

WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

10870

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
#4 report	Action Items, Tuesday Lunch Meeting S 2 pp. <i>open 12-3-93 NLS 91-323</i>	2/28/67	A
#6 memo	Rostow to the Pres. re Export-Import Bank C 2 pp.	2/28/67	A
#9 memo	Rostow to the President re foreign affairs S 2 pp.	2/28/67	A
#14b report	re Technological Gap Committee C 2 pp.	undated	A
#14c memo	Donald Hornig to the President C 2 pp.	2/2/67	A
#14e letter	Donald Hornig to the President C 2 pp.	1/31/67	A
#14f report	Preliminary report on Technological Gap C 23pp.	undated	A
#14g report	Areas of Possible Constructive Actions C 2 pp.	undated	A
#14h report	re scientific & technological cooperation with Western Europe C 4 pp.	undated	A
#18 memo	Rostow to the President re Morocco C 2 pp.	2/27/67	A
#18a report	Presidential Finding C 1 p.	2/27/67	A
#18b report	re PL 480 sales to Morocco C 2 pp. <i>open 11-25-91 NLS 91-291</i>	undated	A
#20 memo	Rostow to the President re Latin America C 2 pp. <i>open 12-3-93 NLS 91-323</i>	2/27/67	A
#24 memo	Rostow to the President re Korea C 2 pp.	2/27/67	A
#24a memo	Phillip S. Hughes to the President C 2 pp.	2/23/67	A

FILE LOCATION

National Security File, Memos to the President
Walt Rostow, Volume 21, February 12-28, 1967

RESTRICTION CODES

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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
#24b memo	William S. Gaud to the President G 2 pp. <i>open 3-4-92 NLJ 91-320</i>	2/15/67	A
#25a cable	Moscow 3676 <i>OPEN 10.13.98</i> S 2 pp. <i>example NLJ 91-323</i>	2/28/67	A
#25c cable	Moscow 3675 S 2 pp. <i>OPEN 10.13.98</i> [Duplicate of #67b, NSF, Country File, "USSR ABM Negotiations," Box 231; exempted NLJ 89-148]	2/28/67	A
#26 memo	Rostow to the President re Vietnam <i>open 12-15-92 NLJ 91-322</i> TS 2 pp. <i>in File of Walt Rostow, Box 4, VIET NAM - WWRSTOW, Doc #33,33a, end 27</i>	2/27/67	A
#26a memo	Proposed agenda TS 2 pp. <i>open 12-15-92 NLJ 91-322</i>	2/27/67	A
#30 memo	Rostow to the President re Nicaragua C 1 p. <i>open 12-3-93 NLJ 91-323</i>	2/27/67	A
#30a message	from Amb. Brown in Managua, Nicaragua <i>open 12-14-91</i> C 3 pp. <i>sanitized 11-15-91 NLJ 91-325 NLJ 91-49</i>	2/24/67	A
#32 memo	Rostow to the President re Latin America C 1 p. <i>open 12-3-93 NLJ 91-323</i>	2/27/67	A
#37 memo	Rostow to the President re Algeria " C 1 p.	2/26/67	A
#37a report	Presidential Finding S 1 p. <i>OPEN 10.21.98</i>	3/2/67	A
#38	Duplicate of #37 <i>open 12-3-93 NLJ 91-323</i>		
#39 memo	Rostow to the President re Western Europe S 3 pp. [Duplicate of #139, NSF Country File, "UK, Vol. 10; sanitized] <i>OPEN 3-26-98 STATE GUIDELINES</i>	2/26/67	A
#40a memo	re Mexico-US Interparliamentary Meeting C 2 pp. <i>open 11-15-91 NLJ 91-325</i>	undated	A
#41 memo	B. Smith to the President re foreign affairs S 2 pp. <i>open 12-3-93 NLJ 91-323</i>	2/25/67	A

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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
#42a cable	Saigon 18936 <i>open 11-15-91 NLJ 91-325</i> TS 1 p.	2/25/67	A
#44 memo	B. Smith to the President re foreign affairs S 1 p. <i>open 12-3-93 NLJ 91-323</i>	2/24/67	A
#48a memo	for Rostow re UK PCI 1 p. "	undated	A
#51 memo	Ed Hamilton to the President S 1 p. "	2/23/67	A
#53 memo	William Jorden to the President C 1 p. "	2/23/67	A
#55a cable	Saigon 18649 <i>open 11-15-91 NLJ 91-325</i> S 11 p.	2/22/67	A
#56 memo	Rostow to the President re Algeria S 1 p. <i>open 12-3-93 NLJ 91-323</i>	2/21/67	A
56a memo	Katzenbach to the President S 2 pp. <i>open 11-15-91 NLJ 91-325</i>	2/18/67	A
#56b report	re PL 480 sales to Algeria S 2 pp. <i>open 11-25-91 NLJ 91-291</i>	undated	A
#56c report	Presidential Finding <i>OPEN 10.21.98</i> S 1 p.	undated	A
#62 memo	Rostow to the President re Vietnam TS 1 p. <i>open 12-3-93 NLJ 91-323</i>	2/21/67	A
#66 memo	Rostow to the President re Vietnam TS 1 p. <i>open 12-15-92 NLJ 91-322</i>	2/21/67	A
#66a memo	William Jorden to Rostow TS 4 pp. "	2/20/67	A
#67a cable	Baghdad 1455 <i>open 11-15-91 NLJ 91-325</i> C 1 p.	2/21/67	A
#69a memo	Katzenbach to the President <i>open 11-15-91 NLJ 91-325</i> C 2 pp.	2/17/67	A
#69b table	Suggested list of Visitors C 1 p. "	undated	A

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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
#69e report	re President Bourguiba of Tunisia C 1 p. <i>open 11-15-91 NLJ 91-325</i>	undated	A
#69f report	re President Banda of Malawi C 1 p. "	undated	A
#69g report	re the Shah of Iran C 1 p. "	undated	A
#69h report	re King Bhumibol of Thailand C 1 p. "	undated	A
#69i report	re A. Milton Obote C 1 p. "	undated	A
#69j report	re President Asgeir Asgeirsson C 1 p. "	undated	A
#69k report	re King Constantine of Greece C 1 p. "	undated	A
#69l cable	Ottawa 1102 C 2 pp. 1	1/10/67	A
#69m table	Current status of visits through May 1967 C 1 p. <i>open 11-15-91 NLJ 91-325</i>	undated	A
#71a memo	Katzenbach to the President C 1 p. "	2/18/67	A
#71b draft	letter to P.M. Pearson from the President C 1 p. <i>open 12-3-93 NLJ 91-323</i>	undated	A
#71c letter	Amb. Ritchie to Katzenbach PCI 1 p. <i>Open 7/14/00 NLJ 99-100 example NLJ 91-323</i>	2/17/67	A
#72 memo	Bator to the President S 1 p. <i>open 2-11-93 NLJ 92-50</i>	2/21/67	A
#75 memo	Rostow to the President re Disarmament Comm. C 1 p. <i>open 2-11-93 NLJ 92-50</i>	2/20/67	A
#76a memo	Maxwell Taylor to the President TS 4 pp. <i>open 12-15-92 NLJ 91-322</i>	2/20/67	A
#76b table	Negotiating Sequence Alternatives TS 1 p. "	undated	A

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National Security File, Memos to the President,
Walt Rostow, Volume 21, February 12-28, 1967

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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
#76c table	re Vietnam TS 1 p. <i>open 12-15-92 NLJ 91-322</i>	undated	A
#78a map	Communist China C 1 p. <i>open 11-15-91 NLJ 91-325</i>	undated	A
#79a cable	Saigon 18354 S 4 pp. "	2/18/67	A
#80 memo	Rostow to the President re Ceylon C 1 p. <i>open 12-3-93 NLJ 91-323</i> <i>Ap. #13 NSF, Files of Wiggins, "Ceylon" Box 1</i>	2/20/67	A
#80a memo	Charles Schultze to the President C 2 pp. <i>Dup #12b, Wiggins as above</i>	2/18/67	A
#80b memo	William S. Gaud to the President C 3 pp. <i>open 3-4-92 NLJ 91-320</i>	2/9/67	A
#81 memo	Rostow to the President re foreign affairs S 2 pp. <i>open 12-3-93 NLJ 91-323</i>	2/20/67	A
#82 memo	Rostow to the President re Vietnam TS 2 pp. <i>open 12-15-92 NLJ 91-322</i> <i>Duplicate in File of WW ROSTOW, Box 4, "VIETNAM - WW ROSTOW'S DOC #39, #47"</i>	2/20/67	A
#85 memo	Rostow to the President re intelligence TS 1 p. <i>Sanitized 6-30-93 NLJ 91-321</i> <i>Sanitized 7/5/00 NLS 99-51</i>	2/20/67	A
#86 memo	Rostow to the Pres. re Committee on Youth S 1 p. <i>Sanitized 6-30-93 NLJ 91-321</i> <i>Sanitized 7/5/00 NLS 99-51; same Sani per PAC 3/02</i>	2/18/67	A
#86a report	Chronology of Briefings of Comm. on Youth S 3 pp. <i>Exempt NLJ 91-321</i> <i>Exempt 7/14/00 NLS 99-100</i> <i>Sani 12/01-NLJ 019-013-2</i>	2/14/67	A
#88d cable	Buenos Aires 2992 S 1 p. <i>open 11-15-91 NLJ 91-325</i>	2/8/67	A
#88f cable	Rio de Janeiro 7945 S 1 p. "	2/4/67	A
#95 memo	Rostow to the President re Latin America S 2 pp. <i>OPEN 10-21-98</i> <i>Sanitized 12-3-93 NLJ 91-323</i>	2/18/67	A
#95a report	meetings scheduled for Buenos Aires C 4 pp. <i>Open 11-15-91 NLJ 91-325</i>	2/17/67	A
#95b cable	Bowdler to Rostow S 2 pp. <i>open 12-3-93 NLJ 91-323</i>	2/17/67	A

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National Security File, Memos to the President,
Walt Rostow, Volume 21, February 12-28, 1967

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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
#95c cable	Bowdler to Rostow S 1 p. Sanitized 12-3-93 NLJ 91-323 <i>Sanitized 7/15/00 NLJ 99-50 More info released</i>	2/18/67	A
#96 memo	Rostow to the Pres. re non-proliferation S 1 p. <i>Open 12-3-93 NLJ 91-323</i>	2/18/67	A
#97 memo	Rostow to the President re Soviet Union TS 1 p. <i>Open 12-15-92 NLJ 91-322</i>	2/18/67	A
#97a cable	Saigon 18243 <i>example NLJ 91-325</i> C 1 p. <i>Open 12-14-99 NLJ 99-49</i>	2/17/67	A
#99 memo	Rostow to the President re Vietnam S 1 p. <i>Open 12-3-93 NLJ 91-323</i>	2/18/67	A
#99a cable	Saigon 18303 <i>Open 11-15-91 NLJ 91-325</i> S 2 pp.	2/18/67	A
#106 memo	Rostow to the President re Goldberg C 1 p. <i>Open 12-3-93 NLJ 91-323</i>	2/17/67	A
#107 memo	Rostow to the President re foreign affairs TS 2 pp. <i>Open 12-15-92 NLJ 91-322</i>	2/17/67	A
#108 memo	Rostow to the President re Vietnam " TS 3 pp. <i>108, 108a duplicate in FILES OF WALT ROSTOW, BOX 4, "VIETNAM-NW ROSTOW" Doc #26</i>	2/17/67	A
#108a table	North Vietnam Electric power " TS 1 p.	1967	A
#115 memo	Rostow to the President re Black Sea S 1 p. <i>Open 12-3-93 NLJ 91-323</i>	2/16/67	A
#115a report	Black Sea Operations S 1 p. <i>Open 8-20-91 NLJ 91-324</i>	undated	A
#115c memo	Rostow to the President re Black Sea S 2 pp. <i>Open 12-3-93 NLJ 91-323</i>	2/16/67	A
#116 memo	Rostow to the President re foreign affairs S 2 pp. <i>Sanitized 12-3-93 NLJ 91-323</i> <i>OPEN 10-21-98</i>	2/16/67	A
#118 memo	Rostow to the President re Morocco C 1 p. <i>Open 12-3-93 NLJ 91-323</i>	2/16/67	A
#118a report	Moroccan arms sales C 2 pp. <i>Open 11-15-91 NLJ 91-325</i>	undated	A

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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
#119 memo	Rostow to the President re SEATO C 2 pp. <i>open 12-3-93 NLJ 91-323</i>	2/16/67	A
#120a cable	Saigon 18014 <i>open 11-15-91 NLJ 91-325</i> S 8 pp.	2/15/67	A
#128 memo	Rostow to the President re Gen. Franco S 1 p. <i>open 12-3-93 NLJ 91-323</i>	2/14/67	A
#128a letter	President to Gen. Franco " PCI 2 pp.	2/15/67	A
#128b letter	Franco to the President <i>open 12-1-99 NLJ 99-20</i> PCI 2 pp.	1/30/67	A
#132 memo	Acting Secretary to the President C 2 pp. <i>open 5-15-92 NLJ 91-325</i>	2/14/67	A
#133a cable	London 6543 <i>exempt NLJ 91-325 open 7/19/96 NY 96-11</i> TS 1 p. (Dup of #13a, NSF, CF, VN, Sunflower, Vol 1)	2/14/67	A
#134 memo	Rostow to the President re Haile Selassie TS 1 p. <i>open 12-15-92 NLJ 91-322</i>	2/14/67	A
#139 memo	Rostow to the President C 1 p. <i>open 6-30-93 NLJ 91-321</i>	2/14/67	A
#141a memo	Ed Hamilton to Rostow <i>open 12-3-93 NLJ 91-323</i> PCI 2 pp. [possible duplicate of #1, NSF, Country File, "Ethiopia, Visit of Haile Selassie," Box 88]	2/14/67	A
#142 memo	Rostow to the President re Vietnam <i>sanitized 5-15-95 NLJ 94-150</i> TS 11 pp. (Dup of #4b, NSF, CF, VN, Sunflower, Double Plus, Box 256) [duplicate in Diary Backup, "2/13/67"] "IN FILES OF W. ROSTOW, BOX 4, "VIETNAM" #13	2/13/67	A
#143	<i>open 11/13/8 RAZ</i> Duplicate of #142		
#144 memo	Rostow to the President re Algeria C 1 p. <i>open 12-3-93 NLJ 91-323</i>	2/13/67	A
#144a	Duplicate of #56c <i>OPEN 10-21-98</i>		
#144b	Duplicate of #56b		

