

WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
#1 memo	to President from Rostow re: India <i>(duplicate of #31, 7/5/67 NSC Memo, DeLoach memo, 7/5/70)</i> confidential [sanitized 9/27/78] 1 p	10/15/66	A
#2a memo	to President from Rusk re: seismic experiment confidential [sanitized 12-7-89 NLS 89-105] 2 p	10/15/66	A
#3c cable	text of Bonn 4528 confidential [sanitized 12-7-89 NLS 89-105] 3 p	10/15/66	A
#5 memo	to President from Rostow <i>open 9-12-89 NLS 89-104</i> secret 1 p	10/16/66	A
#6b memo	to President from Rusk and McNamara secret <i>open 7-21-89 NLS 89-21</i> 7 p	10/13/66	A
#6c memo	to President from Dean Rusk secret 4 p	10/13/66	A
#6e letter	to PM Kittikachorn from Pres. Johnson secret <i>open 9-12-89 NLS 89-104</i> 2 p	06/18/64	A
#7 memo	to President from Rostow re: meeting with Amb. Telles confidential <i>open 2-11-91 NLS 89-103</i> 2 p	10/15/66	A
#10b report	re: Inter-American Chiefs of State Meeting secret <i>open 7-21-89 NLS 89-105</i> 3 p	undated	A
#10d memo	to Secretary from Wm. Gaud secret <i>OPEN 8-25-98 EOI2958 ADD STATE GUIDELINES</i> 1 p	10/11/66	A
#12 memo	to President from Rostow top secret <i>open 5-17-90 NLS 90-69</i> 1 p	10/15/66	A
#13 memo	to President from Rostow confidential <i>open 4-6-88 NLS 86-276</i> 1 p	10/15/66	A
#14 memo	to President from Rostow confidential <i>open 9-12-89 NLS 89-104</i> 1 p	10/15/66	A
#17a memo	to President from Dean Rusk <i>open 11-19-99</i> secret [sanitized 8/7/79] NLS 98-498 9 p	10/14/66	A
#18 memo	to President from Rostow re: China <i>same sanitization as #21 9-2-92 NLS 92-213</i> confidential [sanitized 9-12-89 NLS 89-104] 1 p	10/15/66	A
#19 memo	to President from Rostow confidential [sanitized 9-12-89 NLS 89-104] 1 p	10/15/66	A

FILE LOCATION

NATIONAL SECURITY FILE, Memos to the President
Walt Rostow, vol. 14 Oct. 1 - 31, 1966
Box 11

RESTRICTION CODES

- (A) Closed by Executive Order 12356 governing access to national security information.
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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
#19 memo	to President from Rostow re: King of Nepal confidential <i>Amended 9-12-89 NLS 89-104</i> OPEN 8-25-98 EO 12958 STATE GUIDELINES	1 p 10/15/66	A
#19a letter	to Pres. Johnson from King of Nepal <i>Exempt NLS 89-104</i> possible classified info OPEN 9-3-98 EO 12958 NSC MEMO STATE GUIDELINES	2 p 09/08/66	A
#35a memo	to Rostow from Lincoln Gordon confidential <i>open 7-21-89 NLS 89-105</i>	1 p 10/11/66	A
#37 memo	to President from Rostow <i>Exempt NLS 89-104</i> secret <i>open 11-3-99 NLS 98-499</i>	1 p 10/13/66	A
#38a memo	to Secretary from Rostow top secret <i>OPEN 8-25-98</i> EO 12958 STATE GUIDELINES	3 p 10/12/66	A
#38b memo	to Pres. and SecState from Harrimah re: Negotiations top secret <i>open 5-1-89 NLS 89-27</i>	2 p 10/03/66	A
#41 memo	to President from Rostow re: Barbados confidential <i>open 2-11-91 NLS 89-103</i>	2 p 10/12/66	A
#41a memo	to President from Macy re: Barbados " confidential	4 p 10/04/66	A
#41b memo	to President from George Ball re: Barbados confidential <i>open 12-7-89 NLS 89-105</i>	2 p 08/15/66	A
#41c report	re: West Indies secret <i>open 3-7-89 NLS 89-105</i>	2 p undated	A
#42 memo	to President from Rostow <i>open 2-11-91 NLS 89-103</i> confidential	2 p 10/12/66	A
#43 memo	to President from Rostow <i>open 5-17-90 NLS 89-26</i> Secret <i>(dupg # 75, NSF, Country file, Vietnam, NO DIS, Vol. 16A)</i>	1 p 10/12/66	A
#43a cable	text of Saigon 8262 secret <i>open 7-21-89 NLS 89-21</i>	5 p 10/12/66	A
#45 memo	to President from Rostow confidential <i>open 9-12-89 NLS 89-104</i>	1 p 10/12/66	A
#46 memo	to President from Rostow re: Selassie secret <i>open 2-11-91 NLS 89-103</i>	1 p 10/12/66	A

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#46a memo	to President from Katzenbach secret <i>open 12-7-89 NLS 89-105</i>	2 p	10/07/66	A
#46b letter	to Emperor of Ethiopia from Pres. Johnson possible classified info <i>open 2-11-91 NLS 89-103</i>	3 p	undated	A
#52a memo	to Pres. Johnson from Bill Moyers secret [sanitized 7/7/80]	1 p	10/11/66	A
#54 memo	to President Johnson from Rostow re: Prince Souvanna Phouma secret <i>open 5-17-90 NLS 89-26</i>	3 p	10/11/66	A
#54a memo	to President from Dean Rusk re: Laos secret <i>open 7-21-89 NLS 89-21</i>	3 p	10/11/66	A
#54b report	re: Laos secret <i>open 5-1-89 NLS 89-21</i>	2 p	undated	A
#54c bio sketch	Pince Souvanna Phouma secret <i>open 7-21-89 NLS 89-105</i>	1 p	undated	A
#56 memo	to President from Rostow secret <i>open 9-12-89 NLS 89-104</i>	1p	10/10/66	A
#56a memo	to President from Bator re: meeting with Gromyko secret <i>open 5-17-90 NLS 89-26</i>	1p	10/09/66	A
#56c memo	to President re: meeting with Gromyko secret <i>sanitized 7-21-89 NLS 89-21</i> OPEN EO12958 8-25-98	4 p,	10/10/66 xxxx	A
#56d memo	to President and SecState from Harriman Secret <i>open 7-21-89 NLS 89-21</i>	1 p	10/07/66	A
#57 memo	to President from Rostow secret <i>open 5-17-90 NLS 89-26</i>	1 p	10/10/66	A
#57a memo	to President from Bator re: meeting with Gromyko secret <i>Exempt NLS 89-104</i>	1 p	10/09/66	A
#57b memo	to President re: meeting with Gromyko secret <i>sanitized 7-21-89 NLS 89-105</i> OPEN 8-25-98 EO12958 NLS MEMO STATE GUIDELINES	4 p	10/10/66	A
#57c memo	to President and SecState from Harriman secret <i>open 12-7-89 NLS 89-105</i>	1 p	10/07/66	A
#58a memo	to Walt Rostow from Katzenbach top secret OPEN EO12958 8-25-98	1p	10/08/66	A

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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
#62a memo	for President from PM Wilson Example NLJ 89-104 confidential OPEN 8-25-98 EO12958 NSC MEMO	1 p 10/10/66	A
#63 memo	to President from Rostow secret open 2-11-91 NLJ 89-103	1 p 10/10/66	A
#63a letter	to Emperor of Ethiopia from Pres. Johnson possible classified info "	3 p undated	A
#69 memo	to President from Rostow Confidential re: Peru "	1 p 10/06/66	A
#70 memo	to President from Rostow secret re: Thailand open 5-17-90 NLJ 89-26	1 p 10/06/66	A
#70a memo	to President re: Thailand secret open 7-21-89 NLJ 89-21	2 p 10/06/66	A
#70b statement	draft statement secret re: Thailand open 7-21-89 NLJ 89-21	2 p undated	A
#71 memo	to President from Rostow confidential re: Thailand open 5-17-90 NLJ 89-26	3 p 10/06/66	A
#72 memo	to President from Rostow secret re: Gen. Eisenhower open 9-12-89 NLJ 89-104	1 p 10/06/66	A
#75 memo	to President from Rostow confidential re: Thailand Example NLJ 89-104 OPEN 8-25-98 EO12958 NSC MEMO STATE GUIDELINES	1 p 10/06/66	A
#76 cable	text of Saigon 7818 secret open 12-7-89 NLJ 89-105	1 p 10/06/66	A
#77a cable	text of USUN 1299 confidential open 7-21-89 NLJ 89-105	1 p 10/06/66	A
#77b chart	re: UN Gen. Assembly confidential "	1 p undated	A
#78 memo	to President from Rostow confidential re: Brazil open 2-11-91 NLJ 89-103	1 p 10/05/68	A
#79 memo	to President from Bowdler secret re: Haiti open 2-11-91 NLJ 89-103 OPEN 9-3-98 EO12958 NSC MEMO STATE GUIDELINES	1 p 10/05/66	A

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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
#79 memo	to President from Wm. Bowdler re: Haiti secret	1 p 10/05/66	A
#79a report	re: Haitian situation <i>sanitized 2-11-91 NLS 89-103</i> Secret <i>open 11-3-99 NLS 98-499</i>	2 p undated	A
#80 cable	text of Saigon 7732 <i>open 12-7-89 NLS 89-105</i> secret	8 p 10/05/66	A
#81 memo	to President from Rostow <i>open 2-11-91 NLS 89-103</i> confidential	1 p 10/05/66	A
#81c memo	to President from Wm. Gaud confidential <i>OPEN 8-25-98</i>	3 p 09/12/66	A
#84 memo	to President from Rostow <i>open 2-11-91 NLS 89-103</i> confidential	1 p 10/05/66	A
#85a report	presidential itinerary secret <i>xx open 9-12-89 NLS 89-104</i>	2 p 10/05/66	A
#85b report	re: presidential itinerary <i>sanitized 9-12-89 NLS 89-104</i> secret	1 p XX 10/05/66	A
#85c report	re: presidential itinerary top secret <i>EO 12958 STATE GUIDELINES OPEN 9-3-98</i>	1 p 10/04/66	A
#89 memo	to President from Rostow re: Brazil <i>open 2-11-91 NLS 89-103</i> confidential	1 p 10/04/66	A
#90 memo	to President from Rostow confidential "	1 p 10/04/66	A
#91a memo report	bio sketch Tun Abdul Razak confidential <i>open 7-21-89 NLS 89-105</i>	1 p undated	A
#97 memo	to President from Rostow <i>open 9-3-90 NLS 90-27</i> top secret (<i>dup. of #26, Files of Wm. R. Non-UN 10-12-66 Box 15</i>)	1 p 10/04/66	A
#97a memo	to President and SecState from Harriman top secret <i>dup of #38b open 8-4-94 NLS 89-27</i>	2 p 10/03/66	A
#98a cable	text of Bonn 3944 confidential <i>open 7-21-89 NLS 89-105</i>	3 p 10/04/66	A
#100 memo	to President from Rostow re: Vietnam secret <i>open 9-12-89 NLS 89-104</i>	1 p 10/04/66	A

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#100a memo	to Secretary from Unger re: Vietnam secret <i>open 7-21-89 NLJ 89-105</i> 2 p	10/02/66	A
#104 memo	to President from Rostow Secret [sanitized 3/26/79] <i>OPEN 9-3-98</i> 1 p	10/03/66	A
#105 memo	to President from Rostow re: NSAM 341 confidential <i>Open 5-17-90 NLJ 89-26</i> 1 p	10/03/66	A
#105a memo	to President from Maxwell Taylor re: NSAM 341 confidential <i>Open 5-17-90 NLJ 89-26</i> 1 p	10/03/66	A
#112 memo	to President from Rostow secret <i>Open 9-12-89 NLJ 89-104</i> 1 p	10/01/66	A
#112a cable	text of London 2634 Example NLJ 89-105 <i>sanitized 4-20-94 NLJ 93-290</i> secret <i>Drop of # 1260, NSF, CF, UK Vol 9, Box 10</i> 2 p	09/30/66	A
#113 memo	to President from Rostow confidential <i>Open 9-12-89 NLJ 89-104</i> 1 p	10/01/66	A
#114a memo	to Rostow from re: Vietnam top secret <i>Open 5-17-90 NLJ 89-26</i> 3 p	10/01/66	A
#115a letter	to Gen. Ankrah from Pres. Johnson possible classified info <i>Open 9-12-89 NLJ 89-104</i> 2 p	10/03/66	A
#116a memo	to President from Dean Rusk re: Basutoland confidential <i>Open 12-7-89 NLJ 89-105</i> 2 p	09/29/66	A
#34 memo	to President from Rostow re: Vietnam top secret [sanitized 9/25/84] <i>Open 10/23/09</i> 1 p	10/13/66	A
#34a report	situation in the DMZ re: Vietnam top secret [sanitized 12/7/83] <i>Open 10/23/09</i> 1 p	10/13/66	A
#34b map	Vietnam secret - <i>Open 10/23/09</i> 1 p	09/30/66	A
#83 memo	to President from Rostow re: nuclear testing secret - <i>sanitized 11-18-99 NLJ 98-511</i> 2 p	undated	A

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WWR-
Saturday/10:30 am
October 15, 1966

MEMORANDUM FOR THE PRESIDENT

SUBJECT: A Sidelight on Indian PL 480

The attached from John Schnittker explains release yesterday of another 250,000 tons of wheat for India. This is just an administrative device for completing shipments you promised in your March message to Congress.

The reason for a special action is that, while your approvals are written in tons, PL 480 agreements are written in dollars. When US prices rose, the dollar totals in the 27 May agreement would not cover the total tonnage you authorized. The shortfall became evident when Agriculture and the Indian Supply Mission totaled all the purchases under the May agreement.

This means there will be 200-250,000 tons more in the pipeline than we thought earlier this week. While this will carry Indian shipments into November, delaying our decision on the new agreement until you get back will still cause shipments in November and December to dip.

I think the most important element to weigh against domestic concerns is how delay will effect Mrs. Gandhi's feelings about our promises of support. We made milestone economic and food deals with her, saying we'd stand behind her as long as she did her share. There have been some gaps in the Indians' performance, but overall they've made the right decisions.

These deals have become a major issue in India's election campaign. The question is whether Mrs. Gandhi can show that US aid pays off or whether her opposition makes stick its charge that she's sold India's dignity for a mess of pottage.

I don't predict disaster if we hold off. This is a political judgment which you are best suited to make. I'd be more comfortable about the Indian end if we went ahead now.

I still think we ought to hold off ✓

W. W. Rostow

OK, go ahead _____

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E.O. 12958, Sec. 3.5

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

By CB, NARA, Date 8-25-98

~~CONFIDENTIAL~~



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON

October 14, 1966

MEMORANDUM

To : The President
The White House

From : John A. Schnittker
Acting Secretary

Subject: Amending the Current India and Pakistan Agreements

This supplements yesterday's memorandum regarding a 2-month agreement with India and Pakistan.

India is a major taker of White wheat from the U.S. and is the only large program country whose requirements are large enough to affect our markets in the Pacific Northwest. These markets are presently depressed -- some 11¢ per bushel below prevailing world prices. It became essential to program some White wheat immediately (a) to get the price up and thus earn as much as we can from exports (some of our White wheat exports are also for cash), and (b) to avoid undercutting Australia's price at a time when the cereals negotiations are in a crucial stage.

World wheat prices have advanced the past three months largely because of price leadership assumed by the United States for balance of payment reasons. As a result, the Title I amendment signed with India on May 27 to provide 2,750,000 tons of wheat and 750,000 tons of grain sorghum included enough funds to ship only 2.5 million tons of wheat.

Since it was planned in May to provide the full 2,750,000 tons of wheat we have undertaken to further amend the current Title I agreement with India to add sufficient funds to fill out the original quantity -- bringing the total to 2,750,000 tons.

The same situation arises with respect to the Pakistan amendment dated May 26, 1966. Here the residual quantity not shipped because of insufficient funds is only 20,000 tons.

A part of the added quantity for India was authorized off the West Coast today.



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DEPARTMENT OF AGRICULTURE
OFFICE OF THE UNDER SECRETARY
WASHINGTON, D.C. 20250

October 14, 1966

MEMORANDUM

To : The President
The White House

From : John A. Schnittker
Acting Secretary

Subject: Amending the Current India and Pakistan Agreements

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A part of the added quantity for India was authorized off the West Coast today.

John A. Schnittker

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THE WHITE HOUSE
WASHINGTON

Saturday, October 15, 1966

1. ~~ansp~~
2. Pres file

MEMORANDUM FOR THE PRESIDENT

Attached, for your approval, is a recommendation by Secretary Rusk that we proceed with our planned seismic experiment off the Kuriles after you leave the Pacific area.

The experiment will give us important data for distinguishing between seismic and nuclear explosions under a comprehensive test ban. In the course of the experiment we would set off a few small, conventional explosive charges.

The Soviets--always sensitive to activity close to their borders--have complained about possible damage to their scientific instruments, to fish and wildlife, and have questioned (but not claimed) possible infringement on their jurisdiction over the continental shelf. Some unfavorable Soviet press attention is likely.

Our lawyers say the experiment is clearly on the high seas. Instruments are not endangered. Maximum safeguards will be taken to protect fish and wildlife. We have invited Soviet and Japanese observers to participate. The experiment is long planned, and it seems unwise to back away now in the face of routine Soviet complaints.

I recommend you approve the Secretary's recommendation.

W. Rostow
W. Rostow

3765
2a

DEPARTMENT OF STATE
WASHINGTON
October 15, 1966

CONFIDENTIAL

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Kurile Seismic Experiment

RECOMMENDATION:

I recommend you authorize us to proceed with a seismic experiment off the Kuriles on the following basis.

Approve _____ Disapprove _____

DISCUSSION:

We invited the Soviets and Japan to send observers to a Department of Defense experiment this fall off the Kurile Islands, which, by adding data on the many earthquakes in that area, would help us distinguish them from nuclear explosions there. The experiment involves small (up to 5 tons) chemical underwater explosions in the high seas. Japan accepted.

The Soviets, in a moderate reply, said that the operation would infringe on USSR interests by jeopardizing their own scientific equipment in the area, by interfering with their fishing fleet and endangering fish resources, by causing damage to fur seals and sea otters, and by possibly violating territorial waters and the 1958 Convention on the Continental Shelf, and concluding that they therefore have a negative attitude to the plan and hold us responsible for any damage. Our scientists assure us there is no danger of any material damage to marine resources. We propose to reply to the Soviets, rebutting these points, and stressing the safety considerations that will govern the operation. We have developed what should be an effective control procedure for the operation in coordination with Defense.

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DECLASSIFIED
E.O. 12958, Sec. 3.5
State Dept. Guidelines
By CB, NARA, Date 8-25-98

~~CONFIDENTIAL~~

2.

The scientific ships are now in Japan. They will sail about October 18 to lay the detection instruments. In light of your trip, we have slipped the schedule so that there will be no explosions until you have returned to the US.

The Moscow and US press have printed the story of the experiment. It would be hard to back down in public. If we tried to postpone till next year, Japan might become fearful and press us to drop the experiment.

Moreover, I believe that going ahead will not prejudice progress on broader issues with the Soviets, such as proliferation and outer space.

Defense concurs, as does ACDA, subject to White House approval.

Dean Rusk

Dean Rusk

~~CONFIDENTIAL~~

Saturday, October 15, 1966 -- 12:05 p. m.

Mr. President:

Herewith a letter from Jean Monnet to you in support of your European speech, plus a cable from George McGhee summarizing an interesting conversation with Monnet.

Monnet wants to see you when he comes in November to the U. S.

I believe you should see him. I have drafted the attached letter from me to him, which is sympathetic without fully committing you to an appointment.

He has been a good friend of mine for a full 20 years.

15/ Walt
W. W. Rostow

Sign letter ✓

Hold out no hope of appointment

See me

WWRostow:rlh

3a

727 52-36
353 24-64

October 11, 1966

Dear Mr. President,

At the present time I think it is very important that you told international opinion that in spite of all present difficulties peace still depends also on the European situation and its developments.

I did not want to let time pass without telling you that this declaration coming from you made here in Europe a profound impression.

I intend to be in the United States by mid November and I do hope to have the opportunity to meet you again.

With best wishes and good luck.

I asked my friend André Meyer to give you my best thoughts and wishes.

Yours sincerely,

Jean Monnet

Jean Monnet

The President
The White House
Washington D. C.

U. S. A.

October 15, 1966

My dear Jean:

The President greatly appreciated your views.

I look forward to seeing you in Washington.

The President also hopes to see you then, if his schedule permits.

In the meanwhile, it is critical to us all that the tripartite talks succeed. What is involved is no less than a viable basis for the Alliance, based on multilateral and truly equitable principles.

Yours,

/s/ Walt
W. W. Rostow

M. Jean Monnet
83, Avenue Foch
Paris XVI^e, France

3c

Saturday, October 15, 1966

~~CONFIDENTIAL-LIMDIS~~

Text of Cable from Ambassador McGhee (Bonn 4528)

SUBJECT: Conversation with Jean Monnet

Jean Monnet, head of the Action Committee, and his assistant, Max Kohnstamm, both well known to the Department, had breakfast with me this morning. Monnet has been in Bonn for two days meeting with Government officials and politicians at all levels up to Chancellor Erhard. He is disturbed by what he characterized as a "General Confusion and Uncertainty." No one knows where to turn or what to do. The particular points he made are as follows:

1. Erhard they found battered and hesitant, although they think they left him somewhat more spirited. They fully understand his current political weakness. Apparently Birrenbach has told them that the Ruhr industrialists have decided to throw their support elsewhere. Nevertheless, on balance, they feel that there is a good chance that Erhard will survive, perhaps even until 1968, in the absence of a strong possible successor. The most likely successor, they feel, would be Barzel, although they think the Ruhr industrialists would prefer Strauss. They rule out Gerstenmaier. Although they do not know what went on between the President and the Chancellor during the recent meeting in Washington, they seem to feel that the personal relationship has deteriorated, perhaps in the face of the hard bargaining on the offset. They suggest the desirability of a letter from the President to the Chancellor reaffirming their close personal ties.
2. Monnet is particularly concerned by what he interprets to be a deterioration in the U. S. position in Germany brought about by the hard line the U. S. has taken on the offset-- "The association of cash with troops"... this, together with the uncertainty as to the future of U. S. troop levels in Germany, has had a destabilizing effect. The U. S. image has become one of "domination"---i. e., we have shown a tendency to make unilateral decisions with respect to troop dispositions. He made particular reference to the 15,000 man "drawdown" of last spring. It is important that any future U. S. decisions on troop levels be made only in consultation with Germany and our other NATO allies.

DECLASSIFIED
E.O. 12958, Sec. 3.5
State Dept. Guidelines
By C& NARA, Date 9-3-98

3. With the weakening of the US-German relationship, which has been one of the principal stabilizing factors in Germany, there is danger, according to Monnet, that the Germans will come loose from their moorings. It is not that they will necessarily change their policy drastically and veer toward DeGaulle or Nationalism or some accommodation with the Soviet Union. What is most likely is a period of continued confusion and indecision.

4. Monnet does not attach much significance to the current short term trend toward France and DeGaulle which has characterized recent statements by Strauss and even Barzel. They will find that DeGaulle has nothing to offer--that this is a dead end. Indeed, Monnet does not think anything can be done with France under the present circumstances. We should ourselves be correct with France, as President Johnson has been, but there is no justification for our making any attempt to reach an understanding with France as a basis for common actions.

