you ask the questions, I would say that in other parts of Southeast Asia, in "India", "Japan", "Berlin", "Israel" and throughout the world, the reaction would be mixed. Those who depend heavily on the largesse of our aid would probably be appalled. Those who do not would probably applaud. Some would be frightened; others would be relieved. Many would doubt our sanity for getting out lock, stock, and barrel, even as now many doubt our sanity for getting in up to our ears.

There would be, in my judgment, no single, simple, worldwide response. In general, I should think each nation would react on how it conceived of its national interests. And, may I say, that our actions in this situation ought not to be designed on the basis of how the Indians, the Saudi Arabians, the Israelis, Lebanese, or Bulgarians may react, but, rather, on the same basis of how we conceive of our national interest. It may not be without some relevance to note that the Russians have gotten out of a substantial involvement in Laos, with few, if any, adverse repercussions and, of course, they did the same under much more difficult circumstances in connection with the missiles in Cuba.

The rest of your letter, as you will recall, deals primarily with Alternatives II (consolidate and hold selected areas) and III (continue as we are, or to put it another way, as I did, a course of steady, expanding U. S. involvement). The choice between these two, as I noted in my earlier memo, is the real question at issue at this time. I would gather from your letter that you do not hold much with Alternative II. In this connection, I am impressed with your analogy of Pusan in the Korean conflict in 1950. You state that had we negotiated then, "they might have let us move out without shooting at us. But Korea would have been a Communist state".

That is undoubtedly accurate. But there is also another side of the Korean situation. When the UN went beyond the 38th parallel or beyond what was held, substantially, at the beginning of the UN involvement, we ran into the Chinese armies. We were then confronted with a decision as to whether or not to carry the war into China in search of victory and, in that connection, a decision

June 25, 1966

as to whether or not to use nuclear weapons - at a time when their use would have been far less dangerous than today to us and to the world.

Rather than go to war in China or use nuclear weapons, we settled in the end for what was held substantially at the beginning - and only after a cost of billions and tens of thousands of U. S. casualties and a terrible ordeal for the Korean people, north and south.

If we are honest in this matter, we will recognize that what has "substantially" been held in Viet Nam, especially since the tragic assassination of Ngo Dinh Diem, has not really been much more than Saigon and the principal cities. Our present policies, however, are designed to enlarge what was "substantially" held at the outset. If we mean to bring under the control of the Saigon government all of South Viet Nam, much of which it has never really held before, I do not believe that Alternative III can be a fixed and controllable commitment. It must involve paying an ever-increasing price in lives and resources, American as well as Viet Cong.

In my judgment, if we now proceed to mine the Haiphong harbor and begin a series of aerial strikes against the few significant industrial (i.e., oil) installations of North Viet Nam, we will have taken another step in this process. It will probably lead to an increase in the downflow of Nguyen Vo Giap's armies - perhaps not in large organized groups, as our military may assume, but in small infiltrating units. It will also increase, moreover, the pressure on the Chinese to step up their involvement in support of the defense of North Viet Nam.

Alternative III, in short, is a kind of grim game of "Uncle" which can go on for a very long time at ever increasing cost to all concerned. In that respect, I do not see that our involvement in Viet Nam can be described as anything other than an open-ended commitment. If I understand your letter correctly, we are committed to go on as long as necessary and to go as deep as necessary in order to produce the cry of "Uncle" from the Viet Cong and Hanoi and, I suppose, China and anyone else from whom we deem it is necessary.

In that sense, we do not control either the length of the war or the extent of our involvement. While it is true that the open-ended commitment "can be changed as the situation alters", it seems to me that any change grows increasingly difficult, the more that lives, resources, and military prestige are committed.

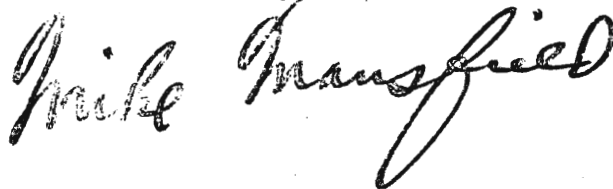
June 25, 1966

I hope that the reports of improvements in the situation over the past 18 months which you have been receiving are sustained over the next few months. You will understand, however, in view of my exposure to similar reports for more than a decade, if I entertain some reservations. While I devoutly hope that these reports are accurate and that they foreshadow an early end to the war, I still think that the better part of wisdom suggests that we prepare for a very long and bitter and bloody struggle. That is why I join George Aiken in his suggestion to you that we begin to face up to this reality and to its consequences at home, particularly in terms of increased taxation, the economy in general, and the inequities of sacrifice which now prevail in connection with military service.

I know how much the restoration of peace in Viet Nam means to you and I know how much the support of the nation means to you in the pursuit of it. You have written me frankly on how you expect peace to be achieved. I have given you my reactions with equal frankness. May I add I think that free and constructive discussion, public and private, remains the key to unity in this nation. Without it, there can only be an illusion of unity which fools no one abroad - friend or foe - and which only serves to delude ourselves and with disastrous consequences.