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#145 memo	Rostow to the President re Israel S 3 pp. open 12-3-93 NLS 91-323 [sanitized in NSF, Country File, "Israel, Vol. 6," #113a] another duplicate in NSF, Files of Robert Komer "Jan-May, 1967 document #47a	2/13/67	A
#145a table	US Assistance to Israel open 3-4-92 NLS 91-320 S 1 p. #40a in Memos to Pres. Vol. 25 is a duplicate	7/18/66	A
#145b report	US-Israel Relation sanitized 11-15-91 C 2 pp. NLS 91-325 open 12-14-99 NLS 99-49 [sanitized in NSF, Country File, "Israel, Vol. 6," #113b]	2/8/67	A
#148a cable	London 6516 exempt NLS 91-325 TS 5 pp. open 7/19/96 (NLS 91-326-11) Downgraded to Confidential (Dup of #52a, NSF, CF, VN, Sanit lower PLUS, Box 256)	2/13/67	A
#152 memo	Rostow to the President re UK TS 1 p. sanitized 12-15-92 NLS 91-322 OPEN 3-30-78 Downgraded to "Secret" per NLS 91-322 (Dup of #53, NSF, CF, VN, Sanit lower PLUS, Box 256)	2/13/67	A
#156 memo	Rostow to the President re foreign affairs TS 2 pp. sanitized 6-30-93 NLS 91-321 sanitized 11-18-99 NLS 99-48 Secret per NLS 91-321	2/13/67	A
#158 memo	Rostow to the President re Vietnam TS 1 p. open 12-15-92 NLS 91-322	2/12/67	A
#158a memo open 5-1-80 RAE	William Jorden to Rostow sanitized 12-15-92 TS 7 pp. NLS 91-322 (Dup of #75a, NSF, CF, VN, Sanit lower PLUS, Box 256) Downgraded to "Secret" per NLS 91-322	undated	A
#160a cable	Paris 12210 open 12-14-99 NLS 99-49 S 1 p. [sanitized in NSF, Country File, "France, Vol. 11, #178a]	2/11/67	A

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#100 memo	Rostow to the President - Top Secret 1 p Secret 7/15/00 NW/PAZ 03/10 same utilization 11-24-03 NW/PAZ 03/10	2/18/67	A
#100a cable	172223Z - Top Secret 1 p exempt NJ 99-87 5/7/00 exempt 11-24-03 NW/PAZ 03/10	2/17/67	A
#115b cable	162125Z - Secret 1 p exempt NJ 99-87 5/7/00 exempt 11-24-03 NW/PAZ 03/10	2/16/67	A

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National Security File, Memos to the President, Walt W. Rostow
Volume 21 February 12-28, 1967

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10910

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
31 b ltr	Cyrus Vance and Glenn Seaborg to the President - S 2 pp <i>opened 9-10-91</i>	2/20/67	A
31c rpt	re United Kingdom - s 5 pp <i>annexed 3/14/03 NJ 99-78</i>	[2/67]	A

FILE LOCATION

NATIONAL SECURITY FILE, Memos to the President, Walt Rostow, Volume 21, 12-28, 1967 Box 13

P.10 added to file 9-10-91

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1
Tuesday - February 28, 1967

Mr. President:

State recommends that you send the attached congratulatory message to Jamaican Prime Minister Sangster following his victory in the national elections of February 21. I concur.

W. W. Rostow

Approve —

Disapprove —.

Attachment

Message to Jamaican
Prime Minister

SUGGESTED PRESIDENTIAL MESSAGE TO JAMAICAN
PRIME MINISTER SANGSTER

Dear Mr. Prime Minister:

Recalling my most pleasant visit on the occasion of Jamaican
independence, I am especially pleased to offer congratulations
and best wishes to you as you assume the office of Prime
Minister. I know that our Governments will continue to work
together in a spirit of close friendship and cooperation.

Lyndon B. Johnson

✓

2

Pres file

Tuesday, February 28, 1967 -- 7:05 p.m.

Mr. President:

Prime Minister Wilson's office wanted you to know that, as a matter of courtesy -- but no more -- the Prime Minister has agreed to see Mr. Richard Nixon when he goes through London.

W. W. Rostow

WWRostow:rlh

3

Pres file

Tuesday, February 28, 1967 -- 7:10 p.m.

Mr. President:

Herewith the editor of PANORAMA -- the biggest news show on BBC -- proposes an interview session with you for broadcast on European television. He leaves open the possibility of a long session which would then be edited as you wished.

I am sending copies to Bob Kintner and George Christian whose advice you will wish to have.

I myself have long thought the second idea proposed -- a long relaxed talk, subsequently edited -- is a good one.

W. W. Rostow

Arrange television interview _____

No _____

See me _____

WWRostow:rlh

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THE BRITISH BROADCASTING CORPORATION

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TELEPHONE: SHEPHERDS BUSH 8000

24th February 1967

Dear Professor Rostow,

I was glad to welcome you to BBC Television this afternoon, and I am writing immediately to follow up our short conversation about the possibility of President Johnson appearing on European television.

As I explained to you, I would prefer that the President made a programme which would be exclusively aimed at our audience in this country, but I quite understand that he may prefer to make one programme which could be shared by, say, Germany, France and Britain. We would be only too happy to co-ordinate any such co-operation.

It seems to me there are two ways of carrying out this operation. The first is to do a formal interview session wherever it was convenient for the President, in which he would be asked questions by one British, one French and one German journalist, speaking in English. The second idea, which it may well be that President Johnson would find more attractive, would be to find an occasion when he had time to sit informally and talk about himself and the world problems as he sees them, with a group of European journalists; the whole discussion to be filmed and then edited, the editing to be discussed and agreed with the President or his representative.

I am sure you will appreciate that we could guarantee coverage in all the main current affairs programmes in Europe, and because of the global connections of the BBC, the interview would automatically go to all the major broadcasting organizations of the Commonwealth and the world.

I shall be in New York all next week from Tuesday, and will be available through the BBC office there, LT1-7100.

Yours sincerely,


(John Grist)
Editor PANORAMA

Professor W.W. Rostow,
The White House,
1600 Pennsylvania Avenue,
Washington, D.C.

JM

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Tuesday, February 28, 1967

Actions Items, Tuesday Lunch meeting With the President

Present: The President
Secretary of State Rusk
Secretary of Defense McNamara
George Christian
Walt W. Rostow

4
DECLASSIFIED
E.O. 12356, Sec. 3.4
NEJ 91-323
By uc, NARA, Date 11-18-93

1. Renewed NLF contact in Algiers, approved.
2. Trilateral European discussion. Sec. Rusk to draft instructions from the President to McCloy, which would avoid raising troop rotation issue in the first round of negotiations. The President would decide on this issue and its surfacing after McCloy reported back.
3. McCloy to talk in depth with Kiesinger and find out what precisely is bugging him. With respect to non-proliferation, he should make clear we took great pains not to make arrangements with Russians until we had talked with our allies.
4. Find out when Nick Katzenbach will finish his report on CIA. (President is thinking of a follow-on public commission.)
5. Distribute (eyes only) signed memorandum to the Vice President, Sec. State, Sec. Defense, and Special Assistant on Foreign Affairs, and talk to the Vice President about Wilson's reaction to references to Wilson-Kosygin talks.
6. State and Defense to prepare a position in response to Kosygin's ABM letter; Sec. Rusk to prepare for Thursday release a simple statement along the lines of Thompson's telegram ~~saying~~ a responsive letter from Kosygin has been received and is being considered.
7. Rostow to talk to Alsop and/or Evans about Fulbright relating everything in foreign policy to Viet Nam, except Fulbright scholarships.
8. State and Defense to prepare position on Latin American arms in Senate in response to Mansfield.
9. Sec. Rusk to respond immediately to Mansfield's suggestion about Ambassadorial appointment (Sec. Rusk has the papers).

~~SECRET~~

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-2-

10. Consular Convention to be moved on to the floor of the Senate immediately after the Defense Authorization bill.
11. Sec. McNamara, Sec. Rusk, the President (via Attorney General) to check into this question: Whether Westy could assume Ambassadorial status without Senate confirmation if he kept his command. Rostow to draft for President this afternoon and clear with Sec. Rusk a letter from the President to Park to keep open possibility of more troops after his election.
12. Sec. Rusk to work out scenario of possible Honolulu type meeting towards end of March.
13. Rostow to draft forthwith letter to Sec. Rusk on Bunker as political counselor to Saigon.

W. W. Rostow

WWRostow:rlh

~~SECRET~~

5

Tuesday, Feb. 28, 1967
6:30 p. m.

MR. PRESIDENT:

Bob Anderson reported to me the results of his first three discussions on the Hill concerning food aid for the UAR.

1. Senator Dirksen said he would do what he could to help us. His judgment is that food aid for the UAR would not, repeat not, affect other legislation. His suggestion is that the President invite in a few key Congressional leaders; tell them what he is going to do and why in the national interest. The proposals should be for aid on a moderate "temperate" scale.
2. Senator Ellender, after listening to Bob, said that if aid could be put as an act of charity to hungry people -- and not for Nasser -- he would be "for it." The scale should be "reasonable": the case an act of charity.
3. Senator Hickenlooper. Bob had a one and one-half hour talk with him on this question. At the end, he put the matter on whether we should be feeding hungry Indians and Paks, who have a great capacity to make war on one another, and not feeding hungry Arabs. Hickenlooper finally agreed that, while he probably couldn't support the measure, he would be "gentle in his criticism and would not say much."

Bob will continue his rounds with the rest of the list Nick gave him.

/s/ Walt
W. W. R.

THE WHITE HOUSE

WASHINGTON

Tuesday, February 28, 1967, 3:15 p. m.

~~CONFIDENTIAL~~

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Greater Use of the Export-Import Bank

DECLASSIFIED
E.O. 12356, Sec. 3.4
NEJ 91-323
By 10, NARA, Date 11-18-93

Bleak prospects for foreign aid on the Hill make it mandatory, in my view, that we get as much out of our other development instruments as possible. I think it is clear that the Export-Import Bank is not now making its rightful contribution. A Presidential needle to Harold Linder could make a lot of difference. The following facts summarize the problem:

1. Ex-Im disbursements have slackened to the point that the Bank has withdrawn more capital from the less developed world during each of the past three years than it has put in.
2. The problem has been particularly severe in Latin America, where Bank financing has always been concentrated. In 1965 -- the last year for which precise figures are readily available -- the Bank took in \$20 million more from Latin America than it paid out, counting repayments of principal alone. From all indications, 1966 was even worse.
3. The downward trend has not been restricted to "borderline" poor countries like Israel and Mexico. It has also been true in AID's major client countries. For example:
 - For the last five consecutive years, the Bank has been a net capital importer from both Ecuador and Peru.
 - The Bank has been a net capital importer from Colombia for 4 of the last 5 years.
 - Bank receipts from Brazil have exceeded disbursements during the past 3 years.
 - The net effect of Bank operations in Asia -- excluding Japan, Australia and New Zealand -- was only slightly better than zero in 1965.

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

I don't mean to imply that Linder has no legitimate problems. The kind of project the Bank prefers is in great demand by the World Bank, the regional development banks, etc. But a great deal of the difficulty stems from a rather timid and inactive approach combined with greater sensitivity to bankers' nightmares ("over-exposure", etc.) than most situations warrant.

I would suggest, therefore, that you give Linder an explicit indication of your strong interest in an expanded Bank role in the development business. Specifically, I would recommend a telephone call in which you make the following points:

1. Foreign aid will have very tough sledding on the Hill this year.
2. We must, therefore, look increasingly to our other overseas development instruments, particularly the Bank.
3. It is up to Linder and Gaud to piece together a joint approach in the major countries which makes maximum use of all resources we have available.
4. Obviously, this does not mean a wholesale relaxation of Bank standards. But it does mean that the Bank has an obligation to approach each project in an active and imaginative way.
5. You are confident that Linder will demonstrate his usual ability and effectiveness in meeting this new challenge.

Walt Rostow

~~CONFIDENTIAL~~

Pres file ²

Confidential Tuesday - February 28, 1967

Mr. President

This is Ellsworth Bunker's assessment
of the Buenos Aires meeting.

W. W. R.

Attachment

Message from
Ambassador Bunker.

~~Confidential~~

DECLASSIFIED

E.O. 12356, Sec. 3.4(b)

White House Guidelines, Feb. 24, 1983

By ng, NARA, Date 2-11-91

72

~~CONFIDENTIAL~~

Message from Ambassador Bunker in Buenos Aires to Secretary of
of State (no. 3363), dated February 27, 1967

With the closing of the Eleventh Meeting of Foreign Ministers yesterday and the Third Special Inter-American Conference today, I believe we have achieved our principal objectives due both to the thorough preparation beforehand and the excellent teamwork here on the part of the entire United States Delegation. The proposals spelled out for the Summit agenda provide a constructive basis for the special representatives to begin work, and the charter amendments give a new look and the needed modernization of structure. There has been evident throughout the sessions a cooperative spirit on the part of all delegations, and despite minor differences, an evident determination to get on with the job. Costa Mendez (of Argentina) as Chairman continued to do a most effective job. The closing was delayed slightly due to the well-known Latin propensity for talk. I am leaving tonight for a brief stop at Sao Paulo before proceeding to Washington.