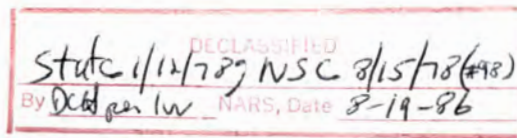
5. The Germans, in Monnet's view, also have no place to go in their relations with the East. It is obvious that the Soviets are not yet ready to make a serious play for the Germans. Monnet agrees with what I had mentioned as a possible Soviet ploy, i. e., that they are waiting until Germany has reached the point of maximum disillusionment with their Western allies. This point, according to Monnet, has not yet arrived. Neither does Monnet see in openings to the Eastern European states a possible outlet for German pent up energies and frustrations. The establishment of diplomatic relations with Romania would not lead to much. Romania is very unreliable and is only attempting to use Germany in her own efforts to achieve a greater degree of independence from the Soviet Union. Germany has already outdone the other Western nations in trade with the East. There is little left to be gained.

6. The main hope Monnet has for bettering the present situation in Germany is to restore a basis for confidence in the U. S., which has existed in the past but which he thinks is now in eclipse. A possibility is afforded through the Trilateral Committee. America and Germany must reach some agreement on the offset with which they can both live and which will restore the previous image that America had in Germany.

7. The only other new "vista" which might be opened up for the Germans, would be movement in the development of the "European" concept through the admission of the UK to the Common Market. UK Chancellor of the Exchequer Callaghan told Monnet, he advised me in strictest confidence, that Wilson is motivated mainly by what President Johnson tells him. If McCloy, in talking with Callaghan in Bonn, would make it clear that U.S. support for sterling is conditioned upon a forthright attitude towards British entry into the Common Market, the British would move. If the British move decisively and everyone else is in favor of their entry, DeGaulle would find it very difficult to oppose. Pressures would be aroused in France which would make it virtually impossible for him to do this.

8. There are two things, Monnet said in summarizing, that the Germans cannot countenance--to be isolated or to be discriminated against. Monnet saw, through a forward movement in the Common Market by the addition of the UK and the reinvigoration of the German-US relationship--a means of keeping Germany on the right side.

McGhee



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2. file

CONFIDENTIAL

October 11, 1966

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Indian PL 480 Agreement

You asked me to keep an eye on US wheat prices and other aspects of the Indian situation. Here's how the main elements stand now:

1. US wheat prices have continued to fall off (see Tab A).

The break which began 16 September has brought prices in the Kansas City market (No. 1 hard and dark hard winter) from their high of \$2.02 per bushel on 15 September to the \$1.75 - \$1.80 range last week. This compares with the \$1.65 - \$1.70 level of last April - May before this summer's sharp rise began. We attribute the drop to reports that:

- The Soviets will harvest a near-record crop and will buy less in Free World markets; this reverses predictions of a poor crop after the big Soviet-Canadian deal in June;
- Canada, Australia and Argentina expect good crops;
- The US crop will come in 1.8 million tons higher than we estimated back in June when speculators read acreage increases as signs of tight supply;
- We really have reduced our worldwide PL 480 by 25%.
- Finally, the prospect of a sharp rise in the US wheat crop next year from increased acreage must be starting to influence traders and those farmers who have held wheat, hoping for still higher prices.

I wouldn't be so foolhardy as to say that this summer's gyrations in the wheat market haven't affected the price of bread. However, I have been interested to look back over the relation between wheat and bread prices. The longer trend since 1945 (see Tab B) makes it clear that other factors have become increasingly influential. But even the month-by-month trend line over the past year (see Tab C) shows the relationship is indirect at best. Bread prices climbed steadily between last November (20.8¢) and April (21.9¢) and then held steady into July; whereas the price of wheat in each loaf held virtually steady (2.7¢ - 2.8¢) throughout that whole period until the June rise. It looks as if the bakers used the summer wheat price increase (0.4¢ in each loaf) to jump bread prices a full cent.

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CONFIDENTIAL

- 2 -

2. Delaying the new Indian agreement further will cause a dip in November wheat shipments. Agriculture on 28 September issued purchase authorizations for the last 165,000 tons of wheat under the 27 May agreement (which stemmed from your message to Congress). The Indian Supply Mission here hopes to have almost all of this last purchase shipped by the end of October, though a small amount may slip into November. All the rest of the 2.5 million tons has been shipped or is on its way to port. Unless we authorize new shipments for the balance of the year, estimates of shipments from US ports look like this (in thousands of tons):

	<u>Wheat</u>	<u>Milo</u>	<u>Total</u>
September	656.3	200.0	856.3
October	350.0	200.0	550.0
November	0	253.7	253.7
December	0	0	0

The agreement we're considering now would cover shipments beginning in November for December - February arrival. It takes about 5 weeks between Washington decision and ship departure--for negotiation, procurement, movement of grain to port and loading--and then another 4-5 weeks on the high seas. If we don't go ahead with the new agreement, it will soon become obvious to Indian grain dealers and politicians that there will be a dip in November departures.

No one argues that Indians would starve. But government grain stocks have been drawn down from 1 million tons on 1 June to 738,000 on 1 September. This is only a little more than one month's average off-take (600,000 tons). This indicator operates in the Indian market much like our carryover here. When it drops, speculation increases, and prices rise. The Indian market, as a result of the recent devaluation, is particularly sensitive to price increases stemming from fear of future shortages. The government, with short stocks, has no large quantities to dump to force prices down.

3. Although the Indians have not moved as quickly as we hoped they would, their agricultural performance has been far better in the past eight months than in any previous year. AID and Agriculture have just finished an analysis of Indian achievement which shows that:

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- 3 -

- Government development programs have given agriculture top priority as promised, and expenditures are already up. The Fourth Plan, just published, nearly doubles planned agricultural expenditures from \$2.3 billion under the Third Plan to \$4.5 billion.
- The government failed to increase fertilizer application substantially for the November - December crop, but this is a matter of delay, not of abandoning targets. Secretary Freeman is disturbed because he had counted on a larger fall crop to reduce pressure on our FY 1967 stocks. Nevertheless, the Indians are sticking to their overall goals, and the delayed fertilizer will be available for the winter/spring wheat crop. Procurement for next year's rice crop is on schedule.
- The government has put out new regulations--breaking with traditional Congress Party policies--to attract private foreign investment in fertilizer and sent a team to the US last summer to line up new investors. These regulations are not yet fully implemented, but progress has been substantial. Investors seem likely, however, to wait until they can size up the post-election government next March before moving.
- The government has taken the first steps in increasing use of improved seed, developing new water resources and expanding farmers' credit.

While we will have to keep the Indians toeing the line, I doubt that delaying this agreement further will force any significant additional policy changes in these last five months before the Indian election. In fact, there is a danger that further uncertainty about future supplies may trigger reflexes imposing renewed controls and impede planning leading toward breaking down food distribution controls after the election.

I recommend that, before you leave on the Asian trip, you approve this Indian agreement (1.2 million tons of wheat and 800,000 tons of coarse grains). Delaying until you get back, I fear, would cause an adverse reaction in India without getting us any closer to our goal of better performance.

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- 4 -

If you approve, I would caution Secretary Freeman to spread out the purchase authorizations to minimize upward pressure on our own prices. I would also instruct Bill Gaud to make sure, in negotiating this agreement, that the Indians understand we expect them to resume their reform moves when elections are over.

W. W. Rostow

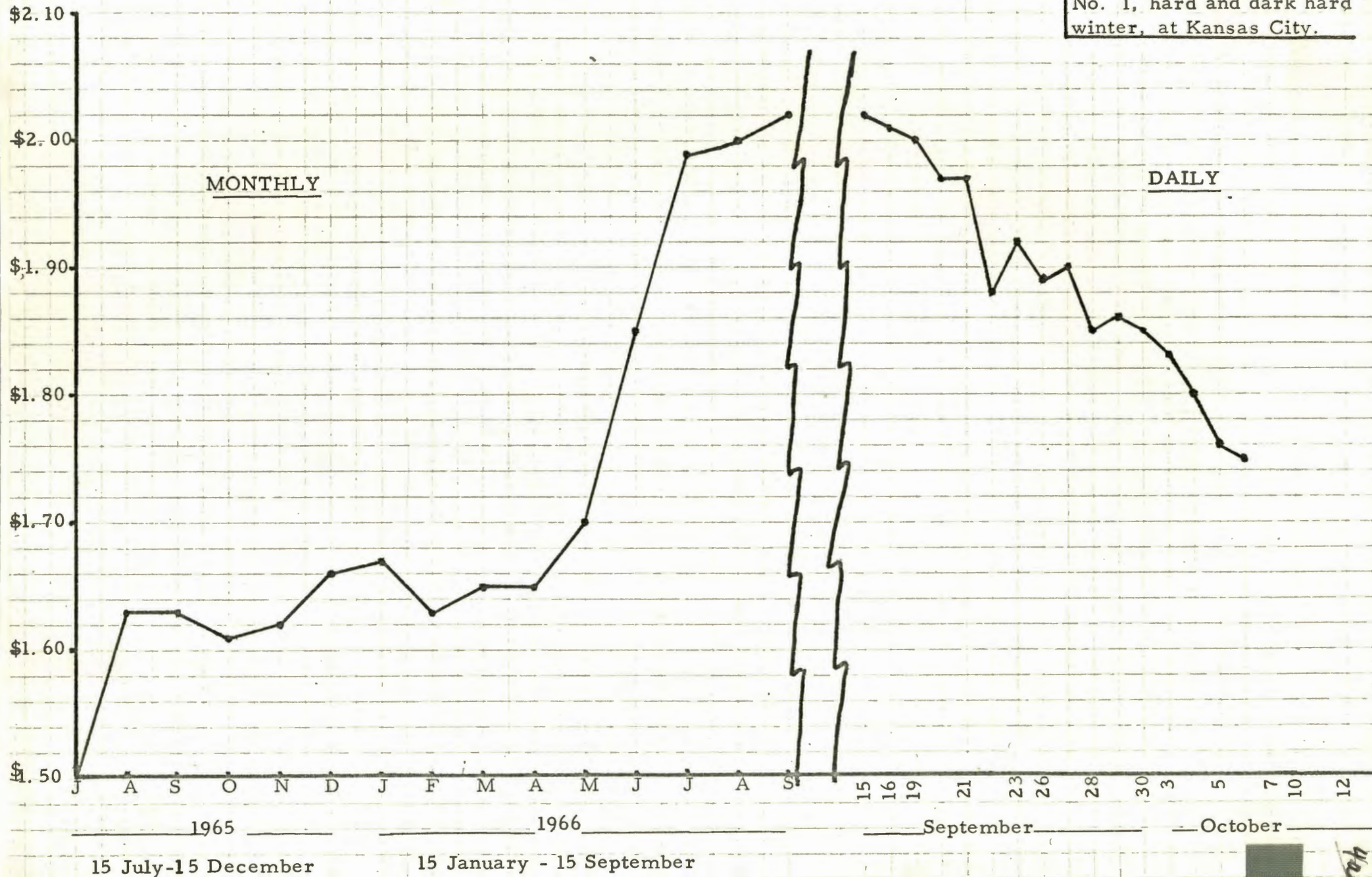
Go ahead _____

See me _____

CONFIDENTIAL

U. S. WHEAT PRICES

Weighted average cash price per bushel of wheat No. 1, hard and dark hard winter, at Kansas City.



46

B

Bread and Wheat Price Trends

Retail bread prices and farmers' wheat prices have shown markedly different trends since World War II. In nearly every year the average price of bread has increased. In more than half of the years, the farmer's price for wheat has declined.

The generally widening gap between the two kinds of prices is shown in figure 1.

Fig. 1



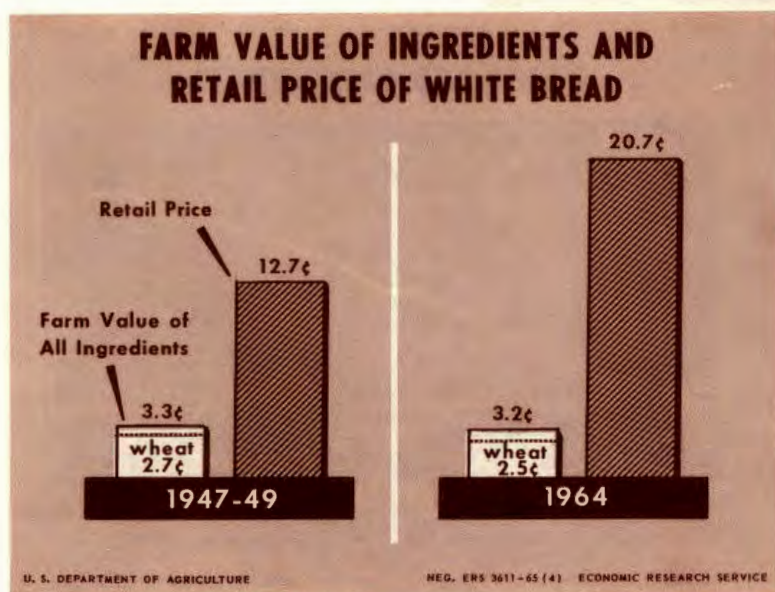
Consumers paid an average of 20.7 cents for a 1-pound loaf of white bread in 1964. This was 8 cents more than the 1947-49 average -- a 63 percent increase.

At the same time, the farm value of the wheat in the loaf dropped from 2.7 cents to 2.5 cents. Farm value of all ingredients in the loaf declined from 3.3 cents to 3.2 cents. See figures 2 and 3.

By February 1965, the average retail price per loaf had risen to 20.9 cents -- 0.3 cent more than in February 1964. In this same 1-year period, farm value of the wheat in the loaf rose from 2.6 cents to 2.7 cents.

February 1965 is the latest month for which average retail prices of white bread are currently available. The farm value of wheat for this month is based on the average price per bushel received by farmers in February plus 70 cents. The additional 70 cents is the per bushel value of the domestic marketing certificate received by farmers complying fully with the Federal wheat program.

Fig. 2



Main reasons for the increase in the retail bread price since 1947-49 are the higher costs of baking and distributing a loaf of bread. Almost all costs are up -- wages, wrapping materials, vehicle expense, and selling costs. Hourly earnings of production workers in bakeries rose from \$1.15 in 1947-49 to \$2.40 in 1964.

However, the baking industry has found ways to offset some of these cost increases through mechanization and other labor-saving methods. These savings have been especially evident in recent years when the price rise in a loaf of bread has averaged less per year than in the early part of the postwar period.

The farmer's share of the retail price of bread in 1964, shown in figure 4, was 15 percent. His share in 1947-49 was 26 percent.

Largest part of the 1964 retail bread price was the baker-wholesaler share, about 55 percent. The retailer's share was about 18 percent.

Fig. 3

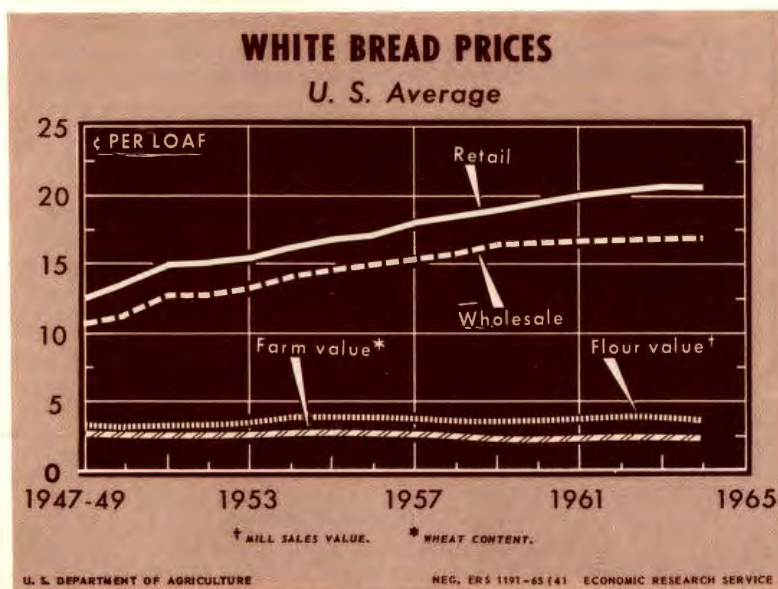


Fig. 4

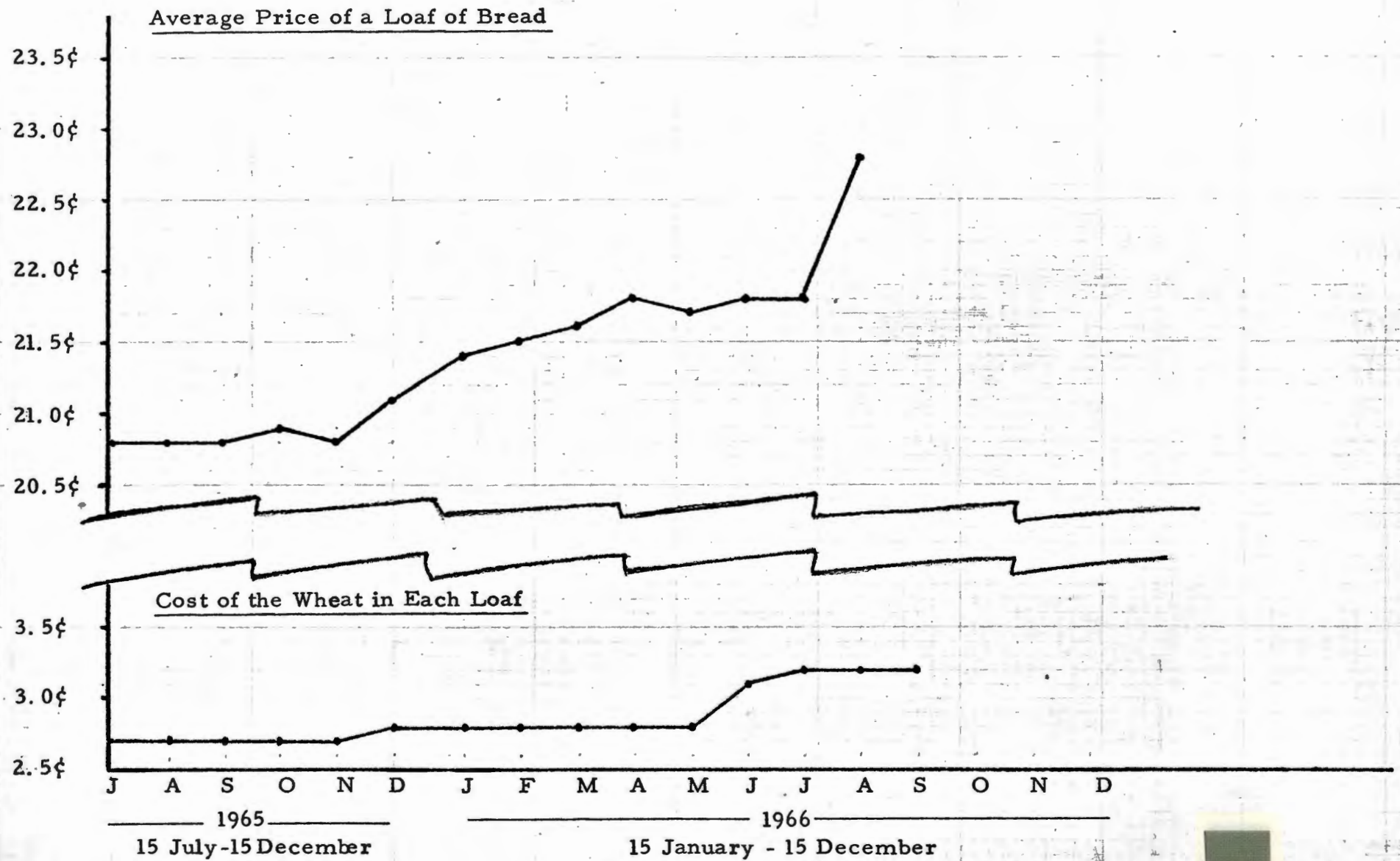


Some of the data presented in this leaflet are revisions of earlier data. Data have been revised in order to provide a series on retail prices for white bread from 1947 through 1963 that is comparable with the series on retail bread prices started in 1964 by the Bureau of Labor Statistics, U.S. Department of labor.

Data in this leaflet are comparable with those published quarterly in the Marketing and Transportation Situation and in Farm-Retail Spreads for Food Products 1947-64, ERS 226, April 1965. Revisions do not affect the findings reported in U.S. Department of Agriculture Miscellaneous Publication No. 969, Spreads in Farm-Retail Prices of White Bread, September 1964.

Economic Research Service
U.S. Department of Agriculture
April 1965

RELATION BETWEEN WHEAT AND BREAD PRICES



~~SECRET~~

Sunday, October 16, 1966 -- 4:40 p. m.

Mr. President:

Sec. Rusk has non-proliferation language.

He has not put it through this office. He may raise it with you this evening.

My only comment is this: Anything beyond your Camp David position is ~~is~~ likely to involve more strain than German politics can now bear -- at this stage.

W. W. Rostow

WWRostow:rln

DECLASSIFIED
E.O. 12356, Sec. 3.4
NJ 89-104
By rip NARA, Date 9-6-89

~~SECRET~~

6

Saturday
October 15, 1966 -- 12:50pm

FS

Mr. President:

Bill Moyers signaled from Thailand that he had views on this matter. I believe he emerged strongly urging the higher, Sec. Rusk's, figure. But you may wish to hear him before making a final decision on this matter.

MAP Thailand

W. W. Rostow

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October 15, 1966

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MEMORANDUM FOR THE PRESIDENT

SUBJECT: Military Assistance for Thailand

Secretaries Rusk and McNamara have been unable to reach agreement on the level of our MAP assistance to Thailand for FY 1967. In the accompanying joint memorandum they present their positions and ask for your decision. Both consider it important that the Thai be advised of the decision during your forthcoming trip. I agree.

THE ISSUE

The MAP level for FY 1967 is currently programmed at \$35 million. The Embassy, Secretary Rusk and Joint Chiefs urge a minimum level of \$60 million. Secretary McNamara sees possible military justification for no more than \$44 million. The disagreement reflects differing assessments of the proper military structure for Thailand, of their performance in using equipment provided, and of political factors.

STATE'S POSITION

We face a crisis of confidence in our relations with the Thai Government. The Thais have aligned their policies with ours in containing Communist aggression and have been highly cooperative in permitting our use of their bases and facilities. They want to strengthen their own defenses by bringing their conventional forces up to authorized strength. This would mean a FY 1967 program \$16 million larger than in FY 1966, and \$25 million more than currently programmed.

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DECLASSIFIED	
NSC 9-18-80 (#15-1)	
By <i>DeW</i>	NAKS, Date <i>8-25-86</i>

SECRET

Congressional criticism of our commitment and presence in Thailand have soured our relations to the point where Thai leaders are beginning to question our resolve. Our failure to help strengthen their defenses by approving a MAP level of \$60 million would further erode the stability of our alliance. They would likely press for a bilateral defense treaty and impede our Vietnamese operations from Thailand by establishing greater controls over each air mission as well as any future utilization of their facilities that we contemplate.

While MAP assistance should stress combatting insurgency, the Thai do not accept the view that their military forces should be limited to a constabulary while they rely on outside powers to provide conventional defense capabilities as needed.

DEFENSE POSITION

The proper MAP level from a military standpoint is the currently programmed \$35 million. There could be some justification for a level of \$44 million. Thai forces should be directed primarily to counterinsurgency missions and internal security, with provision for only limited conventional capabilities. We should provide support only as the Thais demonstrate they can meet minimum maintenance and usage standards. The \$35 million level is adequate for these purposes. There are, as well, serious inadequacies in past Thai performance.