You are assured, as always, of every assistance and whatever support I can give you in the great responsibilities which bear in upon you and the burdens of decision which you carry for all of us.

Sincerely,

A handwritten signature in cursive script that reads "Mike Mansfield". The signature is written in dark ink and is positioned below the word "Sincerely,".

P. S. You may find the enclosed clipping of interest. It concerns you for the most part.

M.M.

Mansfield sees fewer Viet options

By Godfrey Sperling Jr.
Staff correspondent of
The Christian Science Monitor

Washington

The Democratic Majority Leader, Mike Mansfield, now sees the "alternative as being less and the options fewer" in Vietnam.

The possibilities of the intensification of the war are "greater," he reluctantly concludes.

This could mark a turning point in congressional dissent on Vietnam—since the voice of the Majority Leader is an influential one in the Senate.

In the past the Montana Senator has been a leader among those advocating that President Johnson intensify his efforts toward peace negotiations.

Opposition wanes

Now, with a new escalation apparently ahead, the Senator says he feels the President has been, and is doing, all he possibly can to reach a peaceful solution.

"The President," Mr. Mansfield says, "is a man who has shown the greatest possible forbearance."

"If there are further moves toward escalation" Senator Mansfield said in an interview in his Capitol office, "it will mean that the President feels his options are being reduced and any possible openings are closing in on him."

● The important element here is that the President now moves ahead with less congressional opposition from those who have counseled restraint.

Senator Mansfield sees his brand of criticism as "responsible." Of those critics who counseled restraint, he says, "the President has listened to these members of Congress with respect. And he has adopted many of their views—in proposals such as the Johns Hopkins speech and counsel regarding the need to seek negotiations.

"He was willing to meet with—and is will-

★ Please turn to Page 13

★ *Mansfield sees fewer Viet options*

Continued from Page 1

ing to meet with—any government, anywhere, anytime to further that objective.

"He [the President] now moves ahead with care and restraint.

"He sees the danger of escalation I think more than any of us because he has to be with this problem day and night. And no one spends more time or is more concerned about Vietnam and our future there than the President."

Regarding possible peace feelers or efforts toward negotiation, Mr. Mansfield said: "There is no evidence I can cite. However, the President is unrelenting in his efforts both publicly and privately in seeking a way to the conference table — in his efforts to find an equitable and honorable solution."

Looking at the war the Senator said: "The alternative being less and the options fewer, the result is that with this decrease in options, the possibility of the intensification of the war becomes greater.

U.S. carrier load

"This is due, in part at least, to the difficulties of the government in Saigon, caused by the internal disturbance in South Vietnam.

"This, in turn, has put a greater amount of the South Vietnamese Army into the job of coping with these disturbances within their own country. The result is that more and more of the primary burden of the war is being carried by the American Army.

"And this of itself poses great dangers in our relations with any government of South Vietnam."

"I believe it is a true statement of fact that in the past six weeks American losses have exceeded those of the South Vietnamese. Although, if you go back to the first of the year, the South Vietnamese losses have exceeded ours considerably."

Looking at the immediate road ahead, the Senator said "the newspapers seem to indicate a move in this direction [escalation]. In fact, [Secretary of Defense Robert S.] McNamara has announced that we now have 267,000 troops in Vietnam and that there soon will be increases considerably beyond that.

Escalation's effect

"It appears to me that we are approaching a real crossroads in Vietnam and that the future may well bring out some very important decisions. What these will be remains to be seen.

"But as we escalate, the Viet Cong and the North Vietnamese (the latter primarily) will escalate to meet our escalation.

"Briefly: escalation begets escalation."

What of those critics who have counseled restraint in the past?

Alternatives urged

"I think," he said, "that the critical voices are still being heard, although this is not being given as much publicity as in the past.

"You will recall that much of the dissent



By Norman Matheny, staff photographer

Senator Mansfield

... sees the 'alternatives as being less and the options fewer' to American policy in Vietnam.

centered around sit-ins and demonstrations of that type which lent themselves to such communications media as TV and perhaps were given publicity beyond their worth.

"The President does not decry or oppose dissent. But he does think—and I agree with him—that it should be constructive dissent. And that if faults are to be found with present policy, those who criticize have an obligation to come up with alternatives."

At one point the Senator spoke of the President's difficult position today in Vietnam in these terms:

"He has tried to show the greatest possible forbearance, with the result that he finds himself all too often boxed in between extremes."

Asked to define what he meant by "extremes," the Senator said:

"The extremes are those who want to go further—or want to go completely in the other direction faster.

"These are those who would want to bomb the Hanoi-Haiphong complex on the one hand and those who advocate a pull-out.

"While certain members of Congress have advocated the former, and one or two members have even gone beyond that, to the best of my knowledge there are no members of this Congress who have advocated withdrawal.

"The President now moves ahead with care and restraint."