DECLASSIFIED

Authority MLJ 84-149
By ag/lis, NARA, Date 3-25-91

~~CONFIDENTIAL~~

2/28/67

Literally Eyes only

MEMORANDUM TO: The Vice President
 Secretary of State
 Secretary of Defense
 Special Assistant for Foreign Affairs

As we enter a phase of the war in Viet Nam which may be critical in military and diplomatic terms, as well as in political terms at home, I would wish you all to exercise the greatest caution and precision in statements about Viet Nam.

We must, in particular:

- speak with one voice;
- avoid being drawn into discussions of particular probes or contacts;
- avoid raising hopes among our people for an early end to the war, which may be dashed.

On the advice of the Secretary of State and the Secretary of Defense, I shall from time to time lay down positions on Viet Nam; and then we must all assure that the whole Government holds exactly to them.

15/ LBJ

LBJ:WWR:mz

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

Tuesday, February 28, 1967

~~SECRET~~

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Foreign Affairs Summary

DECLASSIFIED
E.O. 12356, Sec. 3.4
NJ 91-323
By 1-10, NARA, Date 11-18-93

1. Tripartite Meeting

The Germans offered yesterday to place additional orders in Britain valued at \$200-\$250 million marks a year. We have also learned that the Germans are considering allocating to Britain part of their \$1.5 billion mark advanced deposits with the United States. A neutralized agreement would insure that this allocation would not damage our balance of payments problem.

2. French Elections

Embassy Paris reports that Franco-American relations have played a significant part in campaigning for the French legislator. Most French politicians are campaigning on local bread and butter issues.

3. Jordan-German Relations

Jordan and West Germany have resumed formal diplomatic relations according to the Jordanian news service. Jordan broke relations about a year and a half ago in the wake of announcement of the German tank sale to Israel.

4. Chances for Yemen Settlement Worsened

King Faisal believes efforts by Kuwaiti to work out a settlement in Yemen have failed. Faisal is convinced Nasser is out to bring him down. Faisal will agree to reopen talks only if:

- a. UAR propaganda against him stops;
- b. Nasser agrees to no further bombing of Saudi-Arabian territory; and
- c. Any new agreement is at least as favorable as the one that nearly materialized earlier.

~~SECRET~~

~~SECRET~~

Faisal's people have implied that Royalist forces in Yemen may renew military action within two weeks.

State has instructed our Ambassador to put pressure on Faisal. We want the King to be under no illusions that we will support him uncritically if he tangles with Nasser.

5. Indian Congress Party to Elect Leader

The ruling Congress party will meet March 12 to elect a leader who will head the new Government. Our Embassy thinks this early date will benefit Prime Minister Gandhi.

6. Ky Visit Off

I reported on February 16 that Bill Jorden had convinced the Vietnamese Ambassador a visit by Prime Minister Ky at this time would be unwise. The Ambassador promised to try to discourage any Ky visit -- at least until after the Vietnamese elections.

Yesterday the Ambassador told the State Department that Ky had decided not to visit the United States at this time. He emphasized, however, Ky's continuing desire to visit this country at some future appropriate time.

W. W. Rostow

~~SECRET~~

THE WHITE HOUSE
WASHINGTON

February 28, 1967

LITERALLY EYES ONLY

MEMORANDUM TO: The Vice President
 Secretary of State
 Secretary of Defense
 Special Assistant for Foreign Affairs

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- speak with one voice;
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②

THE WHITE HOUSE
WASHINGTON

10a

LITERALLY EYES ONLY

Monday, February 27, 1967
7:25 p.m.

Mr. President:

Herewith the two drafts you
requested on the phone.

The suggested first draft agenda
will be along later this evening.

W. Rostow
W. Rostow

LITERALLY EYES ONLY

DK

February 27, 1967

N

MEMORANDUM TO: The Vice President
Secretary of State
Secretary of Defense
Special Assistant for Foreign Affairs

As we enter a phase of the war in Viet Nam which may be critical in military and diplomatic terms, as well as in political terms at home, I would wish you all to exercise the greatest caution and precision in statements about Viet Nam.

We must, in particular:

- speak with one voice;
- avoid being drawn into discussions of particular ^{es} problems or contacts;
- avoid raising hopes among our people for an early end to the war, which may be dashed.

On the advice of the Secretary of State and the Secretary of Defense, I shall from time to time lay down positions on Viet Nam; and then we must all assure that the whole Government holds exactly to them.

Pres file

Tuesday - February 28, 1967

Mr. President:

This is the second report on the Chief Justice's trip covering the visit to Sucre, the seat of the Bolivian Supreme Court.

All continues to go well.

W. W. Rostow

Attachment

Message from Embassy La Paz.

(2127 of 2/21/67)

45

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UNCLAS LA PAZ 2127

AID

PC

SUBJECT: WARREN VISIT

RSR

1. CHIEF JUSTICE WARREN PARTY ARRIVED SUCRE 1100, FEBRUARY 27, AND WARMLY WELCOMED BY LOCAL AUTHORITIES AND SUPREME COURT DIGNITARIES AT BRIEF AIRPORT CEREMONY. PARTY'S ARRIVAL DELAYED DUE EARLY MORNING CLOUD CONDITIONS. WEATHER NOW CLEAR.

2. ESTIMATED 4,000 TO 5,000 PEASANTS IN COLORFUL LOCAL COSTUMES LINED MOTORCADE ROUTE INTO CITY AND ADDED TO FESTIVE AIR ALONG FLAG DRAPED STREETS. CHIEF JUSTICE VISIBLY ENJOYED SPECTACLE AND SPONTANEOUS PUBLIC REACTION.

3. FOLLOWING SHORT CEREMONY AT CITY HALL WHERE

PAGE 2 RUESLZ 2127 UNCLAS
CHIEF JUSTICE NAMED "ILLUSTRIOUS GUEST OF CITY", PARTY WILL HAVE LUNCH SPONSORED BY DEPARTMENTAL PREFECT.

4. YESTERDAY AFTERNOON IN SANTA CRUZ CHIEF JUSTICE ATTENDED UNSCHEDULED MEETING OF SANTA CRUZ CIVIC COMMITTEE AND LATER IN DAY INVITED LOCAL PCVS TO MEET WITH HIM AT GULF GUEST HOUSE. REMAINDER OF DAY DEVOTED TO REST, EXCEPT FOR LARGE BUFFET DINNER OFFERED BY GULF OFFICIALS IN THE EVENING WHICH PRESIDENT BARRIENTOS ATTENDED.

HENDERSON

BT NOTE: PASSED S/S-O, WHITE HOUSE, USIA AT 2:52 PM 2/27/67

BATOR
✓ BOWDLER
BUDGET
DAVIS
GINSBURGH
HAMILTON
JESSUP
JOHNSON
JORDEN
KEENEY
KOMER
MOYERS
TAYLOR
WARRINGERS

UNCLASSIFIED

112

~~TOP SECRET~~

Tuesday Luncheon, February 28, 1967

Agenda

1. Vietnam

a. Diplomatic track - Secretary Rusk

(1) Discussions with Dobrynin

(2) Peace Probes - Renewing Contact in Algiers with NLF

b. Reaction to new military measures - Secretary Rusk

2. Trilateral European Discussions

Status of Congressional Consultations - Secretary Rusk
Secretary McNamara

3. Latin American Summit - Secretary Rusk

a. U.S. Government Position

b. Congressional Consultations

4. Non-Proliferation Treaty Talks - Secretary Rusk

5. Other

W. W. Rostow

~~TOP SECRET~~

DECLASSIFIED
E.O. 12356, Sec. 3.4(b)
White House Guidelines, Feb. 24, 1983
By Ng, NARA Date 2-11-91

Pres file

Tuesday - February 28, 1967

Mr. President:

State recommends that you send the attached congratulatory message to Jamaican Prime Minister Sangster following his victory in the national elections of February 21. I concur.

W. W. Rostow

Approve

Disapprove

Attachment

**Message to Jamaican
Prime Minister**

13a

SUGGESTED PRESIDENTIAL MESSAGE TO JAMAICAN
PRIME MINISTER SANGSTER

Dear Mr. Prime Minister:

Recalling my most pleasant visit on the occasion of Jamaican independence, I am especially pleased to offer congratulations and best wishes to you as you assume the office of Prime Minister. I know that our Governments will continue to work together in a spirit of close friendship and cooperation.

Lyndon B. Johnson

W. L. Easton 14
1-2-67
2-1-67

February 28, 1967

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Preliminary Report of Your "Technological Gap" Committee

Last fall you appointed a committee -- headed by Don Hornig -- to do a study of the U.S. -European "Technological Gap". The committee's preliminary report to you is at Tab 3. It requires no decision by you. However, since Hornig is anxious for your reactions, it would be nice for you to send him the note at Tab 1. It does not commit you to anything, but it does suggest that we send copies of the report to our Ambassadors in Europe for their guidance and comment. (John Leddy and I are agreed that this is a good idea.)

Hornig would also like to issue a short press release announcing that his preliminary report has been sent to you. I see no trouble with this. I will help him put one together and we will send it to you for possible release at the Ranch.

At Tab 2 is a short summary of the principal findings of the report.

Francis M. Bator

We need your signature on the
letter at Tab 1 _____

No letter _____

Speak to me _____

14a

3/2/67

Dear Don:

You and your committee have done a first-rate preliminary report on the Technological Gap. You should continue your work, and plan to have a final report to me in late June or early July.

I suggest that you send copies of the preliminary report to our Western European Ambassadors for their comment and guidance.

Sincerely,

Lyndon B. Johnson

Dr. Donald F. Hornig
Special Assistant to the President
for Science and Technology
Washington, D.C.

LBJ:FMB:LSE:djw
2/28/67

~~CONFIDENTIAL~~

SUMMARY OF THE PRELIMINARY REPORT OF YOUR TECHNOLOGICAL GAP COMMITTEE

1. There is a technological gap, but it is not as great as many Europeans would have us believe. We have a strong lead in electronics, military technology and space systems, but our greatest advantage is that we do a better job of applying technological advances than do the Europeans.
2. The main causes of the gap lie in Western European practices; small companies, too little investment, less skilled labor force, less efficient management, inadequate research and development, etc.
3. The technological gap is primarily a political and psychological problem. Western Europeans believe that there is an ever-widening gap between them and the U.S., and that their prosperity and independence are threatened thereby. De Gaulle has said that the gap is another example of American domination of Europe; the Belgian, Italian, German and British Governments have been more restrained in their comments, but all of them fear that our technological lead will keep Europe in second-class status.
4. Because this has become a potentially ~~explosive~~ ^{collusive} issue, we must do what we can to cooperate with Western Europe in finding ways to improve their technology.
5. The Committee's proposed strategy is only partly mapped out. The suggested first step is to sit down with the Europeans and try to reach agreement on the exact nature of the gap. Then we can begin to work on cooperative programs, using various international organizations (e.g., the OECD) where possible.
6. The Committee's preliminary report summarizes the fairly extensive character and scale of our present technological cooperation with Europe, notably via DOD, NASA, the AEC. (We may wish to make some of this information public now.)

~~CONFIDENTIAL~~

DECLASSIFIED
E.O. 12356, Sec. 3.4
NJ 91-323
By ing, NARA, Date 11-18-93

6. The Committee's preliminary report summarizes the fairly extensive character and scale of our present technological cooperation with Europe, notably via DOD, NASA, the AEC. (We may wish to make some of this information public now.)

~~CONFIDENTIAL~~

14c

THE WHITE HOUSE

WASHINGTON

Thursday, February 2, 1967
10:30 a.m.

MEMORANDUM FOR

THE PRESIDENT

DECLASSIFIED

E.O. 12356, Sec. 3.4

NJ 91-323

By up, NARA, Date 11-18-93

The Committee you established to look into the "Technological Gap" between the United States and Europe has made a good start. Sections I, II, and III of the attached report describe the political problem, the basic facts, and a suggested strategy for dealing with the problem--backed up by an economic assessment in Section IV.

The report indicates that European concerns about their long-term economic and political future stem principally from U. S. superiority in sophisticated electronics, military and space systems, and from the rapidly increasing U. S. private investment in Europe in high technology industries (Tab A).

On the other hand, Western Europe has done very well relative to the U. S. in increasing its productivity and in the general progress of its technologically intensive industries, benefiting to a considerable degree from industrial know-how and experience developed in the United States. The European problem appears to reside more in the application of new technology than in its generation (where Europeans have done quite well). This requires substantial improvements in a number of areas: in markets, industrial know-how and management, capital investment, worker skills and work habits, and in public and private investment in research and development. The widening disparity between the U. S. and Western Europe in education (one-half that of the U. S. in percentage of national income) is noted as a major long-range drawback in closing the Gap (Tab B).

The steps needed to utilize technology better in Europe must be taken through European initiatives; but it is important that the U. S. develop a positive approach both to minimize the political liabilities inherent in the Technological Gap and to promote European economic integration. The Committee is considering possible actions (both public and private) to promote the flow of technology and eliminate unnecessary impediments, and to undertake additional joint R&D projects of mutual benefit (Tab C).