Substantial Congressional cuts in the Military Assistance Program would make it difficult to increase the Thai program above \$35 million. If the Thai program is held to this level, the Congressional cuts will still force reductions of nearly \$85 million in programs of other countries already at austere levels.

Additional funds for Thailand would constitute a political pay-off taken from MAP funds badly needed elsewhere.

FUNDING OPTIONS

If the level is raised to \$60 million, these would be the funding options:

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New Legislation

- A supplemental appropriations request to include economic and military aid to Viet-Nam and other Asian countries.
- Request Congressional authority to transfer the Laos MAP of \$109 million for FY 1967 to military services budgets, freeing that amount for MAP elsewhere.

Current Authority

- The law permits transfer of some funds from economic to military assistance in the Supporting Assistance and Contingency Funds. Given Congressional cuts and economic aid requirements, transfers would have to be compensated by supplemental appropriations for economic aid.
- Up to \$300 million of U.S. military stocks can be used and repaid from future MAP appropriations.
- Transfers from other MAP programs (e.g. India/Pakistan pipeline, Greece, Turkey, Republic of China, Korea or Latin America).

Credit Sales

- Instead of MAP grants, we could enter into credit sales on maximum concessionary terms of 14 years repayment without interest.

- - - - -

The positions of both Secretaries have merit.

In my judgement, critical political factors and important questions of our use of Thai facilities, argue persuasively for agreeing to a \$60 million level for FY 1967.

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The Thai have repeatedly noted that you, in your 1961 visit, were the only senior American visitor who ever took time to explore Thai problems deeply and to follow through by securing an increase in military assistance. The suggested action would underline your continuing concern with Thai security.

I am impressed also by the following:

- (1) Indications of improving Thai maintenance and usage capabilities;
- (2) the fact that the Thai want to increase their conventional force to prevent any future heavy dependence on us or others;
- (3) the clear determination by the Thai to achieve the desired military capacity, even if it means cutting back on their "nation building" program which has shown so much promise. Ambassador Martin feels certain that if we push them down that track, history will regard it as a monumental error. I think he is right/
- (4) failure to help them meet the gap between their plans and their capacities will almost certainly mean an end to the virtually free hand we have had to date in use of Thai facilities.

- - - - -

The position of Secretaries Rusk and McNamara are elaborated in the attached joint memorandum and a separate memorandum from Secretary Rusk with supporting documents.

W. W. Rostow

Approve \$60 million ✓

Approve \$44 million _____

Approve \$35 million _____

See Me _____

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6-6

THE SECRETARY OF STATE
WASHINGTON

October 13, 1966

~~SECRET EXDIS~~

MEMORANDUM FOR THE PRESIDENT

SUBJECT: FY 1967 MAP Level for Thailand

The Department of State and Defense have been unable to agree on this matter, and have thus been forced to seek your decision.

Recommendations

A. Secretary Rusk recommends that you authorize informing the Thai Government at once that we will furnish from FY 1967 funds designated MAP items totaling approximately \$60 million. The precise dollar amount would not be used, except in the general sense of informing the Thai that the program was significantly greater than last year's total (which they know to have been \$44 million). Ambassador Martin would be instructed in the strongest terms that we expect him to use this commitment to persuade the Thai to undertake substantial further improvement in their counter-insurgency performance.

B. Secretary McNamara believes that the proper MAP level from a military standpoint is the currently programmed \$35 million, (although he is prepared to recognize some military justification for a program totaling approximately \$44 million) and that because the Congress cut the Military Assistance Program so substantially, we simply don't have the funds to finance higher levels -- if the Thai program is held to \$35 million, the Congressional cuts will still force reductions of approximately \$85 million in the programs of other countries which were already at austere levels. It is Secretary McNamara's view that any additional funds for Thailand would be pure political pay-off taken from military assistance funds badly needed for military purposes elsewhere.

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E.O. 12356, Sec. 3.4

NJ 85-21

By mg NARA, Date 7-11-89

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Approve \$60 million _____

Approve \$35 million _____

Approve \$44 million _____

Discussion

1. There is no disagreement on the significance of Thailand to our Asian policy. Its role in relation to the war in Laos and Vietnam, its longer term strategic importance, and its active support of Asian regional cooperation are all matters of the first importance. Our Asian policy requires a continuing strong relationship with Thailand.

2. It is also agreed that the immediate although currently limited threat to Thailand's continued ability to play its important role in Southeast Asia is Communist subversion and insurgency.

3. Further, it is agreed that the Thai have been very forthcoming in response to numerous U.S. requests made on them, giving us invaluable support in both the military and political fields. It is also agreed that the resulting U.S. construction program in Thailand will provide the Thais a new deep water port, a country-wide communications system, new and improved roads, POL pipelines and new and improved airfields, all costing more than \$250 million over the last four years. Although U.S. operations out of Thailand are as much in Thai as in U.S. interest, it is an agreed fact that the Thai role beside us in the war leads them to expect us to be forthcoming in response to their needs and requests.

4. Disagreement emerges in connection with the role of our Military Assistance Program in dealing with the Thais and with the threat. The disagreement about the level of the program reflects differing assessments of the proper military structure for Thailand and of Thai performance in making proper use of equipment provided. Finally, there are important political factors which Secretary Rusk believes must be given great weight in making the decision on the level.

5. Basic

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5. Basic Facts

a. The MAP program in Thailand was \$51.9 million in FY 1961, \$81 million in FY 1962, and \$73.5 million in FY 1963. The figures were considerably lower for FY 1964-66, \$42 million, \$38 million, and \$44 million, respectively.

b. In August of 1965, Major General Richard Stilwell was assigned as COMUSMACTHAI and instructed to review the MAP program fully. In February, he recommended, with the full support of Ambassador Martin, that the program be set at a level of \$70 million for FY 1967, and that similar figures be envisaged for further years. Secretary McNamara points out that this program, with which the Joint Chiefs of Staff concurred, is based upon the premise that there should be a major improvement in the capability of the Thai to deal with a conventional threat from land, sea and air; this to be accomplished by increasing the size and equipment of Thai forces. Secretary McNamara does not agree with this premise. He believes the size and capabilities of the Thai forces should be directed toward internal security, with only limited emphasis placed on Thai ability to stand alone against external aggression. Ambassador Martin has for a long time recommended a \$70.7 million program for FY 1967, together with a firm commitment that a program of this magnitude would be maintained for three years.

6. Summary of Positions

It is Secretary Rusk's judgment that there is substantial over-all military justification for a program at the \$60 million level, and that overriding political factors dictate a commitment of at least this magnitude. Although Secretary Rusk would see much political advantage in committing ourselves to a similar figure for three years, he believes that the uncertain prospects of the MAP account make such a commitment undesirable. He would thus limit the commitment to

items

items totaling \$60 million, covering FY 1967 funding only. Secretary McNamara, as indicated above, believes \$35 million would, from a purely military standpoint, provide adequate resources to meet likely threats and would provide the Thais with as much as their record shows they can properly use. He believes that Ambassador Martin, especially in view of the recent drastic cut in MAP funds, can handle the political problem.

7. Proper Military Structure for Thailand

a. Secretary McNamara believes that, from a purely military standpoint, the Thai forces should be directed primarily to counterinsurgency missions with provisions made for only limited conventional capabilities. And, in connection with conventional capabilities, he believes we should provide equipment only as the Thais demonstrate that they will meet minimum maintenance and usage standards. In his judgment, the \$35 million is adequate for these purposes.

b. Secretary Rusk, while concurring that the principal current mission of the Thai forces is to combat insurgency, believes that emphasis must be placed upon our SEATO commitment to Thailand to assist in its defense against conventional attack, with the related undertaking to assist in developing Thai conventional capabilities. Secretary Rusk stresses that great weight must be given to the Rusk-Thanat communique of 1962, reaffirming our commitment in effect on a bilateral basis, and to the letter from President Johnson to Prime Minister Thanom of June 1964, in which we specifically agreed to engage in joint planning with the Thai against the possibility of a conventional threat. This essentially bilateral relationship with Thailand is at the heart of our whole position there today. Because of these commitments, and solid evidence of Thai reliance upon them, Secretary Rusk believes that our MAP program must provide Thai forces the support for the level of conventional capability believed necessary by the Thai and by Ambassador Martin. He believes this requirement points to the \$60 million figure.

8. Thai

8. Thai Performance and Necessary Improvements

a. Secretary Rusk agrees that past performance of the Thai military force has been defective in some respects. He notes that the U.S. support effort has also had its weaknesses, and that there has been substantial improvement by the Thai over the past year. This improvement is attributed by Ambassador Martin and General Stilwell in large part to the fact that the U.S. gave the Thai a general MAP commitment of \$39 million for FY 1966 in August of 1965, and this experience of improvement is a major reason for Ambassador Martin's recommendation that a firm commitment be made currently. This improvement is not confined to conventional military forces but encompasses such things as basic reorganization of the government efforts against insurgency, and fundamental reforms in the collection, collation, and exploitation of intelligence.

b. Secretary McNamara points out that the 1961-63 MAP programs were excessive and led to a serious deficiency in maintenance by the Thai forces, which was highlighted by a 1965 GAO report covering the 1963 period. He notes some improvement in maintenance and utilization rates, but he points to continuing seriously inadequate utilization rates in current Thai performance.

9. Political Factors

While not able to take issue with the purely military judgment of the Secretary of Defense, Secretary Rusk believes that the following political factors make the \$60 million level imperative:

a. Above all, the great importance of nurturing and preserving our valuable relationship with them.

b. The importance of erring on the side of ample resources to enable and to encourage the Thai to deal effectively with the present level of insurgency.

c. Failure

c. Failure to supply the additional items, largely of a conventional nature, represented by the difference between \$35 million and \$60 million, will result in substantial dissatisfaction in the Thai Armed Forces, who represent the controlling element in the Thai Government. Hence, failure to provide the \$60 million level could result in significant general damage to our relations with the Thai.

d. More specifically, our current relations with the Thai have been significantly soured by adverse comment in the United States, particularly statements by Senator Fulbright about the "shaky" foundation of our military commitment and presence there. As a result, the Thai have recently insisted on the early negotiation of a status of forces agreement and -- far more significant -- Foreign Minister Thanat has formally requested a bilateral treaty with the United States. We have told Thanat frankly that this is out of the question, and for the time being Prime Minister Thanom is letting the matter lie. However, if we were to come forward with a MAP program that appeared to the Thai to short-change their forces, it is Secretary Rusk's judgment that we would have a major possibility that the Thai would press seriously for a bilateral, and also take action which would impede our Vietnamese operations from Thailand, for example by requiring specific prior Thai concurrence in the target of every air mission carried out from Thailand. Basically, Secretary Rusk believes that failure to provide the necessary MAP items would give the Thai the impression that we did not really expect Thai forces to participate fully in the event of a conventional threat, and would redouble Thai insistence that the U.S. commitment be made even more specific and precise than it is at present. Needless to say, any deepening of our commitment-- by a treaty or otherwise-- would set off a most harmful debate in the United States.

e. While agreeing that the primary Thai emphasis should be on combatting insurgency, Secretary Rusk believes that a \$60 million level would provide significantly increased leverage for U.S. influence in a number of areas

still

still requiring improvement, as compared to a \$35 million level, thus materially improving the prospects for a successful all-out effort against the insurgency while it is still manageable. Moreover, Secretary Rusk notes that, if the Thai should feel that their conventional capabilities were being neglected under our MAP program, there is the clear possibility that they would use resources of their own to purchase military equipment, perhaps outside the United States, and would thus divert the heavy (60%) proportion of their budget that they have been devoting, with our support, to economic and social development measures which, in the long run, will more effectively insure Thailand's security against subversion.

10. MAP Fund Program

Both Secretaries agree that there is a serious problem in funding any MAP sum greater than the present planning figure of \$35 million. (This figure dates from last fall, prior to General Stilwell's review.) The Conference has approved a total MAP appropriation of \$792 million. This is a cut of \$125 million from the Administration request of \$917 million. There have been a large number of changes in both directions from the original planning figures. The India/Pakistan program should be substantially reduced. However, increases for Laos, Korea and NATO (the increases now estimated at \$58 million) have produced a net shortfall on the order of \$85 million before any addition for Thailand. Thus, it is agreed that the allocation of an additional \$25 million for Thailand, bringing the shortage to \$110 million, would require significant large reductions in the planned programs, over and above the reductions that already appear to be required.

11. In the light of these factors, Secretary McNamara would include the funding problem as a major reason for not going above \$35 million. Secretary Rusk, however, believes that despite the serious over-all funding situation, Thailand must be accepted as having such a high priority that its needs should be met even at the expense of additional reductions in other major programs.

Dean Rusk

Dean Rusk

Robert S. McNamara

Robert S. McNamara

THE SECRETARY OF STATE
WASHINGTON

October 13, 1966

~~SECRET-EXDIS~~

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Attached Joint Memorandum from
Secretary McNamara and myself
on FY 1967 MAP Level for Thailand.

The attached memorandum was signed by Secretary McNamara before he left for Vietnam last Saturday. The purpose of this Supplemental Memorandum is (1) to report in context on several developments since his departure, and (2) to indicate the feasibility of funding my recommendation of a \$60 million MAP program in Thailand, despite the cut of \$125 million in the MAP appropriation.

(1) Recent developments and their background. The original planning figures submitted to Congress for MAP included an item of \$35 million for MAP in Thailand. Last year's total was \$44 million, a figure disclosed to the Thai. There have been a number of changes from the original planning figures in both directions, including an increase in ammunition requirements of \$39 million for Laos. After the Thai item was prepared, a thorough review of the Thai situation was made by General Stilwell. His recommendations, approved by Ambassador Martin and the Joint Chiefs of Staff, would support a MAP effort of some \$60 million, both for conventional and for counter-insurgency forces.

The Thai have become concerned about the firmness of our commitment to their defense, in the light of adverse comments by Senator Fulbright and others, and have expressed a desire to embody our present relationship in a bilateral

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DECLASSIFIED

E.O. 12356, Sec. 3.4

NLJ 89-21

By up NARA, Date 7-11-89

~~SECRET-EXDIS~~

- 2 -

treaty. The visits of the Thai in Washington this week have underscored the reality and urgency of their concern. It is reflected also in Mr. Moyers' telegram (111536Z) of October 11.

I believe it vital on political grounds, and an important step in preparing for the Manila Conference, to assure the Thai before the Conference that we shall enlarge last year's program, carrying out the Rusk-Thanat communique of 1962, and your letter to Prime Minister Thanom of June 1964, in which we agreed to engage in joint planning with the Thai against the possibility of a conventional threat. I enclose copies of both documents. I conclude that the Thai have earned this reiteration of our SEATO commitment. Such action is required to prevent them from pressing for a formal public bilateral agreement of support. It is justified by the real progress the Thai have made in their military effort and by their cooperation with us. And I believe that such a step taken now is the best possible insurance against the risk of Thailand degenerating into another Vietnam, if various adverse contingencies occur.

(2) Ways to pay for the revised MAP programs. The source of funds for the increase of \$25 million for Thailand must be considered in connection with other increases in requirements for military and economic aid for Southeast Asia and other areas. There is already a requirement for an additional \$39 million MAP for ammunition for Laos, and new economic aid requirements have arisen for the Dominican Republic, Indonesia and Panama as well as Southeast Asia.

The high priority MAP increases for Thailand and Laos should be funded in a way that will not undercut the effectiveness of other MAP and AID programs.

The options are:

A. New Legislation

~~SECRET-EXDIS~~

~~SECRET-EXDIS~~

- 3 -

1. Following the Manila Conference, seek a supplemental appropriation package including elements of economic and military aid for South Vietnam, Thailand, Laos, Korea, Indonesia, and the Philippines, in the light of the situation in Asia as it develops.

2. Seek Congressional authority to transfer the Laos MAP program of \$109 million for FY 1967 to the Military Services budgets, just as military assistance to South Vietnam and war-related costs for South Korea are now authorized to be funded.

B. Current Authority

1. The law permits the transfer of some funds from economic to military assistance. However, the Foreign Assistance Contingency Fund was cut by Congress to a total of \$70 million. At the same time, Congress cut Supporting Assistance requests by \$57 million. Economic aid requirements for Southeast Asia and other politically sensitive countries, such as the Dominican Republic, Indonesia and Panama, require that the entire Supporting Assistance and Contingency Fund Appropriations be used for economic assistance. Alternatively, to transfer Contingency Fund or Supporting Assistance monies to MAP would mean that we should have to seek a supplemental appropriation for economic assistance. Other economic aid funds cannot legally be transferred to MAP.

2. The law also permits you to authorize the use of up to \$300 million of U.S. military service stocks to be repaid from future MAP appropriations, an authority the Secretary of Defense has told the Congress would be exercised only in cases vital to the security of the U.S. It has been used twice for South Vietnam.

3. Political and programming developments in the ensuing two or three months might let us find the funds for Thailand (\$25 million) and perhaps Laos as well (\$39 million) by transfer from such current MAP programs as the \$48 million

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- 4 -

India/Pakistan pipeline, currently being held in suspense, combined with some marginal contributions from the planned programs for Korea, China and Latin America. Cuts in these MAP programs would, of course, raise problems in each of the cases mentioned.

In view of the availability of these alternatives, I believe you can safely make the decision called for by the attached memorandum, and delay a final choice of means until sometime after your return.

Dean Rusk

Dean Rusk

Enclosures:

1. Rusk-Thanat 1962 Communique.
2. Your letter to Prime Minister Thanom,
June 18, 1964.

~~SECRET-EXDIS~~

DEPARTMENT OF STATE

MARCH 6, 1962

FOR THE PRESS

NO. 145

Following is the text of a joint statement by Foreign Minister Thanat Khoman of Thailand, and Secretary of State Dean Rusk:

The Foreign Minister of Thailand, Thanat Khoman, and the Secretary of State Dean Rusk met on several occasions during the past few days for discussions on the current situation in Southeast Asia, the Southeast Asia Collective Defense Treaty and the security of Thailand.

The Secretary of State reaffirmed that the United States regards the preservation of the independence and integrity of Thailand as vital to the national interest of the United States and to world peace. He expressed the firm intention of the United States to aid Thailand, its ally and historic friend, in resisting Communist aggression and subversion.

The Foreign Minister and the Secretary of State reviewed the close association of Thailand and the United States in the Southeast Asia Collective Defense Treaty and agreed that such association is an effective deterrent to direct Communist aggression against Thailand. They agreed that the Treaty provides the basis for the signatories collectively to assist Thailand in case of Communist armed attack against that country. The Secretary of State assured the Foreign Minister that in the event of such aggression, the United States intends to give full effect to its obligations under the Treaty to act to meet the common danger in accordance with its constitutional processes. The Secretary of State reaffirmed that this obligation of the United States does not depend upon the prior agreement of all other parties to the Treaty, since this Treaty obligation is individual as well as collective.

In reviewing measures to meet indirect aggression, the Secretary of State stated that the United States regards its commitments to Thailand under the Southeast Asia Collective Defense Treaty and under its bilateral economic and military assistance agreements with Thailand as providing an important basis for United States actions to help Thailand meet indirect aggression. In this connection the Secretary reviewed with the Foreign Minister the actions being taken by the United States to assist the Republic of Viet-Nam to meet the threat of indirect aggression.

The Foreign Minister assured the Secretary of State of the determination of the Government of Thailand to meet the threat of indirect aggression by pursuing vigorously measures for the economic and social welfare and the safety of its people.

The situation in Laos was reviewed in detail and full agreement was reached on the necessity for the stability of Southeast Asia, of achieving a free, independent and truly neutral Laos.

The Foreign Minister and the Secretary of State reviewed the mutual efforts of their governments to increase the capabilities and readiness of the Thai armed forces to defend the Kingdom. They noted also that the United States is making a significant contribution to this effort and that the United States intends to accelerate future deliveries to the greatest extent possible. The Secretary and the Foreign Minister also

took note

took note of the work of the Joint Thai-United States Committee which has been established in Bangkok to assure effective cooperation in social, economic and military measures to increase Thailand's national capabilities. They agreed that this Joint Committee and its sub-committees should continue to work toward the most effective utilization of Thailand's resources and those provided by the United States to promote Thailand's development and security.

The Foreign Minister and the Secretary were in full agreement that continued economic and social progress is essential to the stability of Thailand. They reviewed Thailand's impressive economic and social progress and the Thai Government's plans to accelerate development, particularly Thailand's continuing determination fully to utilize its own resources in moving toward its development goals.

The Foreign Minister and the Secretary of State also discussed the desirability of an early conclusion of a treaty of friendship, commerce and navigation between the two countries which would bring into accord with current conditions the existing treaty of 1937.

* * *

State--RD, Wash., D. C.

THE WHITE HOUSE
WASHINGTON

LBJ/Thailand
be
S/S # 9155

June 18, 1964

~~SECRET~~

Dear Mr. Prime Minister:

I thank you for your kind letter of May 25, which was received for me by Secretary Rusk at his meeting last week with Mr. Bunchana Atthakor, Deputy Minister of National Development in your cabinet.

I know the concern that you must feel for your nation and its people at this time of crisis in Southeast Asia. I am closely aware of the problems presented to your country by this crisis, and particularly by events in Laos.

In your letter, Mr. Prime Minister, you referred to America's defense commitments in various parts of the world. America's defense commitment to Thailand is clear, and as I said when we met in Bangkok in 1961, "America keeps its commitments".

We regard Communist advances in Laos as a threat to the security of the United States as well as that of Thailand. In accordance with this concept, I have authorized Ambassador Martin to open consultations with you looking toward joint Thai-US military planning of measures to be taken in the event of a Communist drive toward the borders of Thailand. I understand joint planning meetings will begin in Bangkok this week. We must be prepared to act promptly and effectively to check such a drive if necessary.

At the same time, we must overlook no opportunity for a peaceful settlement which preserves the interests of our two nations. For this reason we are willing to undertake consultations such as those in which we are mutually engaged in Vientiane, and we would be willing to see convened consultations such as those recently proposed by the Poles.

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NJ 87-104
By *mg* NARA, Date 9-6-89

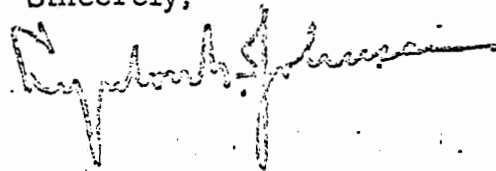
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- 2 -

We believe, however, that Communist acceptance of the preconditions laid down by Prime Minister Souvanna Phouma of Laos must precede any convention of a conference on Laos such as that held in Geneva in 1962.

Our willingness to keep the door open to negotiations must not be mistaken either by our friends or our enemies as reflecting any wavering of our resolve. It does reflect truly our purpose, which is peace. But the Americans who have died to check the spread of Communism in the Far East, those who even now are dying for that cause, provide the most eloquent testimony of our determination that peace shall not be bought at the cost of freedom.

Sincerely,



His Excellency
Field Marshal Thanom Kittikachorn
Prime Minister of Thailand
Bangkok

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

Pres file 7

~~CONFIDENTIAL~~

Saturday, October 15, 1966

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Your Meeting with Ambassador Telles

This is how the Telles equation lines up:

Our view:

- Telles has been in Costa Rica for almost 5 years.
- It is time for him to leave and you have approved his successor - Clare Boonstra, our able Deputy Chief of Mission in Mexico City.
- With an unravelling economic and political situation in Costa Rica, the sooner the change the better.
- Telles is a natural for the Border Commission job.

Telles wants either:

- The Mexico City Ambassadorship; or
- A job as Presidential Assistant to look after Mexican-Americans and, as part of that task, to head the US Section of the Border Commission.

I have checked John Macy for ideas on how the Border Commission job might be dressed up to give it more visible prestige. He has none -- and neither do I, unless you make him your unofficial contact man with the Mexican-Americans.

John and I believe that you should make clear to him:

- that you have decided on the change; and
- that you want him to take this particular job.

We suggest that you follow this line:

- He has been in Costa Rica a long time.

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E.O. 12356, Sec. 3.4
NIJ 89-103
By uf NARA, Date 2-6-91

~~CONFIDENTIAL~~

-2-

- You are reviewing all appointees with this length of service and are making changes.
- You want him to leave San Jose and take this key assignment which carries the seal of two Presidents as expressed in the Joint Communique of April 15.
- You know of no other person with the depth of contacts, experience and goodwill on both sides of the border to do the job.
- Over the years we have made great progress in improving our water and boundary relations along the frontier.
- Now it is time to pay equal attention to the human relations along the border - a tremendous challenge and opportunity.
- In this job he can make an historic contribution to US- Mexican relations and help you in dealing with our Mexican-American population.

Although he may indicate vagueness about the nature of the Border Commission job, he is, in fact, knowledgeable:

- Linc Gordon has briefed him on the substantive and administrative aspects.
- He has seen the detailed proposals drawn up by State and OEO.

W. W. Rostow

~~CONFIDENTIAL~~

8
Saturday, October 15, 1966
9:45 a.m.

MR. PRESIDENT:

I think Don Hornig is right.

If you can possibly persuade the Speaker to reverse his judgment when you see him today, you will be saved a quite substantial international embarrassment.

W. W. Rostow

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

October 14, 1966

MEMORANDUM FOR

Mr. Rostow

Subject: Water for Peace


You should be informed of a minor catastrophe which, if we cannot find means to rectify it, will badly tarnish the President's image abroad. You will recall that just a year ago the President announced the Water for Peace Program and called for a large international conference for that purpose to be held in Washington in the Spring of 1967. He referred to the Conference once again in early September of this year. Invitations have been sent world-wide with the proviso, to be sure, that this was attendant upon legislation. Nevertheless, acceptances have been coming in, abstracts of papers have been received, and planning is well under way.

The State Department informs me that last night the Speaker of the House informed Henry Wilson that the House Leadership had decided against seeking a rule which would permit legislation authorizing the Water for Peace Conference to be held next May. The Senate had passed this legislation in July, but when it came up in the House last week it was passed over because of objection. In order to obtain action before adjournment, a rule would be required. Henry Wilson told the Speaker yesterday that this was part of the "must" legislation. Last night Wilson was told the legislation was dead.

I think the notion of cancelling a conference called by the President for which many foreign nations have already made preparations and submitted papers is unfortunate, to say the least. It will certainly create a poor image abroad of the President's relations with the Congress.

It seems important to me that the President be made aware of this development promptly so that whatever steps are needed to obtain a rule and to move it through the House can be taken in time to get action before adjournment.

cc: Mr. Cater
Mr. Califano


Donald F. Hornig
Special Assistant to the President
for Science and Technology

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

Saturday, October 15, 1966
11:00 a. m.

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MEMORANDUM FOR THE PRESIDENT

SUBJECT: NSC Meeting on Your Asia Trip

The meeting is scheduled at 2 p. m. today. List of invitees attached (Tab A).

The agenda is attached (Tab B).

I thought you might want to start off with a brief report from Secretary McNamara on his trip to Vietnam and on his views of the situation there.

You might then ask Secretary Rusk for a report on the current status of planning and arrangements for the Manila Conference. The first question is: what do we want to come out of the Conference?

Discussion might focus on the scope paper (attached at Tab C).

The Secretary and Bill Bundy should have a list of things that remain to be done between now and October 24, the opening day of the Manila conference. There should be specific action assignments for the unfinished business.

I suggest the same procedure for discussion of your visits to other capitals -- the main problems by Secretary Rusk; list of things that remain to be ironed out; action assignments.

The agenda for Manila is buttoned up (Tab D).

A possible communique and Manila Declaration are attached (Tab E). Here -- aside from detailed drafting -- the issues are:

- Do we want a separate Vietnamese Declaration as at Honolulu?
(I do. State uncertain.)
- Do we want a separate broad statement of principles governing Asia policy? (I do. State originally reluctant, but moving.)

The issues should be explored at this meeting.

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NLS 84-395 (#96)	
By: <i>WHL per 158</i>	NARS, Date 8-19-86

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WHL Rostow

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

~~SECRET~~

Saturday - October 15, 1966 - 12:30 p.m.

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Our Program for the OAS Summit

Secretary Rusk in the attached memorandum requests your approval of general guidelines for our negotiators on Summit preparations.

The guidelines are based on a Summit program which has substantial inter-agency concurrence except for the budgetary implications. Because of the difference, Secretary Rusk is not asking that you make a decision on this aspect until you can review the Summit price tag in the light of the total aid request for FY 1968.

These guidelines provide adequate interim direction for the preliminary multilateral preparatory work which will take place during the next 6-8 weeks.

The Summit Deal

We are asking the Latins to:

- integrate their economies and sharply reduce tariffs.
- revamp their antiquated agricultural and educational systems.
- work with us in promoting private investment.

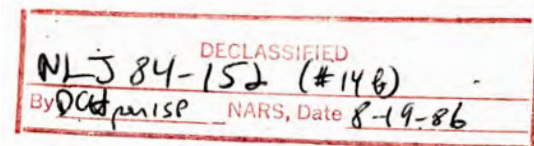
It will take courage for the Latin American Presidents to take their countries down this uncharted path.

To induce them to step off into the dark and break past the obstacles, a substantial U.S. "carrot" will help. Expanded economic assistance is our part of the deal.

The guidelines will enable our negotiators to explore:

- how far the Latins are prepared to go.
- how much inducement must we offer to make them take the jump.

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Based on their findings, you can decide on the specific proposals.

Our Present Summit Program

It is designed to begin meeting now serious social and political problems we see coming in the decade ahead from population increase, growing urban unemployment and continued backwardness of agriculture. The main elements are:

1. Latin American Economic Integration

The broadened, more competitive market that can result from more rapid economic integration is the single, most promising move that Latin America can take to accelerate growth and reduce future foreign aid needs.

We would expect the Latin Americans to agree to a concrete plan for automatic reduction of intra-zonal tariffs and non-tariff barriers; a commitment to adopt reasonable external tariffs, declining as their economies strengthen; competitive investment and internal trade policies; and reasonable access to the region for foreign investment.

You, in turn, would announce at the Summit our readiness to support this effort by expanding our contribution to the Inter-American Bank's Fund for Special Operations (IDB/FSO). This would involve increasing the U.S. contribution in the three fiscal years 1968-70 from the present level of \$250 million per year to \$300 million, with an indication that if additional funds are required, we would consider further replenishment of the FSO.

The IDB would agree to set aside a stated amount of the new resources to:

- a. finance sound multinational projects in support of economic integration and development of "inner frontiers" (e.g., roads, flood control, hydroelectric power, irrigation, communications).
- b. assist countries with temporary adjustment problems resulting from rapid integration (e.g., balance of payment difficulties, affected industries and workers, export financing for intra-Latin American trade).

2. Higher Alliance Targets: Primarily Agriculture and Education

Annual per capita growth rates in Latin America should increase from the 2.5% level realized in 1964 and 1965 to 4-6%. Economic integration will help. But also basic to the objective are more dynamic agricultural sectors and broader access to higher quality education.

The type of across-the-board programs and self-help we have in mind are described in the guidelines paper (Enclosure 1 of the Rusk memo). In addition to remedial measures for the more common deficiencies, the programs include some exciting new ideas such as establishing two or three regional centers of excellence in science and engineering in Latin America.

At the Summit you would announce an increase in AID bilateral assistance in these two fields of up to \$200 million per year for 5 years.

3. Stimulate Private Investment

There are two proposals for increasing U.S. investment in Latin America under favorable conditions which State has advanced but on which full inter-agency agreement has not been reached. They are:

a. an imaginative idea for expansion of AID risk guarantees developed by Tony Solomon.

b. the negotiation with the Latin Americans of an agreed investment code to encourage use of modern technology and provide for coordination of foreign investment with development plans.

Budgetary Implications of the Package (Linc Gordon's estimates not concurred in by AID or BOB)

For FY 1968 the implications are

	<u>Appropriation</u>	<u>Expenditure</u>
	(in millions)	
Economic Integration (replenishment of the IDB/FSO over the planned level of \$250 million)	\$ 50	\$ 5
Increased Bilateral Aid for Agriculture and Education	<u>\$ 200</u>	<u>\$ 50</u>
Total	\$250	\$ 55.

For the four year period beyond FY 1968:

- Replenishment of the FSO will continue for 2 years at \$50 million per year.
- Requirements for bilateral assistance in agriculture and education will not exceed \$200 million per year and may be less, depending upon allocation of IDA funds to Latin America.

The Original Package

Linc Gordon's original Summit proposals had three elements which have been deleted or diluted. They added a zest to the program which is now lacking.

1. Separate Integration Fund

As an inducement to the Latin Americans to take the plunge on integration he proposed a separate Latin American Integration Fund to handle adjustment assistance and a Multinational Projects window at the IDB to finance such projects. We would contribute up to \$300 million to the fund and \$500 million to the IDB for multinational projects, both over a five year period.

Joe Fowler took sharp exception to these proposals and countered with the idea of using the Bank's FSO and increasing our contemplated annual contribution to the FSO by \$50 million for the next three years. Linc reluctantly went along with this.

I think the Treasury formula dilutes the "carrot" aspect of the proposals to such a degree that much of its value as an inducement for prompt Latin American action is lost. We need more flexibility in negotiating with the Latins on integration.

2. Expanded Risk Guarantee Program

The Solomon proposal is to:

- expand the program in six basic fields: iron and steel, chemicals, fertilizers, pulp and paper, petro-chemicals, automobiles.
- cover up to the legal maximum of 75% of each investment,

and relax the 100% tying requirement.

- require the U.S. investor to offer for sale up to 51% of the stock of his company to Latin American purchasers within a fixed number of years after the start of the project (e.g., 15-20 years) and reinvest a percentage of his profits while he still held a controlling interest.

The proposal is encountering heavy going in Treasury and Commerce on balance of payments grounds and the advisability of conditioning guarantees to the mandatory offer of stock sales after a fixed period and to required profit reinvestment. I am not convinced by:

- the balance of payments argument because Latin America does not leak to Europe, or
- the preoccupation with conditioning of guarantees since the investor is free to decide whether or not he wants to accept them.

3. Limited Untying of Procurement

To accommodate Latin American criticism to "tied" aid, Linc proposed extending procurement eligibility for Alliance financing to include Latin America. It would apply, in effect, to manufactured products, mostly capital goods. This is largely a gesture -- but symbolically a meaningful one for the Latin Americans -- because they produce few such goods on competitive terms. State estimates that over an initial three-year period the procurement might reach \$15 million.

The Treasury objection is on balance of payments grounds. Since the proposal is largely cosmetic, Linc dropped it from the package. I think it bears closer examination.

My Reaction to the Program

It goes to the heart of what the Latins must do and only Presidents can take the political decisions required. It is, therefore, of Presidential stature.

If the Latins are willing to start down the track we propose, the bargain to help them financially is a good one.

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-6-

The portions of Linc's original package which have not prospered are "carrot" which we may have to use to get the Latins to accept the deal. They should be held in reserve.

Recommendation

That you approve the guidelines proposed by Secretary Rusk, with the understanding that you wish to review at a later date each of the three aspects of Linc Gordon's original proposals not adequately covered in the Summit program as it now stands.

Approve _____

Disapprove _____

Speak to me _____.

Walt W. Rostow

Attachment

cc - Bill Moyers

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THE SECRETARY OF STATE
WASHINGTON

~~SECRET~~

MEMORANDUM FOR THE PRESIDENT

Subject: Inter-American Chiefs of State Meeting

Recommendation:

That you approve the Guidelines for United States Representatives in Preparations for the Inter-American Chiefs of State Meeting as set forth in Enclosure 1.

Approve _____ Disapprove _____

Discussion:

The United States representatives in the OAS and CIAP, under the immediate direction of Assistant Secretary Gordon, are proceeding to negotiate an agenda for the Inter-American Summit Meeting along the lines set forth in your speech of August 17, 1966 (Enclosure 4).

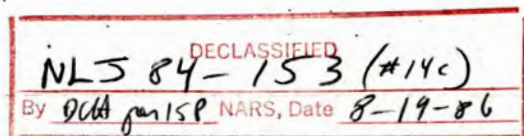
After my two meetings in New York in late September with the other Western Hemisphere Foreign Ministers, the target date for the Summit has been moved to early April. A formal Preparatory Committee has been established, and Working Groups on each major topic will begin discussions in mid-October.

Your guidance is requested now on the lines to be taken by the United States representatives in the Preparatory Committee during the coming two months. These are set forth in Enclosure 1.

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GROUP 3

Downgraded at 12-year intervals;
not automatically declassified



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- 2 -

Enclosure 2 is a draft memorandum prepared by Assistant Secretary Gordon setting forth our proposed approach to the Summit Meeting and indicating the types of resource commitments which we believe should be made at the time of the meeting.

The proposals on Economic Integration, including assistance through the Inter-American Development Bank for Multinational Projects and for Integration Adjustment Support (Enclosure 2, pages 3-6), have been reviewed by Secretaries Fowler and Connor, who are in agreement.

The proposals on Raising the Alliance Sights, with Special Emphasis on Education and Agriculture (Enclosure 2, pages 6-8), are consistent with your August 17 speech. They are essential elements in an accelerated drive for economic and social advance in Latin America, and to the prospects for long-run political stability in the Hemisphere. They do, however, raise serious questions concerning budgetary provision for world-wide economic aid in FY 1968 and beyond. Appropriations for the Alliance for Progress at or near the authorized level of \$750 million for FY 1968 could not be fitted within the over-all economic aid levels approved by Congress for FY 1967 or even the levels originally requested for this year. This point is made clear in Mr. Gordon's draft (Enclosure 2, page 8) and further emphasized in Mr. Gaud's memorandum to me attached as Enclosure 3.

At the present stage, the Summit preparations require only that we indicate our positive concern with expanded efforts in agriculture and education and our readiness to work out with the Latins practical methods to achieve these goals on the basis of greater self-help and greater external support. Amounts and sources of external financing

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- 3 -

can be determined at a later stage. The budgetary implications for the United States, however, will have to be considered as part of the over-all foreign aid budget review later in the year.

Dean Rusk

Dean Rusk

Enclosures:

1. Guidelines for United States Representatives in Preparations for the Inter-American Chiefs of State Meeting
2. Draft Memorandum to the President
3. Mr. Gaud's Memorandum to Secretary Rusk
4. President Johnson's Speech of August 17, 1966

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Enclosure 1

Guidelines for United States Representatives in Preparations
for the Inter-American Chiefs of State Meeting.

In keeping with the President's speech of August 17, 1966, commemorating the Fifth Anniversary of the Alliance for Progress, the Summit preparations should be focused on (1) Latin American economic integration; (2) higher targets for the Alliance, with special emphasis on education and agriculture; and (3) trade and investment. The negotiators should also seek some form of Latin American agreement on arms limitation, especially to discourage the diversion of resources into prestige equipment or competitive arms build-ups. It is expected that the Presidents will also engage in some discussion of world political issues, but these do not require formal preparatory work.

Latin American Economic Integration. The negotiators should emphasize this objective as of highest importance to Latin American economic growth and future prosperity. The Summit Meeting offers a unique opportunity for Latin American political decisions which will set the course of economic development for many years to come.

The negotiators should seek commitments from the Latin American governments (or a substantial group of them if all are not willing) for major advances in automatic reduction of intrazonal tariffs and non-tariff barriers; a reasonable level of external tariffs, declining as their economies strengthen; competitive investment and internal trade policies; and reasonable access to the region for foreign investment.

For our part, the negotiators should indicate a willingness on the part of the United States (a) to join with the Latins in providing supplementary financing through the Inter-American Development Bank (IDB) for multinational projects to support economic integration and (b) to devote a portion of the IDB's Fund for Special Operations (FSO) to Latin American integration adjustment support, when and if a satisfactory agreement is reached by the Latin American countries to accelerate economic integration.

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NJ 89-105
By ing NARA, Date 7-12-89

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Integration Adjustment Support may include financial assistance (1) to help cover temporary deficits resulting from rapid and automatic trade liberalization, (2) to provide adjustment assistance for specific industries and labor affected by liberalization, and (3) to bolster the resources available for intra-Latin American export financing. Any United States resources used for these purposes would be matched by substantial Latin American contributions, especially from the countries who secure greater relative gains from integration.

Higher Targets for the Alliance, with Special Emphasis on Education and Agriculture. The negotiators should seek Latin American commitments to intensified national efforts for reform and development in the educational and agricultural sectors. These are the elements of the Alliance where progress in the first five years, although considerable, has been least satisfactory. Without prejudice to continued progress in other basic fields (such as transportation, power, communications, industrialization, health, labor, public safety, housing, export diversification, financial stabilization, and the strengthening of private enterprise), there should be worked out in each country comprehensive sectoral plans for agriculture and for education.

While the plans must be tailored to individual country circumstances, agricultural efforts should typically include incentives to higher productivity; credit; supplies of fertilizers and other farm inputs; storage and marketing; food processing; education, research, and extension; organization of cooperatives; improved patterns of land tenure; greater social justice for rural tenants and agricultural labor; and better rural living conditions. The United States negotiators should indicate a readiness to see additional external resources, both technical and financial, applied to such efforts, on condition of adequate self-help.

The educational sector likewise requires greatly strengthened national educational programs. In addition to the agreed goals of universal primary education, intensive efforts are required for expanded secondary and vocational education and for university improvement in the specialties most needed for rapid economic progress. Here again, the United States negotiators should

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-3-

indicate a readiness to join in additional technical and financial support for greater national self-help efforts. Our support would specifically include enlarged programs of scholarships and international educational exchange, and backing for the proposed multinational post-graduate institutes of science and technology.

Trade and Investment. The Latin Americans have indicated that they will seek inclusion of both trade and investment items in the Summit agenda. The negotiators should reiterate the United States policy of cooperation on commodity agreements. They should reserve the United States position regarding any consideration of regional or generalized trade preferences for the less developed countries while these matters continue under review within the United States Government. They should explore with the Latin Americans means of increasing foreign investment in Latin America under mutually agreed favorable conditions.

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Enclosure 2.

DRAFT MEMORANDUM FOR THE PRESIDENT

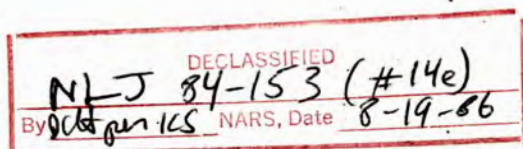
Subject: Inter-American Chiefs of State Meeting

Latin America is at a crossroads. The present rate of modest progress might suffice to avert serious crises during the next year or two. On the other hand, given the population increase, growing urban unemployment, and continued backwardness of agriculture, such a policy contains a time bomb almost certain to explode a few years hence, with renewed social crises and political extremism. The alternative is to apply extra effort now, so that Latin America can substantially accelerate its economic and social progress and move more rapidly toward the major objective of the Alliance for Progress -- self-sustaining development under stable, democratic institutions. What is done at the Summit, building on the experience and progress of the past five years, can make the difference.

Summary of Program

Our proposed Summit program concentrates on the main present keys to more rapid Latin American progress -- market size, agriculture, education, and closer cooperative working relations with improved Latin American leadership. It is mainly economic and social but would have important political

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effects. It requires increased and broadened self-help.

The program includes more rapid Latin American economic integration; higher targets for the Alliance, with special emphasis on education and agriculture; and trade and investment. We would also expect some discussion of world political issues in which you could give the Latin American Presidents a positive view of the future role of Latin America in world affairs at the side of the United States and Europe.

We do not expect extensive discussion leading to significant action on hemisphere political issues unless the situation changes markedly. We will seek, but are not sure we can obtain, Latin American agreement to negotiate some form of arms limitation agreement. Detailed papers on our proposals are being provided to your staff.

Financial Implications

Preliminary estimates suggest the orders of magnitude of funds given below to support the above recommendations in the fields of integration, education and agriculture. The international group preparing for the Summit will not be discussing specific figures, which will be made public by you only at the Summit meeting itself. Specific recommendations on amounts and timing of funding will be made to you in November or December, when they can be considered in relation to other

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foreign and domestic budgetary needs.

At the same time, the above recommendations should be approved only if they can be backed by funds on the general scale set forth below. A decision on the recommendations is needed now because formal agenda negotiations with the Latin Americans are beginning this month. If you approve the recommendations, we will proceed to informal consultations with Congressional leaders.

1. Economic Integration

The broadened, more competitive market created by more rapid economic integration holds the most promise of any single move to accelerate Latin American economic and social progress and to reduce future foreign aid needs. A new and vigorous push at the Summit is needed. The United States would offer to support more rapid Latin American economic integration, and would announce at the Summit its readiness to expand its contribution for this purpose to the IDB's Fund for Special Operations. The United States contribution to the FSO in the three fiscal years 1968-70 would be increased from the presently contemplated level of \$250 million per year (which is also the present level) to \$300 million a year, on condition that the Latin Americans

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match this with corresponding increases of their shares. This expanded assistance would be used in two major ways:

a. Multinational Projects. As a condition of the expanded United States support, the IDB would undertake to provide a stated amount, possibly up to \$100 million a year (from the FSO and Ordinary Capital combined), for the financing of sound multinational projects in support of Latin American economic integration. The Latin Americans would contribute funds for multinational projects not only through their proportional contributions to the IDB but also through national contributions to financing of specific projects in the countries where these projects occurred.

b. Integration Adjustment Support. To encourage major steps toward the formation of a Latin American Common Market (or at least an effective Free Trade Area), the United States would state at the Summit its recognition that integration may also require new forms of financial assistance for such purposes as: (1) covering temporary deficits

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resulting from rapid and automatic trade liberalization (this is a normal function of the International Monetary Fund, with which any assistance of this kind would have to be coordinated);

(2) providing adjustment assistance for specific industries and labor affected by liberalization; and (3) bolstering the resources available for intra-Latin American export financing. We would indicate our readiness, on condition that the Latin nations (or a substantial group of them) undertake major new integration commitments, to support an amendment of the terms of the IDB's Fund for Special Operations to permit a portion of its resources to be dedicated to assistance in the ways stated above. We would also indicate our readiness to consider whether a further replenishment of the FSO would be required for this purpose. Since new treaty negotiations by the Latin Americans would be required, this question probably would not have to be considered before FY-69. While leaving for later review the determination of the amount of resources needed for

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these purposes, this new activity could involve as much as \$300 million in additional United States support over five years. There would be substantial Latin American contributions for this purpose, especially from the countries with greater relative gains from integration.

From the Latin Americans we would expect, in addition to their financial contributions, a plan for general or sectoral automatic reduction of intra-zonal tariffs and non-tariff barriers; a commitment to adopt reasonable external tariffs, declining as their economies strengthen; competitive investment and internal trade policies; and reasonable access to the region for foreign investment.

2. Raising the Alliance Sights, with Special Emphasis on Education and Agriculture

Progress to date makes possible the achievement of higher Alliance for Progress targets -- perhaps 4-6 percent per capita and 7-9 percent total annual growth levels, as against the original Alliance for Progress target of 2.5 percent per capita, realized in the last two years.