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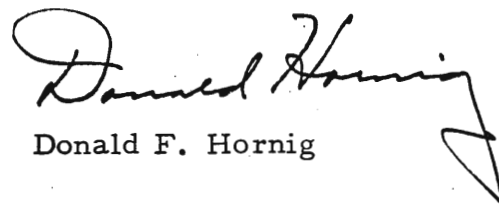
- 2 -

The Committee has proceeded on the assumption that the U. S., as well as Europe, will benefit from increased utilization of technology through enlarged market opportunities and that a widening Gap will mean loss of potential markets.

The Committee has mapped a strategy for dealing with Europeans to promote a better mutual understanding of the underlying causes of the Gap and its possible remedies, utilizing the several existing international organizations in Europe: through discussions in the OECD, cooperative projects and actions in NATO, and bolstering the U. K. 's technological arguments for entry into the Common Market (Tab D).

In parallel with the continuing work of the Committee, as indicated above, I plan to meet with various members of American industry to solicit their ideas and suggestions. Additionally, I will make informal contacts with Europeans to seek their views and stimulate proposals for joint consideration in accordance with NSAM 357.

I see little advantage to be gained in a press statement at this stage. However, since the study has been formally announced, there may be considerable pressure from the domestic and foreign press. In case you desire to inform the press at this time, we are preparing a possible release.


Donald F. Hornig

Attachment

Discuss _____

Issue press release:

Yes _____ No _____

~~CONFIDENTIAL~~

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

14-d

Friday, February 24, 1967
11:15 AM

MEMORANDUM FOR
THE PRESIDENT

It is the view of your Interagency Committee on the "Technological Gap," strongly endorsed by the Department of State (Assistant Secretary Leddy, European Affairs), that copies of its preliminary report and covering letter transmitted to you by my memorandum of February 2nd should be sent to all of our principal ambassadors in Europe on a limited distribution basis. I strongly recommend that we do so immediately. Since the NAC meetings are in progress, I would like to send it off today if you have no objection.


Donald F. Hornig

Agree _____ Disagree _____

Attachment:

Ltr and Report of Interagency Cmte.

~~CONFIDENTIAL~~

14e

THE WHITE HOUSE

WASHINGTON

DECLASSIFIED

E.O. 12356, Sec. 3.4

NJ 91-323

January 31, 1967

By 18, NARA, Date 11-18-93

Dear Mr. President:

On November 25, 1966, you asked me to chair an Interdepartmental Committee to examine the problem of the "Technological Gap" between the United States and Western Europe and to explore possible courses of action. The preliminary report which you requested by the end of January is submitted herewith.

In this connection, the main issue which may face you in the near future concerns our position with respect to initiatives generated in Europe, such as the Fanfani proposal, and the development of constructive responses to such initiatives.

The term was originated by Europeans and has been surrounded by a certain amount of controversy and confusion. Therefore, the first effort of the Committee has been to clarify the reality behind the expression "Technological Gap".

I. Our preliminary assessment convinces us that the Technological Gap is mainly a political problem although it has roots in actual disparities. A much higher degree of European economic integration will surely contribute in a major way to alleviating the underlying economic problems. We cannot be sure at this stage whether real progress will be made in this direction. U. K. entry into the Common Market offers the most promise at this time for narrowing technological/industrial disparities, though the success of the U. K. effort is far from certain. If progress is not made, widening disparities could pose longer range economic problems for the United States. Therefore, we have recommended a strategy to convert European resentment over the Gap into a constructive source of support for greater intra-European cooperation.

Furthermore, unless there is European progress in a host of factors, such as education at all levels, work habits, and management and marketing practices, as well as in properly conceived research and development programs, the U. S. advantage is not likely to be diminished.

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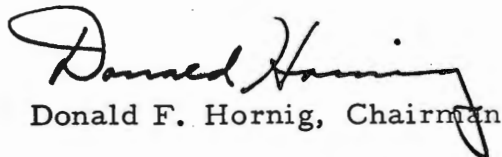
- 2 -

Since the Gap is an important factor in U. S. /European relations, we need to develop a deeper understanding of its economic and political aspects. We believe that we have identified the general nature of the problem, but our formulation will not be complete until we have heard further from the European governments, which are just now beginning to discuss the question among themselves.

We are also investigating specific actions this government could take both to show its good will and to deal with the substance of the issue, but are not yet prepared to recommend any of them to you at this time.

This report is, therefore, an interim report. Its main object is to define the political and economic problem as we see it, to outline a strategy for U. S. steps to be taken abroad in the near future, and to indicate the areas we are examining for possible action by this government and the European governments. We expect to submit a final report to you this June.

Respectfully,


Donald F. Hornig, Chairman

Robert R. Bowie, State
J. Herbert Hollomon, Commerce
Donald M. MacArthur, Defense

Samuel M. Nabrit, AEC
Arthur M. Okun, CEA
James E. Webb, NASA

Attachment

The President
The White House
Washington, D. C.

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

14f

Preliminary Report on Technological Gap
Between U. S. and Europe

Despite their expressions of concern about the "Technological Gap" between the United States and Europe, Europeans have not formulated clear statements of their views. In this preliminary report we have attempted to put the problem in perspective as we see it. One thing is clear. The problem is highly complex. It is only partly technological and involves a host of other considerations--psychological, political, economic, and social.

I. THE POLITICAL ASPECTS

At this stage, the Technological Gap is mainly a political and psychological problem. It has, however, some basis in actual disparities. The European concerns appear to be based on the following factors:

1. The demonstrated American superiority in sophisticated electronics, military technology, and space systems.
2. U. S. domination of the "very high technology industries" (particularly computers, space communications, and aircraft) which provide a much greater military capability, are nationally prestigious, and are believed to be far-reaching in their economic, political, and social implications.
3. The very large financial resources that the U. S.

Government and many private American companies are

DECLASSIFIED

E.O. 12356, Sec. 3.4

NLJ 91-323

By lig, NARA, Date 11-18-93

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- 2 -

able to invest in new technological ventures, compared to what seems feasible within the European framework.

4. The implications of the enormous American advantage in "technological balance of payments", i. e., payments they make for American licenses and know-how.
5. The rapidly increasing U. S. private investment in European industries, most notably in high technology industries, with the fear of eventual loss of control of their economies to U. S. corporate and governmental policies.

These concerns are further colored by the feeling that the large-scale military and space research and development financed by the U. S. Government amounts to an "unfair" subsidy of the development of American industry; and that it is the responsibility of the United States to correct this situation.

However, the "Gap" is primarily the most recent form of European reaction to what Europeans see as their growing dependence on an economically, militarily, and technologically stronger United States. U. S. superiority in sophisticated electronics and space systems has served to dramatize the change in the status of Europe which, after two centuries of world scientific and technological leadership, has been overtaken and passed by the United States.

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- 3 -

The Gap is, therefore, an expression of European "nationalistic" reaction to the prospect of continued American predominance. It belongs to the same group of reactions as the sensitivity about American investment in Europe, American "monopoly" of nuclear defense of Europe, and American dominance of world monetary affairs.

European feeling has become sufficiently intense to be reflected in government actions. De Gaulle is pushing the subject as one aspect of his campaign against "American hegemony". But the Belgian, Italian, German, and British governments are also concerned. They fear that the United States has such a strong lead in the "Second Technological Revolution" (in automation, military technology, nuclear power, electronics, space, computers, and communications) that Europe will remain indefinitely in second class status. They also believe a continued American lead will give enduring advantage in world markets and oblige them to come to us for supply on our terms.

Some Europeans consider that we are draining Europe of its best talent through recruiting its leading scientists and engineers and persuading European students in this country to settle here permanently. They are worried about the increase in U. S. industrial investments in Europe and possible loss of national control over critical industries. They believe that American firms in Europe skim off the profits but refrain from carrying out research there which would benefit European

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- 4 -

technology. Following this line of thought, many Europeans feel that it is the United States which is "responsible" for the Technological Gap rather than Europe.

II. THE "FACTS" OF THE GAP

Despite the ambiguities of the European definition of the Technological Gap, there is agreement in the Committee on the following factors which provide a broad perspective for our discussions with Europeans:

1. There has been a real stimulus to U. S. industrial advance as the result of our military-space expenditures, notwithstanding the question of the costs involved and whether this is the most desirable way for Europeans to produce similar stimulation for their industries.
2. Except for a small number of highly advanced technologies of the kinds previously mentioned, Western Europe has made at least as many original technological developments as the United States.
3. Western Europe's ability to apply technological advances lags behind the United States, but its rate of over-all technological advance in the last 10-15 years has been considerably greater than the United States (because of more room for improvement and delayed introduction of more

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~~CONFIDENTIAL~~

- 5 -

efficient technologies from abroad, and growth of subsidiaries of U. S. firms).

4. While there are some companies in Europe which are as efficient as the best U. S. companies on the average, the productivity levels of Western European economies are substantially lower than that of the United States.
5. The main reasons for disparities in productivity, not only among countries but within countries (contrast California and Mississippi) lie in:
 - low capability and know-how to translate advanced technological developments into profitable enterprise;
 - size of companies and markets;
 - low capital investment per worker and weak incentives to use capital intensive technology due to low labor costs;
 - low educational level of the labor force and inadequate investment in education at all levels, particularly in higher education;
 - lack of competition and profit motivation;
 - less efficient management, inefficient work habits, and use of manpower in low productivity occupations;
 - inadequate support of research and development.

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6. Between 1950 and 1964, Northwest Europe's rate of over-all economic growth (real national income), in large part because of rapid over-all technological advance, averaged 4.8 per cent per year compared to 3.5 per cent in the United States. In 1964 the aggregate national income of Northwest Europe (valued in U. S. prices) was about 85 per cent of that in the United States, and that of Western Europe as a whole was about the same as in the United States. Nevertheless, per capita income in Northwest Europe remains about half that of the United States.
7. In the long run, the rate of European technological/industrial advance relative to the United States will be adversely affected by lower proportional investment in education (one-half that of the United States at present).

These factors are examined more fully in Section IV of this report.

III. U. S. STRATEGY

Since the main causes of the technological/industrial disparities between Europe and the United States lie in European practices and institutions, the political problem is mainly psychological, arising essentially from European resentment over our greater power and economic success. The only long-range "cure" for the disparities problem lies in actions

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which must be taken by the Europeans themselves: internal reforms in the European countries and moves toward greater European integration and cooperation.

Identifying the source of this resentment does not make it disappear. It is a divisive element in our relations with Europe and has to be dealt with seriously. Consequently, our recommended over-all strategy is to try to convert European resentment against the United States over the Gap into a constructive source of support for greater intra-European cooperation in solving the underlying problems, and in the meantime to take a positive posture on means which may alleviate some of the strains. Specifically:

1. We propose to approach this goal by trying to reach a common understanding with the Europeans of the nature of the disparities and the reasons for them. At the same time, we should move to blunt European resentment by demonstrating that we are willing to cooperate. We should continue to solicit European views of the disparities problem and proposals for cooperation.

2. We also want to keep before the Europeans the fact that a more pressing and far greater gap exists between the Western countries as a whole and the LDC's and to stress that their material betterment is one of the major tasks of our time. Further, we should be mindful of the opportunities to engage the Eastern European countries in cooperative relationships.

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3. U. S. strategy should encourage the building of strong, action-oriented European institutions for dealing comprehensively with the disparities problem. In the long range, the European Communities appear to be the best institutions for this purpose. We want to give strong support to the British effort to use their advanced technology as a means to gain entry into the Common Market.

4. At the present time, there is no completely satisfactory forum for the United States to cooperate with the Europeans on all aspects of the problem. Consequently, the United States will need to utilize the entire range of existing Atlantic and European international organizations, such as OECD, NATO, EEC, EURATOM, ESRO, ELDO, and CERN. We wish to focus on the OECD as a vehicle to communicate the philosophy of our general approach and to seek agreement on the nature of the problem and the remedies. In NATO and with the NATO countries, we should promote cooperative projects in the defense-related field which will make a meaningful contribution to the problem of technological/industrial disparities. Since the entire range of industrial skills is involved, cooperative projects should involve, where appropriate, essential production as well as research and development. In the North Atlantic Council, we should attempt to reach informal agreement on allocating among existing organizations the tasks for dealing with the problem of technological disparities.

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5. Although we should look mainly to European initiatives, the United States should provide positive leadership in responding to European concerns. It should demonstrate the sincerity of its willingness to cooperate by examining existing impediments to the flow of American technology and by advancing additional proposals for joint research and development projects on the basis of mutual contributions and benefits. In selecting such projects, consideration should be given to technological areas of particular concern to the Europeans, such as military technology, space, and computers. (Attachment A lists areas of possible actions being examined by the Committee.)

6. In carrying out the foregoing strategy, we should strive to channel European efforts into actions that will enlarge opportunities for both the United States and Europe. We should take care not to generate apprehensions in the U. S. business community that the government seeks to weaken its already difficult competitive position in world trade. On the other hand, we should stimulate the interests and efforts of U. S. industry in furthering the spread of U. S. management know-how to Europe. By and large this should produce mutual growth. There is an apparent contradiction between maintaining a competitive American position and efforts to improve the performance of European industry. The key to our efforts should, therefore, revolve around policies which will improve performance on both sides of the Atlantic. Enlarging the total market will result in the stimulation of both American and European industries.

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IV. PRELIMINARY OBSERVATIONS ON THE TECHNOLOGICAL DISPARITIES BETWEEN WESTERN EUROPE AND THE U. S.

Despite many European statements on the Technological Gap, they have not formulated a clear definition of the term.

To achieve a better understanding of the problem, the Committee has examined the underlying economic and technical variables. To date we have managed to assemble and analyze only the data that are more or less readily available. This section of the report summarizes the conclusions which these data suggest.