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Accelerated Latin American economic integration will make an important contribution to more rapid economic progress. But larger assistance from the United States Government is needed to serve as a catalyst both for additional capital flows -- public and private -- and for increased and broadened self-help by the Latin Americans. Education and agriculture need increased attention. More dynamic agricultural sectors are essential to national market development. Access to education is both a basic condition of equality of opportunity and a requisite of modernization.

The United States would announce at the Summit up to \$200 million per year in additional bilateral AID funds for education and agriculture programs under the Alliance for Progress, conditioned on satisfactory self-help.

These additional amounts can be fitted within the \$750 million Alliance for Progress annual authorizations for FY-68 and 69 already approved by Congress. By adding repayments, carry-overs and deobligations, the desired \$800 million FY-68 and 69 Alliance for Progress program levels can be achieved with appropriations of \$750 million

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annually.

Your approval of the proposed Summit program should be related to AID's worldwide commitments over the next five years. The preview budget submission last Spring for the worldwide FY-68 economic assistance program called for \$3.2 billion, of which the Alliance for Progress was to receive \$700 million. The expansion of the Latin American program to \$800 million in FY-68 should not be at the expense of other programs included in the \$3.2 billion Spring review figure for economic aid.

Your approval of the Summit program should also be related to United States multilateral commitments over the next three years. We foresee around 1968 an expansion in the callable Ordinary Capital of the IDB by \$411 million. Beginning around 1968 there probably will also be a United States contribution to the replenishment of the International Development Association (the soft-loan affiliate of the World Bank) which could range from \$100 million per year (our present level) to \$419 million per year (Mr. Woods' requested level). Some of the funds proposed above for multinational projects will come from the expansion of IDB Ordinary Capital. If additional funds are allocated to Latin America for education and agriculture

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through the IDA in this period, the bilateral AID program for these purposes in Latin America would be correspondingly reduced.

Efforts have been and will continue to be intensified to administer assistance in Latin America to promote United States exports and generally to protect the United States balance of payments position. The United States share of the Latin American market has improved recently. Latin American countries as a group sold about \$100 million of gold to the United States in recent years.

3. Investment

Those Latin American Presidents and presidential representatives who discussed the Summit in Bogota, Colombia in August stated in their communique:

a. That foreign investment can provide considerable support to Latin American development if it encourages mobilization of capital within the country and participation of local capital together with it and if it "does not obstruct integration."

b. That they would cooperate with studies being undertaken preliminary to drafting uniform basic standards for foreign investment which would encourage the use of modern technology and provide for

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coordination of foreign investment with development plans.

We are exploring with other Departments two possible means of increasing United States investment in Latin America under favorable conditions: (a) expanded extended risk guaranty coverage, and (b) the negotiation with the Latin American countries of an agreed investment code.

4. Trade

Some of the Latin Americans have indicated they will press for the inclusion on the agenda of either generalized or regional trade preferences. We will keep our position on this issue under review.

Basic commodity prices are another major Latin American trade preoccupation. The United States should reiterate at the Summit its policy of cooperation in commodity agreements.

Potential Benefits of the Proposed Program. They are in summary:

1. Reduced aid needs over the long run because of the beneficial effects of economic integration and better performance in the agriculture and education sectors.

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-11-

2. A higher level of trade resulting from more rapid Latin American economic progress.

3. Ability to influence Latin America toward being an outward-looking rather than an exclusivist trading area over the long run.

4. A strong favorable impact on the middle and lower classes in Latin America -- through the emphasis on education and agriculture.

5. Reduction of the tendencies to political instability and extremist negative nationalism, and improvement of the prospects for progressive, democratic Latin American governments.

6. Thus, improvement of the future prospects for avoidance of political extremes in Latin America and for satisfactory cooperative relations between the United States and Latin America.

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DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON

OFFICE OF
THE ADMINISTRATOR

October 11, 1966

MEMORANDUM FOR THE SECRETARY

SUBJECT: Ambassador Gordon's Proposals with Respect to the Inter-American Summit Meeting

I agree with Ambassador Gordon on the desirability of more aid for Latin America. But I do not agree that the President should be asked to say now that at the Chiefs of State meeting we will offer Latin America increased bilateral aid (his proposed memorandum to the President, pp. 2, 8-10).

We face a very tight budget situation with respect to aid funds. In our spring submission to the Bureau of the Budget we estimated our requirements at \$3.2 billion. This pre-dated, among other things, Indonesia, the Philippines, the Korry report on Africa and Ambassador Gordon's present proposal to increase funds for agriculture and education by \$200 million per year. The Bureau of the Budget subsequently gave us a \$2.5 billion planning figure for FY 1968. And, as I am sure you know, the recently passed Appropriations Bill gives us \$2.1 billion for FY 1967.

The President cannot arrive at a sensible decision as to whether he will promise additional aid to anyone without knowing what the total aid requirements are and considering relative priorities. It seems quite clear to me that if the President promises additional aid to anyone now it would either come out of someone else's hide or the President will later have to pull back on the expectations he will have created.

Now that the Latin America summit meeting has been postponed until after the first of the year, I see no reason why the President must reach a decision on this matter until the normal budgetary process is completed. I accordingly recommend that you either hold up Ambassador Gordon's memorandum or that you delete from it any recommendation that we hold out to the Latin Americans now any prospect of additional bilateral U.S. aid.


William S. Gaud

DECLASSIFIED
E.O. 12958, Sec. 3.5
AID + State Dept. Guidelines
By CB, NARA, Date 8-25-98

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OFFICE OF THE WHITE HOUSE PRESS SECRETARY

THE WHITE HOUSE

REMARKS OF THE PRESIDENT
COMMEMORATING THE FIFTH
ANNIVERSARY OF THE ALLIANCE
FOR PROGRESS AT THE PAN
AMERICAN HEALTH ORGANIZATION

AT 11:10 A.M. EDT

Mr. Secretary General, Mr. Vice President, Your Excellencies, Ladies and Gentlemen:

The health of this hemisphere is the business of the house in which we have assembled this morning to celebrate the Fifth Anniversary of the Alliance for Progress.

From this building, Dr. Horwitz and his staff reach to the far corners of our continent to combat disease and to minister to the medical needs of people. They know that not only the claims of compassion and personal dignity but the promise of economic prosperity demand sound bodies and healthy environments.

In the field of public health, the Pan American Health Organization was an early forerunner of the Alliance for Progress. Today it is an integral part.

Five years ago the American Governments embarked on this audacious experiment. We were neither cautious in concept nor timid in scope. We knew that our common purpose was to make a new kind of revolution.

The great question of the hemisphere was Can sweeping change come about peacefully and constructively, in freedom, or must it rise from the wreckage of violence and destruction?

Our answer began with the Act of Bogota in 1960.

The Charter of Punta del Este and the progress of five years since then have clearly confirmed that answer. The republics of this hemisphere have shown that deep social change is compatible with peace, consistent with democracy, and consonant with individual liberty.

We have sounded a sure and a certain note. Namely, that great change can be wrought by reason and not rifles, by builders and not bullets.

The Alliance is not a Marshall Plan to rebuild war-torn economies. Nor is it a program of handouts to bolster the status quo. The aim of the Alliance for Progress is to build new societies. Its method is to build democratically through a partnership of all. Today, the Alliance is a revolution at work -- creating, building, transforming, reaching forward and touching the lives of hundreds of millions of our fellow citizens.

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We are encouraged today because the average Latin American growth rates are now exceeding the minimum goal of 2-1/2 percent per capita set forth at Punta del Este. But we do know that growth charts and statistics do not tell the whole story. The true measure of our work is its impact on our peoples.

We see it in the teacher and her pupils as they move into new classrooms in the mountain plateaus of the Andes and in the barrios of the cities; in the isolated Indians of remote villages striving to become part of larger national communities; in the laborers carving roads on the eastern slopes of a vast mountain range to open up the heartland of South America; in the farm extension agents and in the campesino, who, for the first time, works a farm he can now call his own. We see it in the workers and managers building great new industries. We see it in families moving from the slums to a new apartment or a new house.

We see the Alliance in wholly new institutions as cooperatives, development banks and unions unlock the energies and resources of thousands of people who learn the strength of a common endeavor. And we see it in new legislation to revamp outdated tax structures, to modernize obsolete systems of land tenure, and to renovate archaic institutions of government.

Beyond these visible accomplishments lie profound changes in attitude from which the future development of this hemisphere will flow. For the Alliance has shattered the myths that five years ago threatened its promise.

It has shattered the myth that the status quo will not yield to progressive changes as a way of life. It has shattered the myth that the nations of the hemisphere cannot look across national frontiers to their sister nations in search for common solutions. It has shattered the myth that inflationary spending is the royal road to rapid development. And it has shattered the myth that Communism in this hemisphere is the wave of the future. The tragic plight of the Cuban people has shown Communism's writ to be worthless.

The framers of the Charter of Punta del Este labored under no illusions. They know there are no panaceas for progress. And so they charted the right, but hard, course.

They called upon the hemisphere to mobilize public and private resources for diversified investment. They called for governments to modernize public services, taxation, and agriculture. They called for our nations to mount major programs in education, health and housing. They called for Latin America to move toward economic integration. And they called for better trading conditions and increased external financial and technical cooperation for Latin America.

Every man in this room knows these are not easy tasks. But we also know that the beginning of the beginning is behind us. Now we must look to what lies ahead.

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We have only begun to meet the needs of today, and these are but a fraction of those of tomorrow.

If present trends continue, the population of the hemisphere will be almost one billion by the year 2000. Two-thirds -- some 625 million -- will live in Latin America. Whatever may be done through programs to reduce the rate of population growth, Latin America faces a vast challenge.

Farm production should increase by 6 percent every year, and that will be double the present rate.

At least 140 million new jobs should be created.

Over a million new homes should be built each year.

More than 175,000 new doctors should be trained to meet only minimum requirements.

Hundreds of thousands of new classrooms should be constructed.

And annual per capita growth rates should increase to the range of 4 to 6 percent.

These requirements, added to the demands of the present, mean that the Alliance must set new sights, that new directions and renewed drive must be found if we are to meet the challenge, if we are to move forward.

In a few months the Presidents of the American Republics will meet to establish priorities for the years ahead of us. Our governments are carefully and thoroughly preparing the agenda for that conference. Some of the areas of special concern are now emerging.

First among these is the economic integration of Latin America.

The question is whether progress lies ahead in unity or in isolation. Our sister republics in Latin America must decide that question and they must decide it for themselves. For our part, we deeply believe that effective unity and not separation is vital to the needs of expanding populations.

In the total development of Latin America, national and local plans and projects are most important, but region-wide plans and collaboration are absolutely essential. Nineteen fertilizer industries, nineteen steel complexes, nineteen isolated markets, and nineteen different systems of tariffs would signify only stagnation, inefficiency, and in many instances pure waste.

We are ready, therefore, to work in close cooperation toward an integrated Latin America. As the other republics are forming their policies to accelerate this movement, at the moment we are now reviewing the opportunities for joint action throughout the hemisphere.

To my fellow Presidents, I pledge: Move boldly along this path and the United States will be at your side.

To all the hemisphere we say: Let the pace be quickened. Time is not our ally.

MORE

The path to economic unity and growth is many-fold. We must first concentrate on those assets within our reach that are not being used to full advantage.

For instance, there are lands that are lying fallow or failing to yield their potential, at the moment, because of inadequate techniques or too little fertilizer or not enough equipment.

There are factories that are standing idle or operating at reduced capacity because production is inefficient. The national market may be too small, or the purchasing power too low.

There are human resources unused because of the shortage of jobs or the absence of skills.

While we meet these problems, we must also prepare to conquer the inner frontiers which can provide living room and resources for generations that are yet to come. The eastern slopes of the Andes, the water systems of the Gran Pantanal River Plate, and Orinoco, the barely touched areas of Central America and of Panama -- these are just a few of the frontiers which, this morning, beckon to us.

But not every frontier is geographic. My fellow American Presidents and I will be greatly concerned with the other vistas before us.

There is education.

The Americas of the 70's and 80's will make large demands for trained men and women -- not only for engineers, scientists and agronomists to guide our paths, not only for electricians, carpenters and machinists to use our tools, but for poets, artists and musicians to enrich our lives.

All of us know that education is primarily a national task to be done with local resources. But there are endeavors where more is needed and where the Alliance must help: School construction, teacher training, and improved administration. The challenge of vocational and modern higher education is wide open -- for management, technical and administrative skills in government and in private business.

The Alliance so far has only scratched a thin mark on the mass of illiteracy, although Latin America is the only continent in the developing world where the number and percentage of illiterates is decreasing each year.

Education, then, must become the passion of us all. Let us approach this challenge dissatisfied with traditional methods. Let us adapt the modern miracles of science, radio and television and audio-visual techniques, to the needs of our children and indeed, to the needs of our adults.

The time has also come to develop multi-national institutions for advanced training in science and technology. For without these Latin America will suffer the continued "brain drain" of some of its ablest youth.

MORE

There is also the frontier of agriculture.

For too many years we have acted as if the road to prosperity runs only through the main streets of our large cities. Now, we know that national prosperity is closely linked to the land and closely linked to those who cultivate the land.

In most Latin American countries it is in urban areas where poverty and despair catch our eye. But half of the people live in rural Latin America and receive less than a quarter of the national income.

There is no reason why the land of the hemisphere cannot be made to fill the needs of our homes and our factories. There is no reason why rural population should not be full partners in modern economic life. And, looking beyond our hemisphere, there is no reason why the Americas cannot supply a larger share of the growing world market for food and fiber.

This, of course, will require better planning of crops to fit the soil and the markets available. It will demand better soil and better fertilizer and better water control. It will need a good extension service to educate farmers in new methods. It will require shared mechanization, better credit and market and better distribution.

The resources required for these tasks must not be needlessly spent on arms. Military budgets in Latin America are not exceptionally large by the general world standards, but there is a recurrent tendency to seek expensive weapons with little relevance to the real requirements of security. This tendency is often reinforced by competition with neighboring countries.

In these Americas, where by solemn treaty and by established practice our governments are bound to resolve disputes by peaceful means, we must find a way to avoid the cost of procuring and maintaining unnecessary military equipment that will take clothes off the back and food away from the stomachs and education away from the minds of our children.

These are some of the basic tasks, and only some, which lie before us as we try to fulfill the promise of the New World in which we are so privileged to live.

These tasks will be accomplished by concrete acts and not by mere rhetoric. We are not interested in the appearance, we are dedicated to the achievement. By specific steps we can strengthen and we can carry forward this great Alliance for Progress that was started five years ago.

This will mean democratic stability in which free men can labor without upheaval and chaos. This will mean monetary stability so that the savings of the people will work effectively to develop resources. This will mean fiscal responsibility -- an efficient public administration, a sensibly managed public debt, realistic exchange rates and a market unhampered by artificial monopolies. This means progressive leadership -- a government wise enough to insist on modernizing reforms and the most effective allocation of public resources.

MORE

This means, above all, personal freedom and human dignity. For if men are not truly free, if individuals are not protected against economic and political exploitation, they will turn to violence and extremism, whose first victim is progressive reform.

So, as we meet here together this morning, we all recognize that change is everywhere throughout this hemisphere. We shall either shape it or be misshaped by it. Along with change will come contrast and contradiction. One man will be orbiting the earth while below him, millions of his fellow-men starve. Campesinos will be plowing the ground with oxen while a thousand miles away atomic power works its wonders. That is the kind of world in which we are living and this is the world that we are called upon to deal with.

So, I say to you this morning, let's go back to the original question, the basic question: Can sweeping change be progressive and be peaceful?

My own country knows of this question. We are going through such a change even as I speak. It began in the 1930's and it is continuing today. I lived through the Great Depression. I remember the tattered soldiers going down Pennsylvania Avenue to Anacostia. I remember the poor who went hungry and formed our soup lines and the men and women who searched for work that they could not find.

I remember the loss of confidence and hope, the biting despair and fear that gripped a whole continent. If ever a great nation was tempted to surrender to authoritarian rule, if ever free people were tempted to barter freedom for bread, we were tempted in the United States in the early 1930's.

Instead, by peaceful, although sometimes very controversial means, we rebuilt our society. We shaped laws which preserved the freedom of individuals but protected them against the excesses of extremism. They are all so familiar in my mind. I remember the stock market regulations and the Stock Exchange and Securities Act. I remember the social security that so many people feared was so socialistic, and Federal Housing and Bank Deposit Insurance, minimum wages, when we voted for 25 cents an hour. Many predicted our defeat. When collective bargaining was insured by law, and when we rescued and saved and brought back to life the Tennessee Valley Authority, the Agricultural Extension Act, and many more.

We gave the lie in those years, and since, to Karl Marx's theory that the rich get richer while the poor get poorer.

Through a peaceful and a very progressive adventure, the poor have moved upward -- the middle class has broadened enormously -- and prosperity has reached so many that we can afford to be concerned not only about quantity but about quality as well -- the quality of our children's education, of the medical care of our parents, of life in our rural and in the urban areas.

Now I would be the last to indicate that all of our problems are solved. Far from it. But with all the world

MORE

watching us operate in this goldfish bowl, we are continually striving to fulfill our promises, to live up to our expectations.

Throughout the hemisphere today, I think this same experience is underway. Our chosen instrument is the Alliance for Progress. It is not a recipe for instant utopia, as President Kennedy assured you so many times in his statements about his dreams. Perhaps only our children and theirs will finally know whether the Alliance really wins or not. But we are on the move. We do know what must be done and we think we know how to do it.

We do know that social progress and economic change under liberty are the only acceptable roads to national vitality and to individual dignity. We do know that to achieve fulfillment a people must be free. And for people to be free they must be educated. And to learn, they must have bread.

We know that risk and danger are the marks of our time.

We know that what we do now will shape not only this generation, but generations yet unborn.

So I am very proud that you asked me to come here today and I am so glad that I am privileged to be here with you on this occasion.

A meeting like this, and like the Conference of American Presidents that is ahead of us, does not, in itself, change the conditions in which we live. But if it changes us, if it renews our confidence in one another, if it inspires us and gives us strength to carry on and continue the grueling and challenging work that peaceful change requires, it will have served its purpose and met its responsibilities.

END

(AT 11:37 AM EDT)

THE WHITE HOUSE
WASHINGTON

11
Pres file

Saturday, October 15, 1966

Mr. President:

I join Secretary Rusk in recommending
that we vote for the Inter-American
Development Bank loan to Haiti for
improvement of educational facilities.

W.A.R. Rostow

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THE SECRETARY OF STATE
WASHINGTON

October 14, 1966

~~SECRET~~

MEMORANDUM FOR THE PRESIDENT

Subject: Proposed Education Loan to Haiti

Recommendation

That the United States Executive Director of the Inter-American Development Bank (IDB) vote in favor of a \$1.3 million education loan to Haiti.

Approve _____ Disapprove _____

Discussion

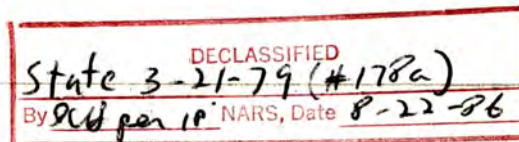
The Haitian Government applied for a \$1.3 million education loan in August 1965. This loan has been thoroughly studied by the IDB and the United States agencies concerned and found to be a sound proposal. A favorable vote by the United States has been withheld for political reasons.

We have not been providing bilateral development assistance to Haiti through the Agency for International Development for essentially two reasons: a) Duvalier efforts in 1963 and before to exercise unacceptable political control over our programs, and b) our desire to avoid any close association with the Duvalier dictatorship. I have discussed this loan on two occasions with Secretary Fowler. He considers that the United States Executive Director of the IDB should not vote in favor of a loan in the Inter-American Bank so long as the United States Government is not providing Agency for International Development bilateral assistance for political reasons. Although I recognize that there are some disadvantages in voting for this loan, I believe on balance that it is in the national interest of the United States to do so.

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Group 1

Excluded from automatic downgrading
and declassification



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I believe that we should find ways and means indirectly to assist the Haitian people under controls which would avoid to the maximum extent possible any advantages to Duvalier. We have therefore encouraged private voluntary United States agencies to continue their activities in Haiti. The United States has continued its participation in a malaria control program administered by the Pan American Health Organization. We recently approved an increase in the CARE program in Haiti. The proposed IDB education loan to Haiti would be another way in which the members of the Organization of American States could provide assistance to the Haitian people under adequate controls.

The only reason for not financing this education project directly is that Duvalier would advertise a direct loan as United States political support for him and his type of regime. In this case, the multilateral Bank provides an instrument which serves our purposes while reducing the political risks.

All of the Latin members of the Board of Directors of the IDB are prepared to vote in favor of the loan to Haiti. The Latin Americans resent the attachment by the United States of political conditions to loans made by the IDB. They feel, and I believe correctly, that the policies of multilateral financial institutions should not be controlled by bilateral political considerations. Moreover, I believe it is in our interest to encourage the Organization of American States and all of its related agencies to take an active interest in Haiti because this would put the United States in a better posture if a major political crisis should arise there.

Haiti is the only Latin member of the IDB which has received less financial assistance from the IDB than it has contributed. The other Latin members of the IDB feel very uncomfortable about this situation.

Dean Rusk

Dean Rusk

~~SECRET~~

Saturday, Oct. 15, 1966
12:15 p. m.

12

(brought direct
to P's office
many dates)

~~TOP SECRET - EYES ONLY~~

MR. PRESIDENT:

At last Uncle is out of jail!

Now we shall see. Timing is first-
class if it can be pulled off in next few weeks.

W. W. Rostow

~~TOP SECRET - EYES ONLY~~

DECLASSIFIED

E.O. 12356, Sec. 3.4

NLJ 90-69

By lig NARA. Date 5-14-90

~~CONFIDENTIAL~~

Saturday, October 15, 1966

DECLASSIFIED

E.O. 12356, Sec. 3.4

NJ 86-276

By ing, NARA, Date 4-5-88

MEMORANDUM FOR THE PRESIDENT - ACTION

SUBJECT: Visits by: Chilean President Frei
Brazilian President Costa e Silva

You have pending decisions on visits by President Frei and President-elect Costa e Silva. In scheduling these you may wish to reconsider making a quick trip to Latin America in December.

Frei Visit

Last May you agreed to this visit. November 13-19 was the target week. A formal invitation was not extended because of uncertainty over the OAS Summit. With the Summit postponement, State wants to proceed with the invitation.

You approved a state visit. Ralph Dungan believes that Frei would prefer an informal visit to the Ranch, with an official program not involving you in Washington.

Week of Nov. 13-19 OK _____	Ranch _____
Prefer another date _____	Washington _____
Speak to me _____	Speak to me _____

Costa e Silva Visit

He plans to visit the US before taking office in March. November is his preference — but it would be better that he come some time after Frei. December would be all right — and could be shifted to January if you decided to make the Latin American trip in December.

A meeting in your office would be sufficient. Given the tremendous stake we have in Brazil, you may wish to raise the level of attention to a working lunch, possibly with Secretaries Rusk and McNamara. Linc Gordon favors the working lunch. So do I.

Prefer December _____	Prefer office meeting _____
Prefer January _____	Prefer informal lunch _____

W. W. Rostow

F 14

~~CONFIDENTIAL~~

Saturday, October 15, 1966
6:00 p. m.

MR. PRESIDENT:

Andy Goodpaster, after confirming (at my suggestion) my account of Gen. Wheeler's views, has already talked to General Eisenhower.