General Observations

Study of the role of the application of new technology in economic growth is a field of analysis where there is as yet only a limited area of agreement among scholars. It is generally accepted that the application of new technology plays a vital role in the introduction of new products, creation of new consumer wants, and increases of productivity. In some of the major industrial areas, it stimulates advances in management techniques and capability.

But as yet there is no precise measure of the relative importance of the role technology plays in economic growth nor a clear concept of how it makes its contribution. This lack of clarity is reflected in our discussions of the Technological Gap with Europeans and in intra-European discussion of the subject.

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Technological Disparities Implicit in the Comparative Levels of Productivity

Economists usually associate the level of technological advancement with the level of productivity, and a country's productivity is usually defined by output (GNP) per man-year. Taking the 1964 dollar value of GNP per civilian person employed in the United States as 100 per cent, the other countries' relative levels of productivity were as follows:

United Kingdom, about 50 per cent
Belgium, about 57 per cent
Netherlands, about 54 per cent
France, about 54 per cent
West Germany, about 53 per cent
Italy, about 34 per cent

Since such percentage relationships do not change abruptly, we can conclude that there are considerable productivity disparities between the United States and the European countries. In order to achieve a parity with the U. S. productivity level of 1964, the Northwest European countries' productivity performance would have to increase, on the average, some 80 per cent; Italy's would have to triple.

Productivity disparities as they exist today, however, cannot be equated with the disparities in advanced technology. Advanced technology is only one determinant of productivity. There are many non-technological or essentially non-technological factors that affect productivity, and the aggregate effect of these is greater than that of technology. The most

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important of these non-technological or essentially non-technological factors are:

1. Smaller use of fixed business capital stock (accumulated investment). It is estimated that the Northwest European countries use only about half as much fixed business capital stock per person employed as the United States. It is presumed that the bulk of these disparities in the use of fixed business capital stock is in the area of material handling and other "auxiliary processes" of economic activity. The primary reason for little European use of mechanization and automation in these operations is not the lack of know-how or unavailability of equipment, but weak incentives for substitution of capital for labor because of low cost of labor relative to capital (a situation which is reverse to that in the United States).

2. Greater use of manpower in low-productivity sectors of the economy, especially agriculture. This automatically lowers the over-all level of productivity in those countries compared to the United States. In 1962, the United States had only 8.2 per cent of its total employment in agriculture; but France had 19.8 per cent; West Germany, 13.3 per cent; and Italy, 27.4 per cent.

3. Diseconomies of small scale in some industries. The average European business enterprise, whether in agriculture, manufacturing, trade, or banking is substantially smaller than in the United States.

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4. Lower education level of labor force. A good portion of the productivity disparities must also be attributed to lower average educational level of the labor force in the European countries than in the United States. This "educational gap" is widening even more because of smaller relative increases in school enrollment in Europe. In percentage of national income, European countries' expenditures on education are only about half of that of the United States.

5. Work habits. An important part of the productivity disparities between Western Europe and the United States can probably be attributed to European work habits, rigidities in social customs, and even state laws that are less conducive to high output per man.

6. Poorer endowments of natural resources.

Although these essentially non-technological factors are extremely difficult and, in some cases, even impossible to quantify, the plausible significances of each of them leads us to believe that these factors, rather than technology, are major causes of the productivity disparities. Ability to utilize the potentialities of technological advances depends heavily on the foregoing non-technological factors, and this is, of course, the core of the problem.

New Technology

Based on European statements, their concern seems to be not so much with their lag in technology of all kinds, as with the lag in key

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areas of "new technology". The term "new technology" usually refers to the innovations developed or greatly improved since World War II. Qualitative evaluation of the state of the arts in know-how and use of the know-how in 20 most important areas of "new technology" in the United States and Western Europe warrants the following tentative conclusions: Western Europe is ahead of the United States in one (extra-high voltage transmission of electric energy); essentially on par with the United States in six areas (such as steel making oxygen process, continuous casting of steel, plastics, synthetic fibers, and manufacture of helicopters); and in varying degrees is lagging the United States in 13 areas (such as nuclear technology, numerically controlled machine tools, manufacture of jet aircraft, satellite communications, semiconductors, manufacture of computers, and solid state microcircuitry). In all of the 13 areas in which Europe lags behind the United States, however, Europe has at least an initial or semi-advanced know-how and at the minimum is experimenting with industrial uses of the know-how. Most of the areas of new technology in which Western Europe lags behind are at the present time important not so much economically (although this is not negligible) as militarily and politically.

Apparent Causes of the Current European Lag in Civilian Technology

Europeans generally argue that the primary reason for the technological/industrial disparities is their lag in the R&D effort. In

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fact, the lag in the European R&D effort is frequently used as a synonym of a gap in technology. The following table shows the relative investments in R&D as a percentage of the GNP of the United States and certain Western European countries:

Country	R&D expenditures for military and space purposes (per cent of GNP)	R&D expenditures for non-military and non-space purposes (per cent of GNP)	Total R&D expenditures (per cent of GNP)
U. S. A. (1962-63)	1.6	1.5	3.1
United Kingdom (1961-62)	0.9	1.4	2.3
France (1962)	0.5	1.2	1.7
West Germany (1964)	0.2	1.1	1.3
Belgium (1964)	0.1	1.5	1.6

As is evident from these figures the difference between the European and the U. S. research and development expenditures is mainly in the military and space area. In the area of non-military and non-space R&D the difference in per cent of GNP devoted to research and development is practically nil. Western Europe's aggregate GNP, valued in U. S. prices, is about the same as that of the United States. This means that the European R&D effort is not only about the same as the United States in per cent of GNP, but also in an absolute sense.

Indications are, however, that the flow of new inventions in civilian technology is actually greater in Europe than in the United States. This is strongly suggested by an analysis of the country origin of 107

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major developments in civilian technology during and after World War II (independent inventions of the same kind by different countries were counted as separate advances). The credits for these 107 developments are distributed as follows:

	Number of developments	Per cent of total in the sample of 107
United States	33	31
U. K.	20	19
Germany	14	13
Switzerland	7	7
Sweden	4	4
France	3	3
Italy	1	1
Austria	2	2
Belgium	1	1
Western Europe, total	52	50

As is evident from these figures, Western Europe originated 52 major developments, or almost 60 per cent more than the United States. United Kingdom alone, with GNP only about one-fifth and total labor force about one-third as large as the United States, has credit for about two-thirds as many major developments as the United States and 40 per cent of all Western European contributions.

With respect to these developments, it is important to note that most of the European "firsts" (especially DDT, synthetic detergents, dacron, and jet engines) have been more successfully exploited in the United States than in Europe. This is an indication that factors other than R&D expenditures are the main causes of the disparities.

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In our view, the U. S. /European disparities in the know-how and use of key new technologies are caused primarily by poorer transfer of the advances in research and development to industrial uses and by most of the factors mentioned in the discussion of productivity disparities.

These include:

1. Small sizes of reasonably assured demand, both civilian and military. This factor has been especially important for the U. S. manufacture of jet aircraft which was initially developed in Europe.
2. Lack of incentives for use of capital intensive technology.
3. Lack of environment conducive to innovative entrepreneurship and effective competition. It is generally agreed that the European entrepreneur, on the average, is not as innovation-minded nor as competitive as his U. S. counterpart.
4. Less use of professionally trained personnel at all levels and in all facets of industrial enterprises and a smaller pool of trained technical and managerial talent on which to draw.
5. Poorer flow of scientific and technological information and know-how due to lower mobility of professional

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manpower, greater industrial secrecy, language barriers, and poorly organized national technical information systems.

Recent Comparative Rates of Technological Advance

However paradoxical it might seem, the rates of over-all technological advance in the last 10 to 15 years have been substantially greater in most of the Western European countries than in the United States, with the notable exception of the United Kingdom.

The principal evidence to this effect lies in the comparative rates of growth in what economists call "total factor productivity"--the average annual percentage increases in GNP in excess of percentage increases of labor and fixed business capital inputs (combined in accordance with the relative shares of labor and property in the national income). Although these rates are affected by purely economic innovations and other changes, these influences are either small or work through technological advances. Estimates of the comparative rates of growth in total factor productivity for 1950-62 are presented below. They would not be materially different if the period were extended through 1966.

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Average Annual Percentage Growth in GNP in Excess of Growth in Physical Inputs (Labor and Capital)		Index U. S. = 100
United States	1.64	100
Belgium	2.09	127
Netherlands	2.80	170
France	3.82	233
Germany	4.32	263
Italy	4.75	290
United Kingdom	1.12	68

According to these comparisons, Belgium's over-all technological advance has been faster than the United States' by 27 per cent, Netherlands' by 70 per cent, France's by 133 per cent, Germany's by 163 per cent, and Italy's by 190 per cent. United Kingdom's advance has been about one-third lower than that of the United States.

Substantially the same conclusion must be drawn from the comparative growth rates of "technologically intensive" industries (chiefly manufacturing chemicals and machinery and related products). In the 1956-1964 period, these industries grew substantially faster in Europe than in the United States.

The evidence of faster over-all technological advance is still further strengthened by the data on changes in the national shares of all world export of machinery and related products. These products constitute the bulk of output of technologically intensive industries. During the period 1956-64, there was a 10 per cent reduction in the U. S. share

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while the shares of most Western European countries showed small increases. We assume that the United States is an equal trade partner with any European country and that the long-run gains or losses in the export shares are largely direct or indirect results of the relative technological advances.

As we see it, the principal reasons for the faster rate of over-all technological advance in Western Europe compared to the United States in the last 10 or 15 years are the vastly greater "room for improvement" in European countries, greater opportunities for inexpensive borrowing of advanced technology from abroad, and active support by U. S. industry in the form of direct capital investments and licenses.

In 1950 the book value of the direct U. S. investments in Europe was only \$1.7 billion, but by 1965 it had grown to \$13.9 billion or more than eight times without adjustment for price increases and about 6.7 times in real terms. Moreover, over half of these investments are in areas of high technological sophistication and involving direct transfer of the most advanced U. S. technology. This U. S. investment has undoubtedly contributed to European over-all technological advance, especially to the growth of technologically intensive industries. The extent of this contribution will be further explored by the Committee. The Europeans apparently like this aspect of the U. S. investment but resent American corporate control of foreign subsidiaries.

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The Role of Advanced Technology in the U. S. Foreign Trade

It has been suspected for a long time that technology plays an important role in our export surpluses. The preliminary findings of a monumental comparative price study currently under way in the National Bureau of Economic Research indicates that the superior U. S. technology is the force behind our surpluses. The summary of the findings developed by the NBER so far is given below.

Comparative International Price Levels (of Comparable Products)
for Four Major Product Groups, 1964
(U. S. = 100)

<u>Commodity group</u>	<u>U. S.</u>	<u>U. K.</u>	<u>E. E. C.</u>
Iron and steel	100	81	80
Non-ferrous metals	100	98	98
Non-electric machinery	100	92	96
Transport equipment (excluding road motor vehicles)	100	91	92

These data indicate that we do not have price advantage in any of these four major groups of products. In iron and steel and non-ferrous metals, in which the United States has little or no technological superiority, we have heavy net imports. However, in non-electric machinery and non-automotive transport equipment, in which the United States has technological superiority, we have a substantial export surplus despite price disadvantages.

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The European objective is, of course, to narrow our technological/industrial superiority. Although any European advance tends to enlarge our market opportunities in Europe, the more immediate effect of an accelerated rate of advance in Europe relative to the United States might be some reduction of our merchandise export surplus, especially the surplus in technologically intensive products.

However, considering the extent to which the European rate of advance can be attributed to delayed application of technologies already in general use in the United States, rather than to the introduction of new technologies, there may well be cause for European concerns as regards the future.

V. FEDERAL PROGRAMS OF COOPERATION WITH EUROPE

Although the Europeans are particularly concerned about the disparities in advanced technologies resulting from large U. S. investments in research and development, there have been concerted and intensive efforts by the U. S. Government to share the results of its research and to cooperate in joint R&D activities.

All of the Federal agencies having large R&D programs have engaged in cooperative efforts with the Europeans, principally DOD, NASA, and the AEC in terms of financial outlays. This cooperation has included: provision of scientific and technical information, exchanges through a myriad of technical organizations and committees, joint R&D projects,

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procurement of advanced weapons, and direct support of scientific research (see Attachment B).

U. S. cooperation in atomic energy has brought Europe close to par with the United States in nuclear power research. There has been a massive transfer of information on military technology to NATO countries. NASA has encouraged European participation in a number of its programs, and stands ready to cooperate if the Europeans agree to undertake a major joint venture in outer space exploration.

Despite the many U. S. initiatives and efforts to make available the results of Federally-financed research, the return flow of documentation on the results of European R&D has been sparse. With the exception of nuclear energy, there has been a general reluctance on the part of European governments, individually or together, to make the substantial long-range investments in "public sector" R&D needed to change their posture from that of recipients of U. S. generated technical information to direct participants in major R&D activities that can strengthen their scientific and technological capabilities beyond the immediate requirements of commercial competition.

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ATTACHMENT A

DECLASSIFIED

E.O. 12356, Sec. 3.4

NJ 91-323

ig, NARA, Date 11-18-93

Areas of Possible Constructive Actions

The Committee is not prepared in this preliminary report to recommend specific actions. It has the following areas under study for possible recommendations in its final report.

Removal of barriers to the flow of technology. (a) U. S. export controls on technology are being reviewed. Restrictions on the flow of communications satellite technology will be studied in this context.

(b) Business practices are being examined multilaterally in the OECD with a view to reducing or eliminating restraints on fair competition.

(c) In the GATT, reduction of tariff barriers is being pressed in the Kennedy Round negotiations, in which non-tariff barriers are also being discussed; non-tariff barriers are also to be discussed in the OECD and in bilateral representations. These approaches will be assessed from the standpoint of their effect on the flow of advanced technological goods in international trade.