He has arranged that Jack Stempler of DOD will get with Lipscomb today or Monday at the latest.

In the meanwhile, as you no doubt know, Frank Merrill of Passman's staff is threatening to hold up the \$600 million increase in the Ex-Im authorization limit unless they promise not to make the FIAT deal.

I've arranged that Bator pick up this account on Monday morning with Wilson, State, Etc.

W. W. Rostow

~~CONFIDENTIAL~~

cc: Bator

DECLASSIFIED
E.O. 12356, Sec. 3.4
NLJ 89-104
By inf NARA, Date 9-6-89

Saturday, October 15, 1966
5:45 p. m.

MR. PRESIDENT:

Herewith Secretary Rusk urges that, prior to the Manila Conference, the U. S. should announce that for 1967, disposals from the U. S. Government rubber stockpile will be at an annual rate of 120,000 tons. This return to the 1965 level would help three critically important Southeast Asian countries; Malaysia, Indonesia, and Thailand.

It is the Secretary's judgment that the political and economic benefits of this decision to the United States would outweigh the proceeds of selling an additional 50,000 tons of rubber, i. e., \$25 million.

This action is, above all, significant in connection with your visit to Malaysia.

I am sending a copy of this to Joe Califano to give you an independent assessment on the domestic side.

From a foreign policy point of view and from the point of view of the trip, it would obviously be helpful.

W. W. Rostow

(cc: Joe Califano)

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THE SECRETARY OF STATE October 15, 1966
WASHINGTON

MEMORANDUM FOR THE PRESIDENT

Subject: Your Visit to Malaysia

Although Malaysia does not contribute to the collective defense of South Viet-Nam, and will not have been represented at the Manila Conference, you are visiting Kuala Lumpur following the Manila Conference because we wish to lend friendly support to this democratic country, which is recovering well from a severe dose of Communist guerrilla warfare.

Malaysia has become something of an economic and political showpiece in Southeast Asia, despite the drag of its troubles with Indonesia. Its leadership is responsible and Western-oriented. With the end of Indonesia's policy of confrontation, Malaysia's outlook is improved. However, it still confronts serious problems in fulfilling its five-year plan. Some arise because of uncertainty over the future of the British military commitments in Singapore and Malaysia upon which Malaysia's security, and the viability of its economic development plans, depend.

During Deputy Prime Minister Razak's conversations with you, Secretary McNamara and with me, he laid out the three areas in which the Government of Malaysia now looks to the United States for sympathy and support: (1) military assistance; (2) support for Malaysia's five-year development plan; and (3) restraint in United States Government rubber and tin stockpile disposal programs.

We do not recommend a military assistance program for Malaysia, at this stage. The costs of Viet-Nam are obvious. Our MAP resources are limited. We do not wish to precipitate a British withdrawal from responsibilities we wish them to carry in Southeast Asia.

Last May, we participated in an IBRD Consultative Group set up to examine Malaysia's needs in meeting the goals of its five-year development plan. In that context we outlined amounts and forms of

assistance we were able to offer within the limitations of Food for Peace, A.I.D., and Export-Import Bank availabilities, in the amount of about \$100 million for the next five years. The Government of Malaysia appreciated this expression of United States intention but was disappointed that we did not offer bilateral A.I.D. loans or grants. Since last May, developments--fund cuts and number of country limitations--do not help make possible enlargement of our aid to Malaysia even if the United Kingdom decides to reduce its level of support, military and economic.

Deputy Prime Minister Razak outlined to you Malaysia's acute anxieties over the decline in rubber prices. He mentioned that United States Government disposals from stockpiles were regarded in Southeast Asia as contributing to a price decline. For a combination of reasons, rubber prices have dropped from 26 cents to 22 cents in the period between March and October, 1966. This price drop represents a loss of some \$170 million a year of foreign exchange to Malaysia, Thailand and Indonesia. (Malaysia accounts for 40 per cent of world production; Indonesia and Thailand together, 40 per cent.) It was appreciated in Kuala Lumpur that the GSA suspended rubber sales from stockpile following Deputy Prime Minister Razak's conversation with you. The rubber producing countries of Southeast Asia will be extremely sensitive to our disposal policy when sales from stockpile are resumed.

In view of our unwillingness to provide military or economic assistance to Malaysia, Bill Gaud and I believe strongly that, prior to your arrival in Kuala Lumpur, the Administration should declare its intention in 1967 to dispose of stockpile rubber at the 1965 level of 120,000 tons, rather than the March-October annual level of 170,000 tons, as our contribution to the stabilization of rubber prices at levels which can yield substantial foreign exchange earnings for three critically important Southeast Asian countries--Malaysia, Indonesia and Thailand.

We believe that the political and economic benefits of this decision to the United States would outweigh the proceeds of selling an additional 50,000 tons of rubber, i.e., \$25 million.

We believe that if this decision were made and made known before your arrival in Kuala Lumpur, the impact would be strongly felt in Malaysia, Indonesia, Thailand, and noticed throughout the entire Far East as a reflection of your concern for the welfare of Asians

engaged in production of primary products vulnerable to fluctuations in demand on the part of affluent societies. Rubber generates 17.7 per cent of Malaysia's GNP and 38.6 per cent of its foreign exchange earnings. One quarter of the total Malaysian labor force works on rubber plantations. Rubber trees represent an investment of almost \$1 billion, or four times investment in industry.

Recommendation:

We recommend that, prior to the Manila Conference, the United States Government should announce that for 1967 disposals from the United States Government rubber stockpile will be at an annual rate of 120,000 tons.

Approve _____ Disapprove _____

Dean Rusk

Dean Rusk

Saturday, October 15, 1966
6:25 p. m.

Mr. President:

Herewith Budget Bureau and Agriculture disagree with State on a 1/2¢ cut in the support price for cotton.

As State argues (in Agriculture's memo) the cut will both increase our budgetary costs and reduce the value of our exports, hurting balance of payments slightly. This in addition to normal foreign policy arguments.

Therefore, I'm not impressed much with Budget Bureau and Agriculture arguments.

But the pure politics may be decisive.

W. W. Rostow

WWRostow:rlh

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

OFFICE OF
THE DIRECTOR

October 15, 1966

MEMORANDUM FOR THE PRESIDENT

Subject: Reduction in Cotton Price Supports

In the attached memo, John Schnittker asks your approval for a ½¢ cut in the support price for cotton.

I concur.

The cotton program is a direct payment program. We make up the difference between the support price and a higher price to farmers by direct subsidies.

Consequently, many farming interests want a cut in the support rate -- it lowers the market price and sells more cotton.

Poage and Whitten want a ¼¢ cut. The State Department wants no cut (primarily because it would reduce world prices and Latin American earnings from cotton exports).

We agree with Agriculture -- but don't feel strongly about it.

There are only nominal budgetary consequences. A lower support price forces us to increase our direct subsidies. But it also allows us to sell more cotton out of CCC stocks. The two effects more or less cancel.

The lower support price would help a little on the anti-inflation front. Although textile mills haven't yet passed along the earlier cotton price cuts, Gardner Ackley tells me that the textile market is weakening some -- and this might help.

Charles L. Schultze
Charles L. Schultze
Director

Attachment



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON

October 14, 1966

MEMORANDUM

To : The President
From : Acting Secretary

Subject: Price Support Loan Level for Cotton for 1967

John A. Schmitzer

In the first year of the new cotton program we have cut cotton production by 29 percent, will reduce cotton stocks about 4 million bales, and will increase cotton exports about 2 million bales.

To continue these gains and to follow the intent of the Congress, we propose to reduce the price support loan for 1967 by one-half cent -- to 20½ cents per pound.

This small reduction will increase our costs slightly because of unwanted rigidities in the law. We believe it is necessary, however because of legislative history and to better compete with other fibers.

It will have a modest adverse impact on our Latin American neighbors. But it will be attacked by Congressmen from Cotton States as only nominal compliance with the spirit of the law. Mr. Poage and Mr. Whitten expect at least a one-cent reduction in the loan level each year (1967 to 1969) and almost wrote such a requirement into the law. Announcement of the support level needs to be made soon.

The position of the Secretary of State as drafted for us by State in order to put this question to the President is shown below. We have discussed his position in detail with Assistant Secretaries Solomon and Gordon.

The State Department believes the support price and the export price should not be reduced for the next crop year for the following reasons:

1. ~~The existing program is achieving its objectives:~~ U.S. exports up to 5 million bales in crop year 1966-67, against 3 million last year; lower U.S. production; slightly lower, instead of increasing, foreign free world production; and a reduction of U.S. stocks from 16.8 to 13.0 million bales. ~~We see no reason to believe that these trends will not continue in the absence of a further price reduction.~~

2. A price reduction would increase U.S. budgetary costs and would hurt the U.S. balance of payments slightly.
3. A half cent price reduction would reduce Latin American earnings from cotton exports by over 13 million dollars at a time when U.S. Congressional aid cuts and lower P.L. 480 availabilities are forcing a reduction in U.S. development assistance to Latin America in 1967.
4. The eleven Latin American cotton exporting countries, led by Mexico, would renew their protests and would make our cotton policy a major issue both before and at the Latin American Summit meeting next spring, arguing that it contradicts our declared policy of helping their development through trade as well as aid.

Action:

1. Go ahead with $\frac{1}{2}$ cent drop in the price support loan. _____
2. Hold the price support loan at the present level.

Saturday, October 15, 1966
5:45 p. m.

File 17

MR. PRESIDENT:

This is an excellent document from State. They rarely do what they have done here; that is, set down briefly and lucidly the major issues involved in a bilateral -- in this case the bilateral issues you will confront in the six countries you visit on the Asian tour.

We shall have copies of this aboard Air Force One, but you may wish to look at this tonight.

W. W. Rostow

SECRET attachment

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THE SECRETARY OF STATE
WASHINGTON

~~SECRET~~

October 14, 1966

MEMORANDUM FOR THE PRESIDENT

Subject: Matters of Substance for Your Country Visits

You will be supplied daily with material covering the successive country stops. This will give detail on leading personalities with whom you will be talking, topics that may come up, and suggested positions. This memorandum is a shorter summary, for your personal use, of those key items that may require your personal attention and some review of the detail with me prior to your talks. I have also highlighted sensitive issues that may not be raised in high-level conversations, but of which you should be aware.

This memorandum does not cover the question of your speeches and statements. Drafts of these will reach you through your own staff, on the basis of materials prepared by the Department and your staff.

In looking at each visit, we have all tried to find special topics on which you could make new proposals or offers of assistance that would be consistent with our interests apart from the trip. Items of this sort will appear in the speech material, but by far the most basic issues concern military assistance for Thailand and the question of our rubber stockpile disposal policy for Malaysia. Both of these would be critical in any event at this time, and the handling of them could have a great effect on the atmosphere of your visit to each of these two countries. They are covered in more detail in separate papers sent to you.

I have arranged the material in separate pages for each country.

DECLASSIFIED
E.O. 12958, Sec. 3.6
NLJ 98-498
By is, NARA Date 11-9-99

Dean Rusk
Dean Rusk

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I - New Zealand

There are no difficult issues outstanding, and we do not expect Holyoake to press you on anything. However, you should be aware that there is long-standing concern in New Zealand over our tariff and quota barriers on the import of major New Zealand agricultural products, particularly butter and wool. We have in mind some possible measures of relaxation, which, however, cannot be considered from a political standpoint during the period of your visit. I recommend that if this topic is raised you indicate that we are aware of the problem and will look to see what we can do.

You should also be aware that New Zealand has a serious balance of payments problem because of high import levels of finished goods and industrial raw materials. Along side Vietnam, this is the major issue in the New Zealand election. New Zealand concern on this topic is not directed primarily at the US. However, you should be aware that we gave them balance of payments relief last July by entering into a deferred payment deal of approximately \$25 million of military equipment that New Zealand agreed to buy from us at that time. We of course benefited from this sale from every standpoint, including our own ultimate balance of payments as well as getting New Zealand as a steady customer. New Zealand for its part agreed to sterilize our loan so that it did not adversely affect our own balance of payments. Holyoake may thank you for our cooperation on this deal. Another \$50-55 million of credit sales for combat aircraft is under consideration; time is running out on the production schedules of these, and you could well jog Holyoake on this.

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II - Australia

There are no difficult issues outstanding in our relations with Australia, and I am sure the whole atmosphere of the visit will be excellent--although there may of course be some demonstrations. All forecasts have Holt winning his election easily, aided by the continued death wish of the Labour Party.

Although this will probably not come up in official conversations, you should be aware of one current irritant. This concerns a U.S. Navy contract for certain communications and navigation facilities related to Polaris deployments. The contract was awarded three years ago to the low bidder, an American firm named Hardeman, which proved to be incapable and left a trail of failure to meet deadlines and general poor performance. The Navy then allowed the contract to pass effectively into the hands of a respectable Australian company named Concrete Industries. This company has done its best, but has incurred substantial losses because of the legacy of Hardeman's poor performance. Ambassador Clark has been personally involved in sorting out the facts on this, and six weeks ago the Navy sent a special team to see if Concrete Industries was entitled to some relief within the terms of the contract. Hearings on this problem are due to start in Sydney on October 17, and the case has attracted wide public notice. We believe the Australian Government is satisfied that the Navy is doing all possible to produce an equitable answer, but you may well be hit on this subject in private conversations, if not by the Government itself.

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III - Philippines

The Marcos visit covered all aspects so thoroughly that you should find Marcos quite content with the result and with little on his mind on our bilateral relations. He may raise such topics as delivery time for the engineer construction equipment for the five battalions, and you could simply indicate that this is being pushed forward as hard as possible.

The various loan and PL-480 projects covered in the communique with Marcos have all gone along reasonably well.

As to dollar figures, you should be aware that Marcos and his people have put out such figures as "a half billion" as the amount that will be coming to the Philippines as a result of the Marcos visit. This is of course way in excess of the total of approximately \$100 million which would be reached by adding every single item on the list--economic aid, military aid, and the first year cost of veterans benefits and the two claims. The Filipinos have latched onto the ultimate actuarial payout on veterans benefits (\$425 million by our calculations), and are also inclined to throw in World Bank loans (\$40 million) and all their private lending commitments now outstanding. This kind of "numbers game" is regrettably an old Philippine institution. I would recommend that if this subject comes up at any point, you avoid numbers completely and simply say that the undertakings in the communique speak for themselves.

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IV - Thailand

The substantive issues for your Thai visit--and indeed for your talks with the Thai at the Manila Conference--are more serious and emotion-ridden than at any other stop.

First, there is pressure from some high Thai quarters for an extended or new U.S. commitment. We cannot give this, but we can offer some kind of reassurance that will not go beyond our commitment but will specifically relate it to any Communist threat to Thailand that results from the Thai bases. I will have more detail on this for discussion with you before the major meetings in Thailand. For purposes of the Conference, I suggest simply listening and saying that you will be prepared to discuss it further when you reach Bangkok.

A related issue is the Thai sensitivity to criticism, by Senator Fulbright in particular. They would like you to dissociate yourself publicly from Senator Fulbright. I think this can be done adequately without taking on the Senator frontally.

Second, there is the difficult issue of the level of military assistance. Secretary McNamara and I have not been able to agree on the level, and this is covered in separate memoranda sent to you this week. We do both agree that a decision on the level should be made and communicated to the Thai during the visit.

There are no other serious issues. The over-all AID cuts are going to compel us to reduce the AID program from a planned \$53 million to about \$40 million, but we can handle the deferred items by funding next July so that little impairment should result. Generally speaking, the AID level has much less impact in the specific political sense than the military assistance level, although of course it is equally crucial to the whole Thai effort.

For background purposes, you should be aware of one economic aspect--that the Thai now have a very strong balance of payments reserve situation. US spending in Thailand (now at the rate of \$125 million a year) has contributed to this result. It will be entirely in order for you to mention to the Thai your

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awareness of this situation and to point to the difficulties that further increases may create for both of us, especially in presenting assistance programs to the Congress next year. The Thai problem, as an economic fact of life, is that they cannot raise tax revenue at anywhere near the rate that their reserves increase, although they are managing a 27 percent increase in their over-all budget for this year. What they are doing already, and perhaps could do in additional ways, is to cooperate with us on our own balance of payments problem, and to increase imports that could be used effectively for their development program.

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V - Malaysia

The Malaysians have three major issues on their minds: military aid, economic aid, and the presently depressed prices of rubber and tin.

On military aid, we have recommended a very cautious answer. We can guarantee limited military sales of such items as helicopters, but any program of concessional sales, much less any grant aid, is out of the question with the cuts in the over-all MAP program, the 40-country limitation, and policy objections to our becoming a major assisting power for Malaysia. It should be left to the British to the maximum possible extent.

On economic aid, we took a sympathetic position at the May meeting of the Consultative Group on supporting the Malaysian 5-year plan. We left the door open for any feasible level of Ex-Im loans, we offered PL-480, and we said we could consider AID concessional loans for projects having a real regional impact. However, the Malaysians have found difficulty so far in making much use of any of these offers. Proper commodities for PL-480 are hard to find, few Ex-Im projects have opened up, and truly "regional" AID projects are small in scale. Hence, they think our actual help has not been up to our promises. However, the problems--particularly the over-all AID cuts--are such that we simply cannot see our way to changing the terms of our May offer. It can still work out--though slowly--to a \$100 million contribution over five years.

Thus, we recommend no forthcoming answer to the first two issues. This means that the Malaysians may press all the harder on their own overriding issue at the present time--the rubber price fall and its relation to our stockpile disposal. Detailed proposals on this have already been submitted to Mr. Califano, and some actions may have been taken before you reach Malaysia. If not, I would like to go over this issue with you before we reach Kuala Lumpur.

With the difficulty of these issues, we have looked hard at smaller actions that would be helpful to the atmosphere. I expect to have fully developed suggestions in this area--such as assistance to regional education and regional transportation projects, and a possible ground station for COMSAT--by the time we leave Manila. I suggest we then consult as to whether these can be used to improve the atmosphere.

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VI - Korea

There are no serious irritants in our relations, and I doubt if Park will press you hard for any new commitments. Nevertheless, the following topics could well come up:

1. On MAP and AID levels, we are operating under a supplementary commitment to keep the dispatch of Korean forces to Vietnam from impairing Korea's military security and from damaging the Korean economy. In practice, this has meant substantial increases, and the deferment of transfer of MAP items to the Korean budget. The deal was a reasonable one, and we have lived up to our part of it, although there are opposition elements in Korea who sometimes assert otherwise. On this, you need only reiterate the general commitment. (The underlying fact is that MAP and AID over-all cuts will give us serious problems, but we do not wish to discuss this with the Koreans yet.)

2. On development lending, your May 1965 communique with Park provided for \$150 million in development loans over the next 2-3 years. The Koreans have put it out that the period was two years, and in fact we have obligated \$107 million and--but for the recent AID cuts--would expect to obligate the full \$150 million in that time, since the Koreans have shown good planning in turning up good projects. However, AID now thinks it cannot go up to \$150 million by this spring because of the Congressional cuts. This need not be disclosed to the Koreans, and our standing position has been that we would complete the \$150 million as rapidly as possible and would then be prepared to do more development lending as the right projects appeared and were approved on both sides. This position applies to any Korean suggestion pitched in terms of support for their five-year plan, or for a specific commitment on further development loans.

3. On US troop levels, part of the deal on getting major Korean forces to Vietnam was our undertaking not to reduce our troop level without prior consultation. They may ask that this be reaffirmed, and you could do so, probably even in one of your public statements.

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-2-

4. The Koreans are very sensitive about the Korean reunification item at the UN. This has been getting less support over the years, but our position remains that of fully supporting the UN Resolution that calls for supervised elections in both halves of Korea. The Koreans particularly object to any suggestion--such as recently made by the North Koreans --that they negotiate this directly with North Korea.

5. On our basic security treaty, the Koreans always want reassurance that this is firm. This can be put in one of your public statements.

6. In addition to these issues that may be raised by the Koreans, you should be aware that, like the Thai and others in the area, the Korean balance of payments position has been improving greatly, primarily as a result of their participation in our Vietnam spending. Korean reserves will rise this year from \$130 million to about \$200 million, with the greater part of this rise due to US military procurement and Korean participation in Vietnam construction projects. Thus, we are giving them a big bonus in this area. It does not really change their underlying aid needs as yet, but it would not hurt to remind them of it. The estimated reserve position is not an extravagant one (a bit more than four months of imports), but in effect they have brought their reserves up to an acceptable level from a low one.

~~SECRET~~

October 15, 1966

~~CONFIDENTIAL~~

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Letter to the Vice President of the Republic of China

C. K. Yen, Vice President and Premier of the Republic of China, will pay an informal working visit to the United States December 13 and 14. You have agreed to receive him on the 13th.

Especially since you will not be stopping in Taipei on your trip, we want to show Yen every courtesy. We need Chinese cooperation in problems sure to arise in the "China tangle" in the future, and it is in our interest to enhance Yen's own prestige in his government.

State has proposed, and I recommend, that you sign the attached letter to Yen.

W. W. Rostow

Attachment

~~CONFIDENTIAL~~

DECLASSIFIED
E.O. 12958, Sec. 3.5
NSC Memo, 1/30/75, State Dept. Guidelines
By CS, NARA, Date 9-3-98

work 18a

October 15, 1966

Dear Mr. Vice President:

I have learned with pleasure that you will be visiting Washington December 13 and 14. I welcome you on behalf of the people of the United States, and I look forward particularly to meeting with you at the White House on December 13.

Sincerely,

L

His Excellency
Yen Chia-kan
Vice President of the
Republic of China

LBJ:AJ:pas

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

17
Saturday/1:35 pm
October 15, 1966

~~CONFIDENTIAL~~

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Letter from the King of Nepal

You have a rather odd letter from the King of Nepal (attached) which has been some weeks in getting here. We are not ready to send the substantive reply the letter requires, and it's not urgent. Besides, the King is leaving Monday on a six-week trip to the Middle East and Europe.

So rather than try to rush through a half-answer today, I recommend having our ambassador deliver a simple holding message like this:

"I have received your letter and am looking carefully into the matters you raised. Since both of us are about to leave our capitals on important trips, I will reply in detail when I return so that we can both give these problems the unhurried consideration they should have. My best wishes to you for your journey."

Walt Rostow

Approve ✓

Disapprove _____

~~CONFIDENTIAL~~

DECLASSIFIED
E.O. 12958, Sec. 3.5
State Dept. Guidelines
By Cb, NARA, Date 8-25-98



Royal Palace,
Kathmandu,
Nepal.

September 8, 1966.

Your Excellency,

Although I have not been able to revisit your magnificent country since 1960, I recall with great pleasure my last visit to the United States of America.

I am taking the liberty of addressing Your Excellency on a subject which is vital for the economic well-being and a long term development of my country.

I had mentioned this project in my conversations with the then President of the United States of America, Mr Dwight D. Eisenhower. He was kind enough to exert his personal goodwill in this behalf and as a result of the President's gracious efforts, the final report on the hydro-electric development of the Karnali river has been prepared by the United Nations Development Programme with the Public Law 480 local currency assistance of the USAID.

This is a big project involving an initial investment between two to three hundred million US dollars. In spite of our best efforts to do so, Nepal at its present stage of economic development, is not in a position to raise this sum from its own internal resources. It is for this reason that we have to seek assistance from friendly countries like the United States and international organisations, for this project.

Before embarking on this project, my government feel that the first essential step is to make an independent evaluation of the technical and financial aspects of the report by highly competent and qualified experts in order to fully ascertain its bankable prospects. It is our feeling that if the UN Development Programme and the IBRD could be associated now for the correct evaluation of the report with a view to render possible assistance at successive stages, it would be helpful for the development and utilisation of the

His Excellency Mr Lyndon B. Johnson,
President of the United States of America,
The White House,
Washington, D.C.