C

International transfer of technology. Keeping in mind property rights in the ownership of technology, certain things can be done to improve its transfer across international boundaries. The Committee will examine:

(a) corporate practices and attitudes regarding U. S. private investment in Europe, European investments in the United States and intra-European problems and the effectiveness of multinational corporations in transferring industrial know-how; (b) measures to improve the dissemination of scientific

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and technological information among governments, including organizational arrangements, and industry-to-industry transfer; (c) measures to stimulate the spread of U. S. industrial management know-how to Europe through U. S. industry working closely with European industry and through appropriate educational programs which the Europeans might establish.

Improved utilization of scientific and technological information.

(a) utilization of information can be enhanced by better understanding of the process of technology transfer and by positive action to establish conferences, workshops, utilization centers, training programs, personnel and materials exchanges, and consultative services; (b) a revitalization of industrial standardization efforts, both national and international; (c) closer international cooperation on patent practices and action to follow up the recommendations of the President's Commission on the U. S. Patent System.

Mobility of scientists and engineers. The so-called "brain drain" to the U. S. will be analyzed, including consideration of U. S. contributions to the training of European scientists and engineers and the outflow of U. S. managerial talent to Europe. Creation of conditions in Europe which could induce such personnel to remain will be examined.

Cooperation in research and development. Areas for increased R&D cooperation with European countries will be explored, particularly in areas of major U. S. governmental support, such as space, military and atomic energy technology, environmental pollution, and basic scientific research.

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ATTACHMENT B

Major Federal Programs of Scientific and
Technical Cooperation with Western Europe

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E.O. 12356, Sec. 3.4

NJ 91-323

By ing, NARA, Date 11-18-93

Department of Defense

- Scientific and Technical Information: almost 4-1/2 million documents were shipped during 1966; over the past eight years the DOD has executed 860 Data Exchange Agreements in particular technical areas.
- Research and Development: 12 of the DOD cooperative research and development programs with NATO countries involve a U. S. input in excess of \$125 million.
- Bilateral Co-Production Programs with NATO Countries: there are 14 major efforts under way or contemplated; the market value of manufactured equipment is estimated to be over \$5 billion.
- NATO Weapons Consortia Program: the DOD contributes technical information and funding to a number of NATO country consortia producing some \$2.5 billion worth of weapons.
- Exchanges and Working Groups: to support NATO R&D and production activities, there are a number of International Technical Committees to coordinate the flow and exchange of technical information and ideas. They involve approximately 1000 part-time scientists and engineers with substantial U. S. participation.

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National Aeronautics and Space Administration

- Scientific and Technical Information: formal bilateral technical cooperation information exchange agreements with several European countries; and with the European Space Research Organization (a joint experimental program for indexing, abstracting, microficheing, taping, and exchanging technical literature).
- Technology Utilization: indoctrination, consultation, and training offered to encourage European adaptations of NASA technology utilization programs.
- Space Research: NASA launching of satellites prepared by European countries; foreign experiments on NASA satellites; cooperative scientific sounding activities; a series of programs of foreign ground-based participation in NASA flight projects; participation in support of NASA's operational requirements; and participation in training and research programs at NASA Centers and U. S. universities.
- Aeronautical Research: participation in NATO (AGARD) activities; in the installation of flight monitoring devices in commercial aircraft in Europe; in technical exchanges with European aeronautical research laboratories; and in joint projects such as the testing of experimental European aircraft in U. S. facilities.

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Atomic Energy Commission

- Scientific and Technical Information: The AEC has extensive technical exchange arrangements providing for cooperation with Europe in broad areas of atomic energy development. These arrangements are both bilateral and multilateral with individual nations and international groups such as Euratom and OECD. Comprehensive sharing of U. S. technology in all fields of civilian use of atomic energy has been accomplished through reports, conferences, visits, and actual assignment of foreign nationals in large numbers to use USAEC facilities.
- Computer-Based Information System: The AEC developed computer-based information system is being refined under cooperative arrangement with Euratom involving the preparation of computer tapes of AEC Nuclear Science Abstracts using Euratom-developed keywords; four of the AEC specialized information centers are participating in a cooperative international exchange of nuclear data information under agreement with the European Nuclear Energy Agency.
- Joint Reactor and R&D Program: AEC has had a formal arrangement for cooperation with Euratom since 1959 aimed at providing incentives for bringing large-scale nuclear reactors of U. S. types into operation within the Community. This agreement

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entails provision of U. S. credit, support of research and development using U. S. contractors, and U. S. guarantees for purchase of plutonium, chemical reprocessing, and availability of enriched uranium.

As part of the joint reactor program the three power reactors that have been approved for participation in a joint program with the AEC are SENN (Italy), SENA (Franco-Belgium Border), and KRB (Germany). The AEC has established a U. S. -Euratom Joint Program of cooperative research and development related to the types of reactors being constructed under the Joint Reactor Program.

- Materials Policy: A crucial aspect of AEC policy has been to supply basic materials to atomic energy programs, particularly enriched uranium, on the basis of non-discriminatory terms and conditions applicable to both foreign and domestic users.

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February 28, 1967

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Rainmaking in India

The rainmakers in India report: rain has been produced in clouds that otherwise would probably not have provided rain naturally. Because humidity is already very low at this time of year, in some cases none of the rain reached the ground. In other instances, rain did reach the ground over areas of 10 to 30 square miles, though they can't say how much. Regretfully, virtually no useful clouds ever appeared over the areas needing rain the most.

Despite the limited results of this experiment, they conclude that economically useful amounts of rain can be produced over much of India during and after the monsoon season when there is usually abundant nonraining cloud cover.

State and the scientists are sorting out what kind of a statement to issue -- if any.

W. W. Rostow

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Authority State 1-25-78, nsc 4-27-80
By rg (JK), NARA, Date 3-25-91

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February 27, 1967

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Farewell letter for departing Afghan Ambassador

The Department of State requests your signature on the attached farewell letter to Ambassador Dr. Abdul Majid, of Afghanistan. He is off to be Ambassador in London. He has done a good though inconspicuous job for his country here.

He will be going home to Kabul before taking up his position in London and will no doubt see P. M. Maiwandwal prior to his trip here.

Such gestures as this are appreciated out of all proportion to the time they take.

W. W. Rostow

Att: letter for signature

WWR:HW:lw

12
FEB 27 1967

Dear Ambassador Majid:

My good wishes go with you on your new assignment. The three years you have spent here have seen close and cordial relations between our countries. This has been due in no small part to your sincerity and effectiveness. All of us will miss you.

Sincerely,

Dr. Abdul Majid
Ambassador of Afghanistan
2341 Wyoming Avenue
Washington, D. C.

WWR:HW:lw
2/27/67

Monday, February 27, 1967
6:05 p. m.

Mr. President:

Herewith Howard Wriggins'
flash assessment of the Indian
election.

W. W. Rostow

WWRostow:rlh

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

February 27, 1967

TO: W. W. Rostow

FROM: Howard Wriggins

SUBJECT: The Indian elections -- a word for the Tuesday luncheon

Secretary Rusk may bring up a brief review of India's elections. The results make clear several things:

1. The Indians have demonstrated a working democracy -- they have gone to the polls and many have voted against the party which has ruled for twenty years. They proved their belief that the polls were secret and honest, and they made discriminating choices as among candidates. This is no mean feat. And we should respect the accomplishment this represents in a huge traditional society.
2. Many of the moss-back, Tammany Hall hacks were swept out. This will complicate the successor government's task of manning its Ministries and party posts, but it will force forward a new generation, concerned not with the old fights of independence, but the new issues which lie ahead -- this is a Goode Thing.
3. Congress will still have preponderance in the Lokh Sabha. Thus far, it holds 250 seats. Its nearest rival is the Swatantra Party, with 42 seats. There are over 30 seats held by Independents, and a number of these can be lured to support Congress or to take office in a Congress Government. The balance of the opposition is divided among 5 other parties. Congress' discipline is likely to be much better than hitherto.
4. Language fears of Hindi domination played the key role in Madras state; factional and caste differences swept Kerala Communists into power; factional splits in Orissa gave a majority to an unlikely combination of free-enterprise Swatantra members allied with feudal traditionalists (an unlikely combination). The particularity of issues is dramatized by the defeats of conservative Congress boss S. K. Patil and leftist Krishna Menon in the same city.
5. It is too early to assess how economic cramp played into the election; but there is no doubt that the growing awareness of

stringency and rising food and other prices contributed to increased criticism of Congress.

6. The task of governance will now be more difficult, not less. State governments will pull harder against central control; Delhi's administrators will have to be more artful at persuasion, less ambitious in their controls. Centralized economic policies will be harder to implement, but agriculture was a State subject in any event.

7. Relevance

(a) While we do not talk much about this, a failure of the new Congress government will underline the failure of democratic practices in free Asia. And this will not be to our advantage.

(b) If any of us make public statements, we will want to stress the positive aspects of voter choice and opportunity for renewal of leadership and opportunities for younger leaders.

(c) We should carefully consider any new steps to put the screws on economic or other policies until the new government is well-formed.

MEMORANDUM.

THE WHITE HOUSE
WASHINGTON

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Pres file

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February 27, 1967

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Findley Waiver for Morocco

When King Hassan was here, you agreed to a PL 480 credit sale of 167,000 tons of wheat worth \$11.3 million, repayment to be half in dollars and half in local currency. Before negotiations can start, we need your signature on the attached waiver to the Findley Amendment.

The main reason for a waiver in Morocco's case is its barter of phosphates for Cuban sugar. The King has agreed to end trade in all items that PL 480 prohibits waiving. When he was here, he also assured Secretary Rusk that he would phase down his phosphate exports but he asked help in finding new markets. We believe his assurance is a fair basis for your waiver.

Morocco's barter with Cuba has been a persistent problem -- largely because it's clearly the best deal Morocco can make to buy badly needed sugar. We've tried for a couple of years to help them work out a good arrangement elsewhere. We've even tried three-way barter involving our own commodities. But so far we haven't hit on a good solution. Hassan understands the politics of our problem and obviously has no heart in helping Cuba. It's been pure economics, but even at that he's trying to work with us.

Attached is a report from State indicating they have consulted with the Leadership of both Houses and of the appropriate committees on the above deal, and there are no objections.

If you want to go ahead on this for Morocco as agreed with Hassan, the next step is to sign the attached so negotiations, can legally begin.

W. Rostow
W. Rostow

DECLASSIFIED
E.O. 12356, Sec. 3.4
NJ 91-323
By lip, NARA, Date 11-18-93

CONSULTATION WITH CONGRESS ON PL 480 WHEAT SALES TO MOROCCO

Consultation was conducted during the period February 2-9, just before the arrival of the King of Morocco, by Department officers with the Leadership of both Houses and of the appropriate committees. It was explained to them that we proposed to sell approximately 167,500 metric tons of wheat to Morocco on concessional terms repayable half in dollars and half in local currency. It was stated that Morocco has no trade with North Vietnam and had given us satisfactory assurances that it would take steps to terminate that portion of its trade with Cuba for which no exceptions can be made under the new legislation as soon as possible. None of those consulted raised any objections to the transaction. Majority Leader Albert, who was not in town during the earlier period, was informed of the transaction in general terms on February 24 and said that it gave him no trouble whatever.

H.G. Torbert, Jr.

February 25, 1967

~~CONFIDENT~~

2/27/67

18a

PRESIDENTIAL FINDING

Subject: Morocco--Finding that Sales Agreements are in the National Interest

In accordance with Section 103(d) of the Agricultural Trade Development and Assistance Act of 1954, as amended, I have reviewed the status of Morocco for purposes of sales of agricultural commodities under Title I of that Act.

As a result of that review, and as required by Section 103(d) (3) of the Act, I hereby find that the making of sales agreements with Morocco under Title I of the Act is in the national interest of the United States. This finding applies to each such sales agreement with Morocco entered into during the Fiscal Year 1967. The reasons for this finding are set forth in the accompanying statement, which shall be made available to the Senate and House of Representatives and published in the Federal Register together with this finding.

* LBG

~~CONFIDENTIAL~~

DECLASSIFIED
E.O. 12356, Sec. 3.4
NEJ
By _____, NARA, Date _____

DECLASSIFIED

Authority NLS 91-294

By cb, NARA, Date 10-21-98

~~CONFIDENTIAL~~

STATEMENT OF REASONS THAT PUBLIC LAW 480
SALES TO MOROCCO ARE IN NATIONAL INTEREST

The United States and Morocco have enjoyed cordial relations since the United States obtained its independence. The strategic importance of these relations is evident from Morocco's geographical position at the entrance to the Mediterranean and its proximity to the United States along the Atlantic. Since Moroccan independence its government has been stable and moderate, exercising a positive influence with other non-aligned African nations and in the Arab world, the Organization of African Unity and the United Nations. It is our policy to support this government which is developing Moroccan economic resources. These resources will be devoted to attaining higher standards of living, broader educational opportunities and improved health facilities in order for the Moroccan people to achieve a fuller participation in the benefits of modernization.

As a result of a severe drought during the last crop year, Morocco's wheat production was only 60 percent of normal levels. Total import requirements during Fiscal Year 1967 are estimated at 890,000 metric tons as compared with 325,000 metric tons for the previous year. This need for imported wheat has put a burden on Moroccan foreign exchange reserves. Morocco had serious foreign exchange payments difficulties in 1963 and 1964 and has not yet fully recovered. To meet its basic food requirements, Morocco has already contracted for large commercial purchases from the United States and is making maximum use of its own resources.

To alleviate the burden created by this exceptional situation, the United States programmed 335,000 metric tons of wheat for delivery during Fiscal Year 1967 under the sales provisions of Public Law 480. During July 1 to December 31, 1966, one-half of this amount was delivered. The remainder is needed during the second half of Fiscal Year 1967.

In 1965 Morocco exported to Cuba non-strategic food-stuffs, agricultural products and raw materials for agriculture valued at about \$7 million. In 1966 these exports amounted to about \$6 million. Morocco depends heavily on Cuban sugar and has paid for this sugar under barter terms. Despite its

DECLASSIFIED
E.O. 12356, Sec. 3.4
NJ 91-291
By sp. NARA, Date 11-25-91

~~CONFIDENTIAL~~

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-2-

great dependence on Cuban sugar, the Moroccan Government is continuing to seek other markets for these exports. For these items, the President may make an exception if he finds it in the national interest.

In 1965 Morocco exported to Cuba \$941,000 worth of goods for which no exception can be made under the new legislation. These exports included such non-strategic items as footwear, leather manufactures, refractory brick, cement and asbestos pressure pipe, buttons and plastic containers. No significant change in the amount and types of products is believed to have occurred in 1966. The Moroccan Government has assured the United States Government that exports of these items for which no exception can be made will be terminated immediately.

~~CONFIDENTIAL~~

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

February 27, 1967

MEMORANDUM FOR THE PRESIDENT

SUBJECT: A chance for favorable publicity in South Asia -- a brief interview with an Indian boy with a heart ailment

You might want to take this opportunity to dramatize in South Asia your concern for young people down on their luck and the superiority of American medicine.

A 17-year old Indian from Kerala State (which recently elected a Communist government) is being brought to the U. S. by some clergymen in Detroit for an operation on a rheumatic heart to be performed by Dr. M. E. De'Bakey of the Methodist Hospital in Houston. He can get no adequate treatment in India. Dr. E. Stanley Jones of New York has arranged food and hospitality while in this country.

The boy is most grateful to Americans for helping him in this way, and he asks if he could thank you personally. He will be in New York between April 1 and 15 before going to Texas for the operation on April 16.

Ordinarily, we wouldn't bother you with a thing like this. But we could have the Indian newspapermen and photographers in and it would serve to project you as a warm-hearted man who cares about individuals even while grappling with Vietnam, huge budgets, Indian food, the Great Society, etc.

I'm not pressing this, but thought you'd want to have a chance to say yes or no.

Yes ☒
No ☐

W. Rostow

17 George Koshy
c/o H. E. Koshy

L. I. C., DEVELOPMENT OFFICER,
QUILON, KERALA,
INDIA.

19a
BHARAT BHAVAN,
PUTHEN CAVOO, P. O.,
KERALA.

Mr. Lyndon Johnson,
President,
United States of America,
Washington.

H
Most Respected President,

I am the second of my father's nine children. I am aged 17. I developed a rheumatic heart in 1964. My father took me to Velloore Christian Medical College Hospital the same year. Diagnosis there showed I have mitral stenosis and Aortic incompetence.

In India we have no treatment for aortic incompetence. Hence Experts in Velloore advised my father to take me to America for replacement of my aortic valve.

After corresponding with several Hospitals in America your great Doctor M.E.De'Bakey of the Methodist Hospital, Houston, Texas offered to treat me free. Dr. E. Stanley Jones of New York arranged free accommodation and food for us during our stay in Texas. Rev: Dr. Allen A. Zaun of Detroit very kindly collected sufficient dollars for our plane fare.

In short your great nation and its generous people have now completed every arrangement for my treatment and return.

Now I have one wish left. That is to see face to face and thank the President of such a generous nation before I am taken to the operation theatre of the Methodist Hospital in Houston on 26th April 1967.

I will be in New York from 1st April to 14th April 1967. Will you please spare one minute and permit me to meet you in White House, Washington.

Thanking you in anticipation of an early favour,

8-2-1967.

Yours Sincerely,
George Koshy

Pres file

~~CONFIDENTIAL~~

Monday - February 27, 1967

MEMORANDUM FOR THE PRESIDENT

SUBJECT: OAS Summit Preparations

DECLASSIFIED
E.O. 12356, Sec. 3.4
NIJ 91-323
By 48, NARA, Date 11-18-93

Yesterday the Buenos Aires Foreign Ministers' conference closed with public announcement of these recommendations on the Presidential meeting:

Place: Punta del Este, Uruguay.

Date: April 12-14, 1967.

Agenda: See Tab A.

Preparatory Mechanism: A committee of Presidential Representatives to convene in Montevideo March 13-27 to prepare the documents on which the Presidents will act, followed by a short meeting of Foreign Ministers to review and put the final touches on the documents.

The Buenos Aires deliberations show that the Latin Americans are prepared to take most of the hard decisions contemplated in our Summit package:

- to establish a Latin American Common Market during the decade of the 1970's to be in full operation by 1980;
- to step up the pace of integration through multinational projects;
- to give agriculture -- particularly food production -- more attention and resources;
- to modernize and expand educational systems; and
- to eliminate unnecessary military expenditures.

~~CONFIDENTIAL~~

The Latin American Foreign Ministers were interested in knowing whether they could count on additional US support, but did not insist on figures. Secretary Rusk and Bunker stuck to the line that we are prepared to help but cannot reach any decision on magnitude until the Latins take certain basic decisions to help themselves.

We have six weeks in which to get ready for the Summit. These are the immediate tasks which make an early meeting with you important:

Agreement on the Summit Package: You will recall from the meeting with Secretary Rusk before he left for Buenos Aires that Joe Fowler and Bill Gaud are opposed to certain elements of State's recommended package. We need your decision on points at issue.

Joint Resolution: As you requested, we have drafted a resolution based on State's Summit package and the results of the BA meeting (Tab B). We need your approval and guidance on the strategy to be followed in getting it through the Congress.

Presidential Representative: We must find a high level person to work on the Summit Preparatory Committee which will meet in Montevideo March 13-27. He should know Latin America, be able to work well with Latinos, and have a flare for good drafting.

I will prepare a guidance memorandum covering each of these points in detail. The purpose of this memorandum is to obtain your approval of a meeting with Secretary Rusk, Secretary Fowler (or Barr in his absence), Bill Gaud, Charlie Schultze, Sol Linowitz and Bob Sayre (in Linc Gordon's absence). Jim Jones tells me that your schedule is free on Wednesday, March 1, at 5:30 or 6:00 p.m., or Thursday, March 2, at 11:00 or 11:30 am.

W. W. Rostow

Approve Wednesday meeting ☒

Approve Thursday meeting ☐

Speak to me ☐.

Attachments - Tab A & B.

AGENDA FOR SUMMIT MEETING

at Punta del Este, Uruguay

April 12 - 14, 1967

Intensification of Inter-American Cooperation in Order to Accelerate
the Economic and Social Development of Latin America and Reaffirm-
ation of the Charter of Punta del Este

- I. Latin American economic integration and industrial development.
- II. Multinational action for infrastructure projects.
- III. Measures to improve international trade conditions in Latin America.
- IV. Modernization of rural life and increase of agricultural productivity, principally of food.
- V. Educational, technological, and scientific development and intensification of health programs.
- VI. Elimination of unnecessary military expenditure.

JOINT RESOLUTION

To support the other American Republics in a historic new phase
of the Alliance for Progress

WHEREAS it has been an historic policy of the United States to
work in close harmony with our sister American Republics
to promote the well-being and enhance the security of the
Hemisphere; and

WHEREAS the United States joined with the other American Republics in 1959 in establishing the Inter-American Development Bank and in 1960 in approving the Act of Bogota which called for the launching of a "program for social development", and "prompt action of exceptional breadth in the field of international cooperation and domestic effort" to promote economic development; and

WHEREAS the Congress has strongly supported the Alliance for Progress, enabling the United States to play its full part in the fulfillment of the mutual undertaking as set forth in the Declaration to the Peoples of America and the Charter of Punta del Este, signed on August 17, 1961; and

WHEREAS during the first half decade the Alliance for Progress, the cooperative efforts of the American Governments and

peoples have stimulated economic growth, encouraged institutional development, broadened the exercise of representative democracy and strengthened the internal security of the Latin American Republics against Castro-Communist subversion; and

WHEREAS experience has now made clear that in order to achieve self-sustaining growth under conditions of freedom, social justice and broadened opportunity for all and to provide adequate food supplies and productive employment opportunities for growing populations, there must be a significant increase in the rate of economic growth thus far achieved under the Alliance for Progress; and

WHEREAS the achievement of this goal is in great part dependent upon an accelerated movement to integrate the economies of the Latin American countries and a major effort to modernize the education and agricultural sectors, with special emphasis on science and technology and involving substantial increases in the commitment of resources to these purposes and commensurate changes in national policies and practices; and

WHEREAS the nations of Latin America have demonstrated in recent years, and clearly reaffirmed at the recent XI Meeting of

of Foreign Ministers, a growing interest in the broadening of regional markets and the expansion of economic opportunities through closer economic integration looking toward the goal of a Latin American Common Market; and

WHEREAS it is also imperative to mobilize the will and energy of Latin America for community action, participation and cooperation to accelerate the process of development so that all people become contributors and beneficiaries of this progress; and

WHEREAS the meeting of Presidents of the American Republic provides an historic opportunity to set in motion policies and actions that will make the decade of the 1970's a decade of singular Latin American achievement in unity, prosperity, stability and impact on the world scene; and

WHEREAS if the leaders of the other American Republics are prepared to assume the commitments to launch this critically important new phase of the Alliance for Progress, the United States should stand ready to support them with substantial resources;

Therefore be it

RESOLVED by the Senate and the House of Representatives of the
United States of America in Congress Assembled,

That the Congress recommends, in support of the concept of a Latin American Common Market and after appropriate steps have been taken toward progressive establishment of such a Market, that the United States provide through the Inter-American Development Bank standby resources to be matched by Latin American countries to provide integration adjustment assistance to facilitate the transition to a fully functioning Latin American Common Market.

I The Congress, having in mind the success of the OEEC, the EPU, the EEC and the EFTA which has made possible such a rapid improvement in the standard of living of the European people and has led to increased trade both within and with the European area, and recalling the role of the U.S. in furnishing assistance that contributed to the success of European integration efforts, invites the European Governments to join the United States in the contribution of funds for integration adjustment assistance of the Latin American Common Market. I^{1/}

1/ Inclusion of this paragraph is subject to advance consultation with European Governments.

The Congress further recommends that the United States join with the other members of the Inter-American Development Bank, in the provision of additional resources to that institution to be used for financing multinational projects which promote Latin American economic integration.

Further, the Congress recommends that the United States provide an increase in assistance under the Alliance for Progress for programs of education and agricultural modernization, the nature and amount of such assistance to be dependent on demonstrated need and adequate self-help by the recipient countries.

The Congress recommends that the United States be prepared to make available, in support of the foregoing objectives and in relation to progress by the Latin American countries toward the goals of economic integration and in the mobilization of domestic efforts and resources to advance the purposes of the Alliance for Progress, up to \$1.5 billion over a period of five years in addition to continuing financial and technical assistance provided in accordance with the Charter of Punta del Este.

Tuesday, Feb. 28, 1967
12:15 p.m.

MR. PRESIDENT:

I don't know how much good I did in England,
but this report in the London Times may
interest you.

This spot on the editorial page guarantees the
British Establishment will, at least, read the
piece.

I'll send up, when I get it, the transcript of
what I said on the BBC.

W. W. R.

Tuesday, February 28, 1967
12:00 noon

Mr. President:

In order to act on your decision,
we require your signature on the
Presidential finding, now on top of
this file.

W. W. Rostow

Pres file

Monday, February 27, 1967

Mr. President:

The other day you sent a letter to Phya Srivisar, an important advisor to the Thai Prime Minister, on the occasion of his seventieth birthday. It had quite an impact as you will see from the attached letter of thanks which came in today. I thought you would want to see it.

W. W. Rostow

Att.

Dear Mr. President,

Your Excellency's message of personal congratulations and good wishes on the occasion of my seventieth birthday has been transmitted to me through the Embassy of the United States of America.

You have, indeed, conferred upon me a very great privilege, which will always live in my memory with a feeling of gratefulness and appreciation. Your kind reference to the work I have done gives me courage and encouragement in the pursuance of my duties. I hasten to assure your Excellency of my very deep and heartfelt thanks and appreciation.

I have been one of your admirers for the unfailing courage and determination with which you have acted so promptly in the cause of world peace and tranzuiility. Your far-sightedness in sympathizing (with) and helping the smaller nations is fully appreciated by all fair-minded people in the region of Southeast Asia, and I have no doubt that it will subsequently be recorded in the annals of history.

I avail myself of this opportunity to assure you, sir, of my deep respect and highest consideration.

Phya Srivisar
Assistant and Adviser to the Prime Minister

1. ~~copy~~
2. Pres file

Monday, February 27, 1967

~~CONFIDENTIAL~~

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Aid to Korea for 1967

DECLASSIFIED
E.O. 12356, Sec. 3.4
NLJ 91-323
By ing, NARA, Date 11-18-93

AID asks your approval to negotiate a stabilization agreement with Korea. We would provide up to \$57.5 million of program assistance during Calendar 1967. The package would be:

-- \$42.5 million in grants (\$32.5 million in FY 1967; \$10 million in FY 1968). Purpose: to support Korea's defense budget. Total is \$10 million less than in Calendar 1966.

-- \$15 million program loan (all in FY 1968). Purpose: to help promote economic development. Level is the same as in Calendar 1966.

Above funds are included in 1967 and 1968 budgets. 1968 funds would be offered subject to availability.

Table in attached memo from Budget shows the phasing down of our aid to Korea: \$140 million in 1966; \$117 million estimated in 1967; \$90 million estimated in 1968.