DECLASSIFIED
E.O. 12958, Sec. 3.5
NSC Memo, 1/30/95, State Dept. Guidelines
By CG, NARA, Date 9-3-95

immense hydrological potential of the Karnali river for the good of the country.

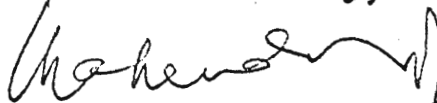
In view of the continued interest shown by the United States Government for the economic development of Nepal and in consideration of Your Excellency's personal goodwill for the rapid development of this region, I shall be grateful if you could kindly find some time from your extremely busy schedules, to enlist the support of the President of IBRD in this vital project.

I am glad to state that the USAID and Peace Corps volunteers have been helpful in the development of my country. At the same time I would like to point out that ways and means should be sought out to complete mutually agreed programmes at an accelerated speed and always in time; that all American friends in Nepal must be explicitly told appropriate authorities to assiduously avoid and refrain from acts, directly and indirectly, of interference in the internal affairs of the host country. Another item which will be greatly appreciated by Nepal is depositing by the United States AID of the Public Law 480 funds appropriated for Nepal in the country itself.

The Vice-Chairman of my Council of Ministers and Foreign Ministers is personally taking this letter for Your Excellency and he will be glad to explain further our view points on matters of mutual interest. May I express to Your Excellency my best wishes for your personal well-being and happiness.

With best regards,

Yours sincerely,



(MAHENDRA, R.)

DECLASSIFIED
E.O. 12958, Sec. 3.4(b)
White House Guidelines, Feb. 24, 1983
By PCA NARS, Date 8-19-86

October 15, 1966

CONFIDENTIAL

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Intercession with Congressman Morgan on Viet-Nam
Benefits Bill

State has made strong efforts without success to secure action by the House Foreign Affairs Committee on S-3247, which provides benefits considered essential for the morale and recruiting of civilian personnel for Viet-Nam.

The Bill has passed the Senate but languishes in the House Committee, apparently because of Congressman Wayne Hays' annoyance that his own bill was tabled in the Senate Foreign Relations Committee and his key provisions tacked on to the Senate Bill.

Under Secretary Katzenbach tried to persuade Morgan to override Hays' objections, but as of this morning this has not been done. State believes that only a call from you to Morgan is likely to get action on the Bill at this late date.

State considers, and I agree, that the importance of the legislation warrants a call from you before departing on the trip.

A summary and copy of the Bill are attached.

W. W. Rostow

Attachments

Call will be made ☒ *Remind me - Put in my desk*
Call will not be made ☐
See Me ☐

CONFIDENTIAL

Friday, October 14, 1966
11:30 a.m.

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21

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Future of Foreign Aid

I had dinner last night with Gene Black. In the light of our discussion, I wish to set down for you thoughts which have been forming in my mind in recent months on foreign aid and its future.

These thoughts are set down on the assumption that the burden in Vietnam will not diminish in, say, the next nine months. If it does, we must plan how to trap a part of the resources saved from Vietnam for foreign aid purposes. But that is an easier matter.

* * *

1. To back your commitments to Asian, Latin American, and African development, we need more development resources in the West next year than we have had available this year. The increase required is not extravagant; perhaps \$500 million or even less. What is necessary is that the curve turn upward and continue upward modestly for some time.

2. To achieve this requires four things:

-- A fresh presentation of the development aid problem which will have more political appeal in the Congress, to our people, and throughout the potential donor countries;

-- A purposeful man-by-man approach designed to bring around the key Senate and Congressional figures whose assent will be required to produce this increase in foreign aid;

-- Mobilization of U. S. public opinion leadership to back this effort; and

-- Mobilization of public opinion leadership in Western Europe, Japan, Australia, etc., to back this effort.

3. Elements for a new approach to foreign aid. Essentially what is required is to present with greater political effectiveness what we are now attempting to do pragmatically, step by step. Specifically:

5/14/66

-- Regionalism. In fact we have been moving towards a regional approach to foreign aid in Latin America, Asia, and Africa. This has two kinds of appeal if properly presented. First, economically it forces the local people to take greater responsibility for self-help; mobilizes all the sources of aid more rationally around country programs; and makes clear to the Congress that many institutions and nations are in fact sharing the assistance burden. That is why we can do pretty well with the Alliance for Progress, Asian Development Bank, and countries where there are consortium arrangements. Politically -- and this is a new element -- regionalism holds the promise of gradually diminishing the political and military burden borne by the U. S. in the future. It is the half-way house we have discovered between endless U. S. leadership in bilateral relations and isolationism. If we can make this political dimension clear as part of our aid presentation and make our aid efforts not merely economic but clearly a part of building regional islands of order, we shall be ahead of the game.

-- Our presentation to the Congress and to the public should make clear that from here on out we expect the development burden to be borne by the richer countries on a fair shares basis. Again, we have the advantage of facts on our side. It is simply true that the loan terms from Europe and Japan have been getting softer while ours have been getting harder. It is true that, as we move towards institutions like the Asian Development Bank, build up IDA, and use the device of debt roll-overs, the relative burden on the U. S. in the development business declines. And, if we can follow through on the DAC meeting on the world food supply -- and force others to contribute more not merely in food but in chemical fertilizers, etc. -- once again we can get a fair sharing of the burden.

-- Finally, we must deal honestly and effectively with the question of the balance of payments effects of foreign aid. Our present arrangements are wrong in two respects. First, they impose cumbersome administrative burdens on the foreign aid program where those burdens are not really necessary; for example, in Latin America where the trade and financial patterns do not cause significant leakage to Europe. Second, they do not deal effectively with cases where trade and financial patterns do involve some leakage; for example, with respect to India and Pakistan who tend to buy more from Europe, naturally, than they buy from us.

I won't go into solutions here; but I am sure we should clear away the mythology and the underbrush and build a foreign aid program which honestly protects our balance of payments where such protection is truly needed by measures that really work. I believe it can be done.

0/14/66

4. In addition, we must, of course, carry forward and dramatize more effectively the four dimensions of the development problem where you have left a distinctive mark:

-- The food-population problem, which gets more critical every day.

-- Education.

-- Health.

-- Measures to enlarge the role of private enterprise and the flow of private investment to developing nations.

5. Out of these elements I am confident that we can build a fresh, honest, and appealing presentation of foreign aid, adding to it the simple moral fact that foreign aid has begun the declining proportion of GNP of the developing nations, including the U. S.

6. To formulate such a program, I suggest:

a) A group be appointed inside the government right now, headed by Bill Gaud, to include representatives of the Budget Bureau; Treasury; White House (Bator); State (Bowie, whom Gene has already assigned to this); and Agriculture. The group should be put to work under instructions to produce this fresh presentation and get it to you within a month.

b) This group inside the government should be instructed to work closely with the Jim Perkins Committee which, I gather, is ready to help on advice and in persuading key members of Congress but does not wish to take on a big public information and persuasion effort.

c) We design man-by-man approaches to the half-dozen key Congressional figures who constitute the major block to an expansion in foreign aid. Larry O'Brien might head such a committee, working with Mike Manatos and others who might be appropriate. Gene Black assures me he can be recruited for the effort once a strategy and tactics are defined. I'm confident others could help.

d) We get a first-rate man to give life to the old Linowitz Committee and put it in business. From my experience with Eric Johnston's committee in the 1950's, I'm sure this country is full of businessmen and labor leaders, church folk and professors, women's organizations and foreign policy groups

10/14/66

that would back us if:

- we have a program;
- we have an organization;
- we mean business.

In February 1958 we had a whale of a team moving. But it got turned off by Sherman Adams just because George Humphrey & Co. thought it might be effective. It's no substitute for man-by-man work in the Congress; but I'm convinced it's an important supplement.

e) Finally, encourage Gene Black to set up his proposed private international committee on economic development with Europeans, Japanese, etc., to include parliamentarians as well as public figures. This is, I believe, now possible and important. It could have a wholesome effect on:

- foreign governments;
- U. S. public opinion;
- the Congress.

Therefore:

Set up government foreign aid planning group as suggested in paras. 3 a. and b. to report in a month.

Yes _____ No _____ See me _____

Set up group to plan man-by-man approach to key Congressional figures, with action to await formulation of substantive strategy.

Yes _____ No _____ See me _____

Suggest a first-rate substitute for Linowitz, bring his name to me, and plan to crank up that committee by mid-November.

Yes _____ No _____ See me _____

Encourage Black to go forward with his proposed international committee.

Yes _____ No _____ See me _____

W. W. Rostow

Friday, October 14, 1966
7:00 pm

MR. PRESIDENT:

The latest status report on Operation "Brave Party" -- the Tampico relief operation -- is as follows:

- 3 helicopters, 2 C-47s and a tanker plane are at Tampico.
- a total of 9 rescue sorties will be flown by nightfall.
- 6 helicopters are standing by in Brownsville awaiting orders to proceed to Tampico tonight or tomorrow.
- these orders are based on requests coming from Mexican authorities in Tampico with on-site knowledge of the needs and the capabilities of Tampico airport to handle the air traffic.

W. W. Rostow

1. ~~_____~~
2. *P. H. Rostow*

October 14, 1966

MEMORANDUM FOR THE PRESIDENT

The Atomic Energy Commission, with the concurrence of the Department of Defense, has requested your approval to initiate expenditures in connection with an experiment to be conducted by the AEC for the Advanced Research Projects Agency as part of the Vela Uniform nuclear test detection program.

The STERLING event will be included in the AEC request for Presidential approval of the remainder of the second quarter underground test program and be given the usual detailed review by your Review Committee on Underground Nuclear Tests and by Dr. Hornig's office prior to being submitted for your final approval. However, in approving the overall FY 1967 test program last June, the AEC was instructed to obtain specific approval before any major expenditures could be initiated in connection with any test for execution off the Nevada Test Site. Therefore it is necessary to obtain approval of certain preliminary expenses for STERLING so that AEC can proceed with necessary work.

I recommend that you approve the AEC request and authorize me to sign the attached memorandum to the Chairman of the Atomic Energy Commission.

☒ Approved

W. W. Rostow

☐ Disapproved

☐ See me

23a

THE WHITE HOUSE
WASHINGTON

MEMORANDUM FOR THE CHAIRMAN,
U. S. ATOMIC ENERGY COMMISSION

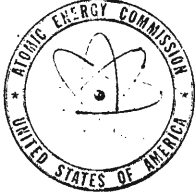
SUBJECT: Authorization for the Proposed STERLING Event

The President has noted the request contained in your letter of October 7, 1966 for authorization to initiate major expenditures in connection with the proposed STERLING experiment. It is noted that the test is scheduled for execution in December at the site of the SALMON event near Hattiesburg, Mississippi.

The President has approved your request.

Authority to conduct the experiment should be obtained as part of your authorization for the remainder of LATCHKEY II, the second quarter 1967 underground test program, of which the STERLING experiment will be a part.

W. W. Rostow



3657
236

UNITED STATES
ATOMIC ENERGY COMMISSION
WASHINGTON, D.C. 20545

JUN 7 1966

Dear Mr. President:

Reference is made to my letter of June 6, 1966 and Mr. Rostow's memorandum of June 27, 1966 concerning the FY 1967 underground nuclear test program.

The purpose of this letter is to seek specific approval for major expenditures in connection with the proposed STERLING experiment and to request your authority to conduct that experiment as presently planned. This underground test is now scheduled for execution in December 1966 at the site of the SALMON event near Hattiesburg, Mississippi.

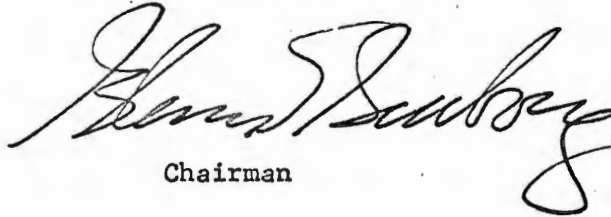
STERLING, a Department of Defense sponsored event, is being conducted by the AEC for the Advanced Research Projects Agency as part of the Vela Uniform nuclear test detection program.

A device with a 350-ton yield will be detonated in the SALMON cavity at the Tatum Salt Dome to determine how shot-generated cavities decouple. Calculations show that the STERLING event can have a decoupling ratio as high as 160 or as low as 20 depending on the physical properties of the salt surrounding the SALMON cavity. Assuming a conservative decoupling ratio of 20, the ground motion from STERLING can be expected to be about 1.5 percent of the SALMON values. Ground motion in Hattiesburg and the communities surrounding the site should be imperceptible, although some slight motion may be felt in areas near the site. Damage to structures is considered extremely unlikely. Considering the low yield and great depth of burial (2700 feet) no problems are foreseen in the containment of this event.

A request for authority to expend the necessary special nuclear materials to conduct STERLING will be included in the program request covering the test period.

This letter is forwarded with the knowledge and concurrence of the Department of Defense.

Respectfully yours,

A handwritten signature in dark ink, appearing to read "Henry J. Stribling". The signature is fluid and cursive, with a large initial "H" and a long, sweeping underline.

Chairman

The President
The White House

Friday, October 14, 1966 -- 8:00 a.m.

Mr. President:

In planning the operation of my shop in your absence, I require your guidance on this point: What arrangements should be made to keep the Vice President informed?

Make available full flow of traffic to and from Presidential party?

Yes _____ No _____

Keep Vice President informed of issues arising that will not be sent out for your decision but held awaiting your return?

Yes _____ No _____

I assume the Vice President has access to the normal flow of cable traffic and gets regular intelligence briefings.

W. W. Rostow

WWRostow:rlh

13

Friday, Oct. 14, 1966
9:40 a. m.

MR. PRESIDENT:

I urge that you sign the attached Executive Order at 11:00 a. m. this morning on the occasion of the signing ceremony of the Proclamation and Executive Order concerning the Beirut Convention, and the Florence Agreement.

This authorization for the Secretary of State gives us the necessary foundation for handling a wide range of problems in this field.

A brief statement on the occasion of the signing of this Order is attached.

W. W. Rostow

25a
Friday, Oct. 14, 1966

(Statement for 11:00 o'clock signing of Order)

I have also signed an Executive Order facilitating art exchanges with foreign countries. This is a follow-up to an authority given me last year by the 89th Congress, and I am designating the Secretary of State, in consultation with the Smithsonian Institution, as the responsible person to allow art works to come into this country for exhibitions.

October 14, 1966
Friday

Mr. President:

In response to your offer for assistance for Hurricane Inez victims, the Mexican Government yesterday officially asked us for helicopters to rescue people in flooded areas beyond Tampico.

Nine helicopters are on their way to Tampico. A tanker plane is also enroute to provide fuel for the operation.

This is all the assistance that Mexicans have requested so far.

W. W. Rostow

Friday, October 14, 1966
10:30 a. m.

MR. PRESIDENT:

Bill Moyers has raised three questions:

1. Should you accept a Thai decoration from the King?

I recommend against, and so does Bill Bundy. The reason: it is a precedent that will haunt you with other monarchs. The Thais have proposed this discreetly and would not be offended if you were to decline with thanks as a matter of general principle.

Assept _____

No ☒ _____

2. Should Harry McPherson go on the trip or stay behind in Washington?

Only you will have a proper sense of this. My recommendation is that he go. Although the speech business is now in quite good shape, as Bill Moyers says, he and I will be distracted; and a first-rate draftsman would be an asset -- more on the trip than back home, since the raw materials for drafting are very far advanced.

McPherson stay in Washington as back-up _____

McPherson go ☒ _____

3. My recommendation on McPherson is strengthened because of the problem of John Roche. He is coming back all the way because his wife is a bit uneasy. Moreover, he takes travel with some difficulty in adjustment. Therefore, I recommend that John Roche go out with the Secretary of State to help give imagination and zip to the conference drafting -- also affording him a few reassuring days with his family in Washington.

Roche go with us _____

Roche go with Secretary Rusk ☒ _____

W. W. Rostow

Departure Statement -- Dulles

I leave you to undertake a mission which is both grave and hopeful.

A small Asian nation is under attack and defending itself with extraordinary courage and endurance. I go to confer ^{with its leaders and} with the leaders of those other nations that have committed their young men to defeat aggression and to help those 15 million people shape their own destiny. In Manila we shall review the state of military operations; but we shall mainly devote our attention to the civil constructive side of the problem of Viet Nam.

Above all, we shall together seek ways of bringing about an honorable peace at the earliest possible moment.

I go also to visit six vital nations which, working with others, are beginning to shape a new regional life in Asia and the Pacific. I have followed with admiration the energetic progress made in Asia by Asians in recent months. Now I shall have a chance to see for myself.

I go to learn ^{of} their progress and problems, their hopes and their fears.

As I undertake this mission on behalf of our country at a critical time, I ask for your prayers. I shall do my best to advance our interests and the cause of peace.

Friday, October 14, 1966
7:00 pm

MR. PRESIDENT:

The latest status report on Operation "Brave Party" -- the Tampico relief operation -- is as follows:

- 3 helicopters, 2 C-47s and a tanker plane are at Tampico.
- a total of 9 rescue sorties will be flown by nightfall.
- 6 helicopters are standing by in Brownsville awaiting orders to proceed to Tampico tonight or tomorrow.
- these orders are based on requests coming from Mexican authorities in Tampico with on-site knowledge of the needs and the capabilities of Tampico airport to handle the air traffic.

W. W. Rostow

Friday, October 14, 1966 -- 8:00 a.m.

Mr. President:

In planning the operation of my shop in your absence, I require your guidance on this point: What arrangements should be made to keep the Vice President informed?

Make available full flow of traffic to and from Presidential party?

Yes _____ No ☒ _____

Keep Vice President informed of issues arising that will not be sent out for your decision but held awaiting your return?

Yes _____ No _____

I assume the Vice President has access to the normal flow of cable traffic and gets regular intelligence briefings.

W. W. Rostow

WWRostow:rlh

Thursday, October 13, 1966
2:30 p. m.

Mr. President:

Herewith (unsolicited) a statement from the Department of Agriculture of the case for going ahead with the PL 480 agreement with India. The most important point made is that Indian food prices are now beginning to climb very sharply as efforts are made to stretch the limited remaining food supplies until the harvest begins in late November.

W. W. Rostow

WWRostow:rlh



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON

31a

October 13, 1966

TO: The President
The White House

FROM: John A. Schnittker
Acting Secretary of Agriculture

SUBJECT: PL 480 Agreement in India

John A. Schnittker

Both factors in this country and in India support going ahead with another 2-month PL 480 Agreement with India. Wheat prices in this country have eased considerably over the past few weeks, making it much easier to release some additional wheat for India. Recent estimates of our sorghum crop also indicate a much better harvest than was anticipated a few months ago.

Within India, prices of all major food commodities, particularly rice and wheat, are now beginning to climb very sharply as efforts are made to stretch the limited remaining food supplies until the harvest begins in late November. Preliminary evidence indicates that this harvest -- although at least 10 percent better than last year -- will not be a particularly good one, partly because of unfavorable weather and partly because of the failure to distribute fertilizer and other inputs in time for use on their crop as planned.

I recommend that we go ahead with an agreement to cover the November-December period, meanwhile preparing for a major negotiating session in December. By that time we should know better what the Indian crop will be and what the specific shortcomings of their agricultural effort are.

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

Thursday, October 13, 1966

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Reply to Joseph Curran's Telegram of Support
for Vietnam Policy

For your signature is a gracious reply to Joseph Curran whose telegram to you expresses the strong support of his National Maritime Union for our Vietnam policy. Union members have pledged themselves to keep the Vietnam sealift going.

 W. Rostow

Attachment

32a

THE WHITE HOUSE
WASHINGTON

Dear Mr. Curran:

I was gratified to receive your telegram of October 5 expressing the continuing support of the National Maritime Union for our country's purposes in Vietnam.

We have charted a course in that troubled land that cannot be otherwise if we are to keep faith with our own firm commitment to the independence of nations and their self-determination. We will not deviate from that course; we can and must persevere.

The brave American men who are dedicating their service so that the Vietnamese may freely govern themselves will draw renewed strength from your resolution and your determination to maintain the Vietnam seafight.

I want you to know that continuing support from the National Maritime Union will equally help sustain me in the difficult decisions I must make affecting our nation's security.

With my best wishes,

Sincerely,

Mr. Joseph Curran
President
National Maritime Union of America
AFL-CIO
36 Seventh Avenue
New York, New York

1 326
The White House
Washington

1966 OCT 5 PM 8 40

WA077 PD

NEW YORK NY 5 NPT

THE PRESIDENT

THE WHITE HOUSE

THE FOURTEENTH NATIONAL CONVENTION OF THE NATIONAL MARITIME
UNION TODAY ADOPTED RESOLUTION DECLARING THAT ABANDONMENT
OF SOUTH VIETNAM BY OUR GOVERNMENT OR THE ACCEPTANCE OF A
CEASE FIRE WHICH DOES NOT FULLY PROTECT THE INTEGRITY OF SOUTH
VIETNAM AND THE RIGHT OF ITS PEOPLE TO FREELY GOVERN THEMSELVES
WILL INVITE EXPANDED AGGRESSION THROUGHOUT SOUTHEAST ASIA, AFRICA

AND SOUTH AMERICA. THE RESOLUTION CALLED UPON THE U.S. GOVERNMENT TO CONTINUE ITS EFFORTS TO ACHIEVE A JUST AND HONORABLE PEACE IN SOUTH VIETNAM AS MANIFESTED IN YOUR ACTIONS TO DATE. THE RESOLUTION FURTHER PLEDGED THAT PENDING THE ATTAINMENT OF THAT GOAL, THE NATIONAL MARITIME UNION AND ITS MEMBERS WILL DO ALL WITHIN THEIR POWER, WHATEVER SACRIFICES ARE REQUIRED TO KEEP THE VIETNAM SEALIFT AND TO SUPPORT OUR GOVERNMENT'S EFFORTS IN EVERY WAY POSSIBLE. I AM HAPPY TO INFORM YOU OF THIS ACTION OF THE NATIONAL MARITIME UNION AND TO ASSURE YOU OF OUR CONTINUED SUPPORT IN THIS DIFFICULT STRUGGLE TO PROTECT THE PEACE AND

FROM THE WORLD

JOSEPH CURRAN PRESIDENT NATIONAL MARITIME UNION.

of America

A7L-C10

36- 7th ave

n. y.

Thursday, October 13, 1966
3:45 p. m.

Mr. President:

I support this.

But we shall also need a
new strategy for presenting aid
to Congress and the public.

Work has begun.

W. W. Rostow

Thursday, October 13, 1966, 3:15 p.m.

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Generating Support for Foreign Aid, and Your Meeting
this Afternoon with Eugene Black

After you reminded the Perkins Committee that your major aid problem is to get enough public support to turn around the Congress, Jim Perkins had a dinner discussion with George Woods and three of the principal Committee members: David Rockefeller, Gene Black, and Dave Bell.

Perkins tells me they concluded that:

- the main assignment of their Committee has been to advise on policy;
- this function should be kept separate from an organized lobbying effort;
- there is very great need for an effective private lobbying organization.
- the best first step would probably be to energize the virtually dormant Linowitz Committee by appointing a high-powered man of stature and visibility to succeed Sol Linowitz as chairman. (They talked about Ruffy Peterson of the San Francisco Bank of America, Ben Heineman, David Kennedy, and Stewart Saunders -- in that order of preference. Perkins et al believe that Peterson would be first rate -- and think he would do it if you ask him personally.)

Question: Do you want us quietly to encourage Perkins, Black, Bell, Rockefeller -- and perhaps Mac Bundy -- to suggest a plan for a political-action organization in support of foreign aid?

I think all of your advisers are agreed that a big outside effort is essential if we are to get off dead center -- or even to protect the present minimum program. On the other hand, an energetic lobbying operation would put pressure on the Administration, as well as the Congress, to come up with more aid money. (We may not be able to get anyone of stature to take on the job without a Presidential assurance that we will welcome such pressure and will try to be responsive.)

I understand that Black will be in to see you this afternoon -- you may want to talk with him about this. You might also want to get his advice on people. (He told me he thought Peterson would be a ten-strike.)

-2-

If, after talking with Black, you want us to encourage this, I will explore with Perkins, Bundy and Bell how we might proceed. (If you want to do this, we should start the ball rolling while you are in Asia.)

Francis M. Bator

Go ahead and have them work up a plan_____

Do nothing_____

Speak to me_____

* * * *

Have Black sound out Peterson_____

Speak to me_____

FMB:mst

THE WHITE HOUSE

WASHINGTON

Thursday, October 13, 1966

1:30 p. m.

~~TOP SECRET~~

MR. PRESIDENT:

Here is a Fact Sheet about the situation in the DMZ; a map; and a JCS assessment of the threat.

It comes to this:

- We have engaged the North Vietnamese 324B Division at the DMZ;
- Behind that Division in North Vietnam is the 341st Division;
- We suspect other major units could join the battle, but have no hard evidence that they will;
- The JCS concludes that the North Vietnamese buildup immediately north of the DMZ constitutes a direct threat to our forces in the First Corps area and two northern provinces;
- Thus far our ground and air attacks have prevented a major enemy offensive from developing;
- The JCS, however, remain understandably concerned and consider it "imperative that all available military assets be utilized to include the addition of naval gunfire in this critical area" to forestall or deal with the threat.

You should know that there is some uncertainty in the JCS as to whether a major ground offensive is impending, notably after the damage done to the North Vietnamese 324B Division. They want naval gunfire (and some of them, close-in naval interception of seaborne supplies) as insurance. If I had their responsibility, this is what I would also propose. On the other hand, the threat of major offensive action is not now so firmly established that the political arguments against the use of naval gunfire, etc., need be overridden.

W. W. Rostow

~~TOP SECRET TRINE~~ attachment

DECLASSIFIED
Authority 113.141.020.026/1
By jc, NARA, Date 10-23-09

C O P Y

TOP SECRET TRINEFACT SHEET

SUBJECT: Situation in the DMZ, 13 October, 1966

1. There is positive evidence of an enemy buildup in the DMZ area which poses a threat to Allied forces in the northern provinces of South Vietnam.

2. Beginning in May, 1966, elements of the 324B North Vietnamese Division crossed the center of the DMZ and were subsequently engaged in SVN by US forces. This division, despite heavy casualties, is still present and active in the North Central portion of Quang Tri Province, and according to intercepted messages is preparing for military operations. The 324B headquarters and logistical base is probably in the central DMZ south of the demarcation line.

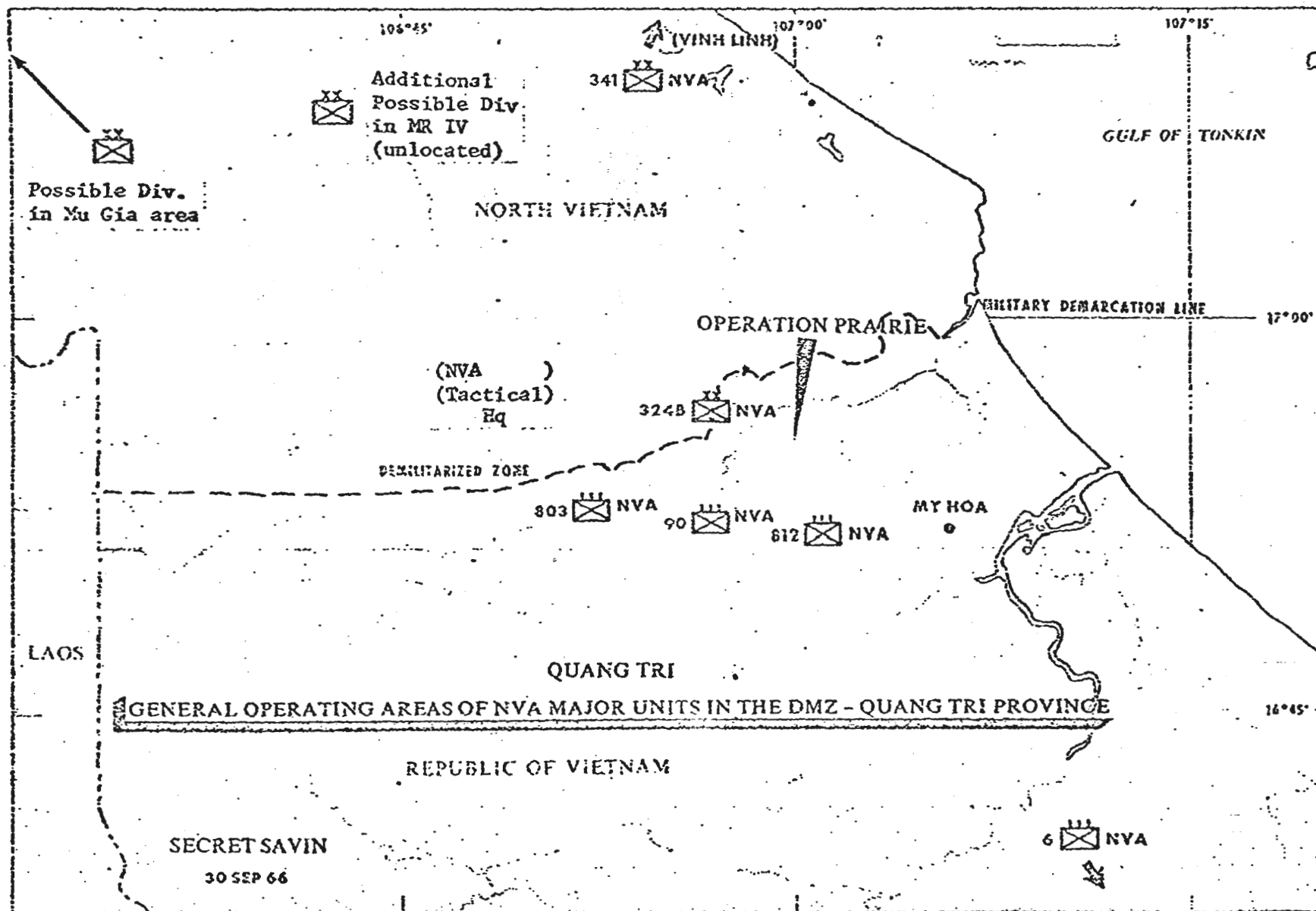
3. There is also evidence of a logistical buildup in the DMZ area. During September and the early part of October extensive truck traffic was noted in the area from the vicinity of Dong Hoi to the south. Also during September, North Vietnamese coastal traffic was heavy in the Dong Hoi area indicating that large amounts of supplies were being offloaded onto trucks destined for the DMZ area.

4. Other North Vietnamese Army units which may play a part in future operations below the DMZ include the 341st Division, now north of the DMZ at Vinh Linh, an unidentified unit, possibly of division size, near Mu Gia Pass, and an unidentified unit, also possibly division size, in Region IV with a possible subordinate element in the DMZ. Further south in Quang Tri, the 6th North Vietnamese Army Regiment and its four battalions are in a position to operate in conjunction with the 324B. There is also a large tactical headquarters located just north of the DMZ.

5. The purpose of this present buildup appears to be to secure and support increased infiltration through and around the DMZ in preparation for future Communist military actions.

TOP SECRET TRINE

DECLASSIFIED
Authority 115-141.020.026/1
By jc, NARA, Date 10-23-09



DECLASSIFIED
 Authority ML 5, 41-020-0261
 By 10, NARA, Date 10-23-09

C O P Y

~~TOP SECRET~~

JCS Assessment of the Threat

1. The Joint Chiefs of Staff conclude that the current enemy build-up in Quang Tri Province, the DMZ, and North Vietnam immediately north of the DMZ constitutes a direct threat to US/FW/GVN forces in First Corps and the security of Quang Tri and Thua Thien Provinces.

2. Thus far, US strategy of spoiling attacks in anticipation of enemy offensive moves has proven effective. To date enemy effort has been detected and successfully defeated in various operations in both First and Second Corps. The combination of US/FW/GVN ground forces supported by intensive strike and B-52 air support has prevented the enemy from seizing the initiative, so far. However, as noted in the intelligence assessment above, the enemy retains considerable offensive capability.

3. The Joint Chiefs of Staff conclude that the capability of US/FW/GVN forces normally deployed in the area may not be sufficient to counter the enemy threat. Contingency planning to reinforce the Third Marines area with in-country forces are in-being. Portions of this plan have been implemented which have redeployed US Army forces to Da Nang. It may be necessary to redeploy additional units in-country to provide necessary security, flexibility, and additional support for those forces presently engaged in First Corps. The Joint Chiefs of Staff consider it imperative that all available military assets be utilized to include the addition of naval gunfire in this critical area.

DECLASSIFIED

Authority NLJ-CBS 6

By ics, NARS, Date 8-28-84

Thursday, October 13, 1966 -- 11:35 p.m.

Mr. President:

In the attached memorandum to me Linc Gordon raises the question of the timing of the visit of President Frei of Chile and its location.

It appears that Frei would "be equally satisfied with -- and would probably prefer -- an informal visit to the LBJ Ranch rather than a ceremonial visit in Washington."

Ranch _____

Washington _____

See me _____

As for timing, Linc raises with you the possibility of a December 10-15 quick trip to Latin America. He is aware that you are unlikely to decide positively now. If you wished, however, to keep it open, we could schedule the Frei visit in January. Otherwise we would proceed with November.

Schedule Frei in November _____

Schedule Frei in January _____

See me _____

W. W. Rostow

WWRostow:rla

35a



DEPARTMENT OF STATE
WASHINGTON

~~CONFIDENTIAL~~

October 11, 1966

EYES ONLY

MEMORANDUM FOR MR. WALT W. ROSTOW
THE WHITE HOUSE

Subject: Visit to the United States by President Frei
of Chile

I have discussed this question with Ambassador Dungan to get the latest reading on relevant factors from Frei's viewpoint. Since the Summit Meeting is now deferred until April, Dungan and I concur that the Frei visit could best take place long before the Summit Meeting and preferably in November or early December. Dungan tells me that Frei would be equally satisfied with --- and would probably prefer --- an informal visit to the LBJ Ranch rather than a ceremonial visit in Washington. Frei would presumably also come to New York and possibly Washington.

The question of the Frei visit, however, should be considered in relation to a possible revival of a Presidential trip in Latin America. With the substantial deferral of the Summit Meeting, I can see great merit in such a trip, perhaps timed in the December 10 to 15 period previously reserved for the Summit. If Frei had come in November, Chile could be omitted but there would be stops at least in Colombia, Peru, Bolivia, Argentina, Brazil, and Venezuela.-- and possibly Guyana. By that time, formal Summit preparations will be sufficiently advanced so that informal bilateral top level talks might have a very healthy catalytic effect on Latin American national decisions at the Summit Meeting, as well as a major public relations impact on Inter-American relations and the President's concern for them. I should welcome your reaction to this item.

Postponement of the Frei visit to January would not raise any serious problems, if the President prefers this. Any later date, however, would run the risk of appearing to be undue special treatment for one of the Latin Presidents whom the President would be meeting collectively soon thereafter.

LG.
Lincoln Gordon
Assistant Secretary

~~CONFIDENTIAL~~

DECLASSIFIED
E.O. 12356, Sec. 3.4
NLJ 89-105
By sig NARA, Date 7-12-89

Thurs., October 13, 1966
1:45 p. m.

MR. PRESIDENT:

Herewith the proposed press conference statement on Ambassador Bunker's assignment to the Israeli water project.

There is some anxiety at working levels about announcing ~~at~~ the time the Syrian/Israeli debate is going on in the UN; but Secretary Rusk, with whom I checked, and I believe that the Arab reaction will not be significantly different than it would otherwise have been, notably because the project has been in the public domain for a long while.

W. W. Rostow

Enclosure

October 13, 1966

State ... P
PROPOSED PRESS RELEASE

I have asked Ambassador Ellsworth Bunker as one of his assignments in his new post as Ambassador-at-Large to review proposals which have been made for a desalting and electric power project in Israel. In making this review, he will study these proposals in relation to all aspects of Israel's water problem.

Ambassador Bunker has had a long and distinguished record in the service of our country. He has engaged in difficult negotiations during both President Kennedy's administration and mine. Most recently he has done outstanding work in the Dominican Republic as our representative to the Council of the Organization of American States. I am especially pleased that he has agreed, as one of his new duties, to work on the complex subject of desalting which holds so much hope for the future of mankind.

On February 6, 1964, I stated in a speech before the Friends of The Weizmann Institute in New York City that we were beginning discussions with representatives of Israel on cooperative research in the field of desalting. During Prime Minister Eshkol's visit that June, we outlined a program. Since that time, our two countries have completed a 14-month study of the technical feasibility of building a nuclear-fueled desalting and electric power plant capable of producing, by the early 1970's, 100 million gallons of fresh water daily and 175-200 megawatts of electricity.

From the beginning, the U.S. and Israel have viewed their explorations as part of world-wide cooperation undertaken to solve the problem of

scarcity of water. I said in my speech to the Friends of The Weizmann Institute that the knowledge and experience obtained from all our programs in this field will be available to all countries, and I have repeatedly said that the US is equally ready to cooperate with other countries in solving water problems. The International Atomic Energy Agency has participated in the US-Israeli studies.

The United States continues to press its own research and development work in this field. The world's largest nuclear-fueled desalting and electric power plant is scheduled for construction in the Los Angeles area. We have asked Congress' approval to share in constructing this plant. Ultimately it will produce 150 million gallons of fresh water daily and 1800 megawatts of electric power.

Thursday, October 13, 1966
2:00 p. m.

~~SECRET~~

MR. PRESIDENT:

You should know that Sergio Fenoaltea came in to make the strongest and most emotional representations that I have received from a diplomat in a long time.

His theme was that if, in addition to the tripartite talks, we were to accept a formula for the NATO nuclear committee which did not grant Italy permanent status, the whole relation of Italy to NATO and, indeed, the stability of Italian domestic politics would be endangered.

He pointed out that Italian support for NATO hinged on its being treated as an equal to the other three European countries of similar size: Britain, France, and Germany. If we built into NATO any arrangement which put the Italians alongside, say, Belgium or The Netherlands, the Italians, a proud people, would go into a violent emotional reaction -- whether neutralist or Fascist, no one could say. He had heard that we had given Harlan Cleveland instructions, as a fallback position, to shift in the NATO nuclear committee from 4 permanent and 2 rotating members to a 3 - 3 formula. In the end, this could only mean that Italy would be odd-man-out.

Basically, Fenoaltea is correct in his judgment of the danger here.

We got with State and received assurances:

-- that they would stick with the 4 - 2 formula; and

-- that there would be no change without the issue coming to your personal attention.

I wanted you to know of this because the matter could conceivably arise in your discussions tomorrow with George Brown.

W. W. Rostow

~~SECRET~~

cc: Mr. Bator
Secy Rusk
John Leddy
Bob McNamara

DECLASSIFIED
E.O. 12958, Sec. 3.6
NLI 98-499
By is, NARA Date 10-21-99

Thursday, October 13, 1966
1:00 p. m.

Mr. President:

Herewith Gene's reply (Tab A),
at your request, to Averell's
proposition (Tab B).

W. W. Rostow

~~TOP SECRET~~

DECLASSIFIED
E.O. 12958, Sec. 3.4(b)
White House Guidelines, Feb. 24, 1993
By SCA NARS, Date 8-19-86

WWRostow:rlh

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38a

~~TOP SECRET~~

October 12, 1966

MEMORANDUM

TO: The Secretary

FROM: Eugene V. Rostow *ERM*

SUBJECT: Governor Harriman's memorandum of October 3,
Mr. W. W. Rostow's note of October 5, and
Mr. Katzenbach's comment of October 8.

In thinking about how to induce Hanoi to accept our limited goal in Vietnam, my mind turns to the process of winding up hostilities in Korea.

As I recall the beginning of the end of the Berlin airlift and Korea, the precipitating points were hints from the Russians, which we followed up promptly, and some hints from us, conveyed to the Soviets in a most informal way, that we could no longer foresee the consequences of continued resistance.

Neither Moscow nor any other possible mediator can be effective until events in the field persuade Hanoi that further military effort is futile or worse. When they reach that conclusion, is it true, as Governor Harriman says, that "the only real chance now in sight to induce Hanoi to negotiate a settlement depends upon the influence Moscow is willing and able to exert?" For many reasons, Hanoi at that point may well prefer other intermediaries, or no intermediaries at all. And so may we.

It is surely in our interest to do everything possible to persuade the Soviet Union to help end the war in Vietnam, both by the policy announced in the President's speech on Friday, and by making the Soviets realize how dangerous to them the principle of North Vietnam's assistance to a revolt in South Vietnam would be, e.g., if applied in Germany. But we have no interest in a policy of "chosen instruments", and every reason to keep all doors open. And I doubt very much if the concession Governor Harriman proposes would weigh heavily in the scales.

DECLASSIFIED
E.O. 12958, Sec. 3.5
State Dept. Guidelines

~~TOP SECRET~~

By cb, NARA, Date 8-25-98

~~TOP SECRET~~

-2-

I presume we all agree that the Russians dislike the Germans. But can an advanced nation of nearly 200 million really fear one of 60 or even 75 million? In any event, I should advise against going beyond the President's position on proliferation which I understood to be (1) that he cannot give up control of our own weapons, and (2) that we should not exclude the possibility that fundamental alliance solutions of the nuclear problem may someday become desirable.

A policy on our part of tightly embracing Germany (or a federated Europe including Germany, if one comes into being) within a more closely-knit Atlantic system should do much more to satisfy legitimate Russian security concerns than a public funeral for MLF. On that point, our security interests and the Russians' are identical.

The Soviet-American duopoly of ultimate power, which ended the Suez affair and the Indian-Pakistan war, is fading. A major task of our diplomacy, as I see it, is to organize a coalition which can replace that duopoly as a peace-keeping influence, and effectively join us in our present job as the world's chief policeman. In that perspective, while we should make every reasonable effort to persuade the Russians to try, it might be preferable if the war in Vietnam were brought to an end by other midwives -- Japan, or France, or Britain, or the Vatican.

It is a good sign that a race is developing to see who will be the intermediary.

If I understand the comment in Mr. Katzenbach's second paragraph, I disagree. We shall not succeed in getting other policemen to join us in enforcing the law against aggression until the Europeans, including the Soviets, Japan and India come to agree with us that the problem of peace in Asia and Europe is one problem, not two. I am encouraged by reports from New York that both Eastern and Western European governments are beginning to understand the fundamental necessity for our stance in Vietnam.

~~TOP SECRET~~

~~TOP SECRET~~

-3-

If Mr. Katzenbach meant only that we should not concede vital European interests to persuade the Soviets to help, I fully concur.

cc: Mr. W. W. Rostow
Mr. Katzenbach

~~TOP SECRET~~

52a

~~SECRET~~

Tuesday, October 11, 1966

TO PRESIDENT JOHNSON

FROM BILL MOYERS

The Thailand visit is going to be impressive. The chief issue stalling the planning progress is whether the visit will be official or state. The King, who is the vital cohesive element in Thai life today, strongly desires a state visit out of profound desire to pay full honor to the first American president ever to visit here. There is a genuine intent here to make you aware of the respect the Thais have for your efforts on their behalf, beginning in the visit of 1961 when you opened essential assistance.

The advantage of state visit to the U.S. is the opportunity to provide tender, loving care at a time when we are unable to provide much more.

The first 24 hours here will be rest at their Camp David regardless of whether it is state or official. A state visit means the King and Queen will greet you at the airport, plus a white tie dinner on the second night and another dinner the third, and final, night. An official visit means a black tie dinner the second night and a reception the third, and final, night. There is no more or less time in the country involved either way.

The Thais also would like you to stay at the special guest house (their Blair House) on the palace grounds which offers total privacy and room for a 45-man staff, etc. No others would occupy it, so you would have it all to yourself. The alternative is hotel.

I plan to see Thais tomorrow so I would appreciate your guidance tonight as to your views on (1) a state versus official visit, and (2) the special residence versus the hotel.

~~SECRET~~

DECLASSIFIED

E.O. 12958, Sec. 3.5

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

By cb, NARA, Date 9-3-98

DEPARTMENT OF STATE
AMBASSADOR AT LARGE
WASHINGTON

October 3, 1966

~~TOP SECRET~~

MEMORANDUM FOR THE PRESIDENT AND THE SECRETARY OF STATE

Subject: "Negotiations"

I believe the only real chance now in sight to induce Hanoi to negotiate a settlement depends on the influence Moscow is willing and able to exert. Events in China have probably made Hanoi look more towards Moscow than Peking, but have not eliminated Hanoi's dependence on Peking.

If Moscow is to take on the task of persuading Hanoi to move towards a settlement, the USSR will probably have to assume certain risks and obligations. Thus I believe we must offer some compensating inducements.

In my judgment, the overpowering desire of Moscow today is for greater stability in Europe. Regardless of how we assess developments in Germany in the years ahead, I am convinced that the Soviet leaders are deeply concerned over a possible reemergence of a German threat to Russian security. The Kremlin desires a nuclear non-proliferation pact with Germany particularly in mind. I seriously doubt that the Soviet Union will be satisfied with a formula which would permit "hardware participation" by the Germans. A possible quid pro quo for Moscow's action in Southeast Asia would be our abandoning the hardware option in our proposals for the pact. Although few Germans really believe a NATO hardware deal is probable, its abandonment would mean to the Germans the giving up of a hope which has some political appeal.

To induce a German Government to abandon this hope would probably require concessions in "offset" agreements. Yet, the end of hostilities in Vietnam would more than compensate for the dollar drain resulting from such a concession.

In addition, a mutual reduction in forces in Germany would probably appeal to Moscow.

In sum,

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E.O. 12356, Sec. 3.4

NJ 89-27

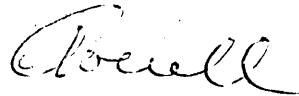
By inf NARA, Date 4-26-89

~~TOP SECRET~~

- 2 -

In sum, I believe that we will have to agree on some arrangement affecting Germany if we are to induce Moscow to act in Vietnam. I recognize the political difficulties in Germany at the present time, but our interests are so overwhelming to get the war over in Vietnam, that I cannot help but feel we should move as rapidly as feasible.

I hope that there will be an opportunity for you to raise this subject, or at least touch on it, in your talk with Gromyko. It may require discussions with Soviet leaders in Moscow before an understanding can be worked out. But the stakes are so great in ending the fighting in Vietnam, that action along the lines outlined above is highly desirable.



W. Averell Harriman

~~TOP SECRET~~

Wednesday, October 12, 1966 -- 5:15 p.m.

Mr. President:

I recommend that Bill Bundy be included in your party on the pre-Manila phase of the trip. He has a good many threads of the trip in his hands and would, I am sure, make a contribution in handling some of the fast-moving problems that will arise.

W. W. Rostow

Approved _____

Disapproved _____

See me _____