Overall purpose of our assistance:

- (1) to help Korea maintain present military force levels;
- (2) to assist Korea in desirable development programs;
- (3) to provide an incentive for the Koreans to continue their anti-inflationary program.

We will regularly review Korean performance before releasing funds under the stabilization program. Last year, we held up \$7.5 million because of failure to meet certain economic targets.

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I suggest that we go ahead with the \$42.5 million grant program now. We mention to the Koreans the possibility of a \$15 million program loan, but tell them we will be reviewing this in mid-summer. We will want to see how good the Korean performance has been in achieving stabilization targets.

W. W. Rostow

Att.

Approve \$57.5 million package



Approve the package but want to
review the proposed program
loan in July



Disapprove

See Me

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

EXECUTIVE OFFICE OF THE PRESIDENT
BUREAU OF THE BUDGET
WASHINGTON 25, D.C.

FEB 23 1967

DECLASSIFIED

E.O. 12356, Sec. 3.4

NJ 91-323

By ing, NARA, Date 11-18-93

MEMORANDUM FOR THE PRESIDENT

Subject: 1967 AID Commitment to Korea

AID requests your approval to negotiate a stabilization agreement with the Korean Government under which the U. S. will provide up to \$57.5 million of program assistance during this calendar year. The program assistance would consist of:

- . \$42.5 million in grants (\$32.5 million in FY 1967 and \$10 million in FY 1968) to support the Korean defense budget, \$10 million less than in calendar year 1966.
- . \$15 million program loan (all in FY 1968) to help finance government economic development activities, the same level as in calendar year 1966.

The funds are included in the 1967 and 1968 budgets, and the 1968 funds would be offered subject to availability.

Discussion

Total assistance to Korea is phasing down:

(millions of dollars)

	<u>FY 1966</u> Actual	<u>FY 1967</u> Estimate	<u>FY 1968</u> Estimate
Supporting assistance grants	\$60	\$45	\$40
Program loans	10	15	15
Project loans	70	57	35
Total economic aid	<u>140</u>	<u>117</u>	<u>90</u>
P. L. 480 foreign currency sales	53	47	43
MAP grants	158	165	160

The performance of the Korean economy over the past several years has been extremely encouraging. In 1966:

- . Real GNP rose by more than 10 per cent;

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- . Exports increased 50 per cent;
- . Savings almost doubled, reaching 11 per cent of GNP, largely as a result of a reform in interest rate policy;
- . Inflationary pressures were kept under control, with wholesale prices increasing 8 per cent.

Because exports have grown rapidly and Korea has begun to attract private foreign investment, it is much less dependent upon the U. S. for balance of payments support than it was only a year or so ago. However, AID plans to continue to provide program assistance in reduced amounts:

- . To help Korea maintain its present military force levels, (The costs of Korean troops in Vietnam are financed separately by DOD);
- . To assist the Korean Government in undertaking desirable development programs without resorting to deficit financing;
- . To provide an incentive for the Koreans to adhere to a stabilization program which will keep inflationary pressures in check.

Performance against fiscal and monetary policy goals is reviewed before releasing AID funds under the stabilization program. Last year AID held up \$7.5 million as a result of the Koreans' failure to meet the targets.

AID will mention the program loan to the Koreans now in order to enhance our negotiating position. However, we do not plan to commit the program loan until July, at the earliest, and then only if the Koreans' performance against stabilization targets in the first half of the year has been satisfactory. Releases of the program loan will be conditional upon Korean foreign exchange requirements as well as their stabilization performance.

All funds provided will be used for procurement in the U. S., and the list of eligible commodities will be selected so as to minimize any adverse effects on our balance of payments. Under Secretary Barr concurs in the importance of these balance of payments safeguards.

I recommend that you approve the \$57.5 million in program assistance proposed for negotiation.

(signed) Sam Hughes

PHILLIP S. HUGHES
Acting Director

_____ Approve the entire \$57.5
million package
_____ Approve the package but come back
to me before signing the \$15 million
program loan in July
_____ Disapprove

Alan Williams
X-4204

~~CONFIDENTIAL~~

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2410

DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D. C. 20523

OFFICE OF
THE ADMINISTRATOR

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Authorization to Make a New Commodity Assistance
Commitment to Korea

I am requesting your authorization to furnish a total of up to \$57.5 million in commodity assistance to the Republic of Korea during calendar year 1967.

This commodity assistance will be made up of \$32.5 million in fiscal year 1967 Supporting Assistance grants, approximately \$10 million in fiscal year 1968 Supporting Assistance grants, and up to \$15 million in a fiscal year 1968 Program Loan. These funds will be used to finance imports of industrial raw materials. The local currency receipts from the sale of these materials will be used to help support Korea's military budget and to finance activities and projects directly related to the economic development of Korea. Their release will be tied to and dependent on Korean self-help measures in meeting agreed stabilization goals. Any commitment of Fiscal Year 1968 funds to the ROKG will be made subject to the availability of funds and can be implemented under present law.

The amounts requested will support the Korean Second Five-Year Plan, in which the Koreans for the first time have accepted our oft-repeated statement that Supporting Assistance will be gradually phased down to zero by 1972. Our flexibility to accelerate this reduction is politically limited by the Korean commitment of 45,000 troops in Vietnam. The \$15 million reduction from our fiscal year 1966 Supporting Assistance level of \$60 million to fiscal year 1967's \$45 million is already \$5 million larger than the Koreans have anticipated. Although Korea's foreign exchange reserves are growing, they now approximate four months' import requirements, which neither the IMF nor AID considers excessive.

The Supporting Assistance program has, for several years, been a key element in negotiating and implementing the annual Korean stabilization program. The overall stabilization target for calendar year 1967 will be based on an expected growth of real GNP of 10 percent and an increase in wholesale prices of at most 7 percent. Past stabilization programs have succeeded in holding prices down, permitting an annual growth rate in gross national product of over 8 percent in the past three years.

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E.O. 12356, Sec. 3.4

NLJ 91-320

~~CONFIDENTIAL~~

By ijp NARA, Date 3-2-92

~~CONFIDENTIAL~~

MEMORANDUM FOR THE PRESIDENT

-2-

These stabilization programs are designed to encourage economic growth while preventing the extreme inflation of earlier years which disrupted Korea's economic growth. Releases of funds are dependent on Korea's performance in meeting fiscal and financial targets agreed on in advance. For example, stabilization performance in the third quarter of calendar year 1966 indicated that a number of 1966 end-of-year targets would not be met. Consequently, \$7.5 million out of a total of \$20 million of 1967 Supporting Assistance funds which we planned to release in connection with the 1966 Stabilization Program were withheld. This \$7.5 million is included in the \$32.5 million shown above. The release of this \$32.5 million will depend on Korea's success in controlling inflationary pressures in the fourth quarter of 1966, now being evaluated, and on their agreeing to and implementing a satisfactory 1967 Stabilization Program. If Korea's stabilization performance is unsatisfactory, we plan to withhold \$5 million of this amount.

Korea's stabilization performance will also be the major factor in determining whether they will be offered a Program Loan of up to \$15 million. However, in addition, due consideration will be given to the status of Korea's foreign exchange holdings in determining whether the \$15 million of Program Loan funds is finally released.

Tying our commodity assistance program to Korea's annual stabilization effort in this manner enables us to exert maximum pressure on the Korean Government to manage its economy within the framework of annually agreed upon stabilization programs.

Procurement under both the Supporting Assistance grants and the Program Loan will be tied to the United States, so as to minimize the adverse effect on the U.S. balance of payments.

/s/ William S. Gaud
William S. Gaud

~~CONFIDENTIAL~~

THE WHITE HOUSE
WASHINGTON

Tuesday, Feb. 28, 1967
11:00 a. m.

MR. PRESIDENT:

Herewith Kosygin's reply to you on ABM's,
and Gromyko's supplementary remarks to
Thompson.

In short, they are willing to talk; but leave
the ball in our court for the first move.

Bob McNamara would like us to discuss this
at lunch.

W.R.

~~SECRET~~ attachments

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~~SECRET~~ - Nodis

Tuesday, February 28, 1967

TEXT OF CABLE FROM AMBASSADOR THOMPSON (Moscow, 3676)

The following is the Embassy translation of Kosygin's letter to the President:

Moscow
February 27, 1967

Dear Mr. President:

We have carefully studied your message transmitted by Ambassador L. Thompson.

Your words about what great importance you attach to the improvement of relations between our two countries cannot but meet with a favorable response on our part. The confidential exchange of views through the communication channels mentioned in your message is undoubtedly useful both from the standpoint of a search for possible ways for a solution to certain international questions and from the standpoint of at least a better understanding of the positions of both sides on various problems.

As to the question referred to in your message regarding the possibility of reaching an understanding between us which would contain the strategic armaments race, the Soviet Government has always advocated and still advocates the curtailment of a race regarding any and all armaments. We are deeply convinced that a real guarantee of peace and actual means of strengthening national and international security can be provided only by concrete steps in the field of disarmament, including nuclear, rather than by a desire to solidify some "balance of power" -- which in any case each side understands in its own way.

Proceeding from this understanding of the problem, we are prepared to continue the exchange of views on questions relating to strategic rocket-nuclear weapons. As we understand it, you are in

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Authority FRUS 1964-68, Vol. XI, Item 185

By CB, NARA, Date 10-13-98

~~SECRET~~ - Nodis

agreement with our view that such questions must be considered as a complex, including both offensive strategic nuclear delivery systems and systems of defense against ballistic missiles.

Certain additional considerations of the Soviet side regarding an approach to a solution of these questions are being transmitted through Ambassador Thompson. Nor do we exclude the possibility of holding in the future, as you suggest, a special meeting of our appropriate representatives for a more detailed discussion of this entire problem.

Naturally, much more favorable conditions for business-like consideration of this as well as other problems of mutual interest would be created if the situation in the world as a whole were normalized and above all such hotbeds of tension as that in Vietnam were liquidated. In this connection, one would like to think that the hope expressed by you that peace will return to our planet will be supported by appropriate practical action on your part.

Respectfully,

A. Kosygin

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~~SECRET - Nodis~~

Tuesday, February 28, 1967

TEXT OF CABLE FROM AMBASSADOR THOMPSON (Moscow, 3674)

At nine-thirty this morning, Gromyko handed me Kosygin's reply to the President's letter on ABM's and made some oral remarks. The Embassy translations of both follow in separate telegrams.

I said that in view of the importance of this matter, it would be better to await instructions before commenting in detail. I said that we approached the problem from the point of view of our security. As he pointed out, the international political situation was not the best and we considered that in these circumstances, deterrence was an important aspect of security. We recognized that they had an equal interest in this and we were not particularly disturbed that they were hardening their missile sites. The installation of an ABM system, however, introduced an entirely new element. This could have important effects not only from a strictly military point of view in starting the vicious circle to which he had referred, but also could have important psychological effects. These would not be confined to our two countries but would affect many other nations.

In conclusion, I pointed out that we were under considerable pressure from the press to know whether there had been any answer to the President's letter or whether discussions were going on. I asked if he had any views on this. He replied that they would make no statement but indicated that what we did was up to us. Please advise whether the Department or White House intends to make any statement and what I might say to the press here.

DECLASSIFIED

Authority 762 89-148

By ry/up, NARA, Date 3-26-91

~~SECRET - Nodis~~

SECRET - NODIS

February 28, 1967

TEXT OF CABLE FROM AMB. THOMPSON (MOSCOW 3675)

The following is Gromyko's oral statement made to me today in connection with Kosygin's message to the President:

Begin text:

We note with satisfaction the agreement of the US Government with the opinion of the Soviet side that the question concerning achievement of a mutual understanding on anti-missile defense systems should be considered simultaneously with the solution of the question of offensive nuclear delivery means. Such a combined approach is in this case the only correct one, since it would permit a real discussion of the broad objectives concerning both containment of the arms race and disarmament questions.

However, as can be understood from your statement, the American side proceeds from the premise that as a point of departure for consideration of these problems it is necessary to recognize the present strategic situation as "most stable" and to seek to preserve it for the future. Unfortunately, in real life such "stability" by no means precludes the risk of nuclear conflict. This is especially true in the present situation which is characterized by the existence of dangerous hotbeds of international tension. A buildup of the means of nuclear attack which is being carried out in the US and the militant mood of certain US allies which is finding support among influential American circles further exacerbate the tenseness of the situation.

The presently existing strategic situation, which you call stable, has another dangerous aspect. As a matter of fact, one can speak of the concept of "stability" at any given moment only in very relative terms, as of a combination and inneraction of many factors which are understood differently by the parties. Such "stability" creates in practice a situation where one party in providing for its security is compelled, in response to the accelerated production and accumulation of offensive strategic rocket-nuclear means by the other party, to take steps for strengthening its defense capabilities, while the other party in turn sees in this reason for moving to a new and higher level in the armaments race spiral.

DECLASSIFIED

Authority FRUS Vol. XI, Item 186

By cs, NARA, Date 10-15-98

SECRET - NODIS

~~SECRET~~ - NODIS

We believe it necessary to find a way out of this vicious circle. This in our view can be done only if we seek equally to ensure the security of each side rather than attempt to solidify such a correlation of forces as this or that party regards at a given moment to be advantageous to it. Such an approach, in our view, would meet the interests not only of our countries but also of other nations, and it would meet the interests of the world at large.

It seems to us that the best way towards nuclear disarmament which would take into account the considerations expressed above would be to destroy all offensive weapons and, in any event, to reduce to a minimum the arsenals of means for a rocket-nuclear attack, leaving--and then only temporarily--only strictly limited amounts of such means. In such a case apparently no great difficulties would arise for the solution of the anti-missile defense problem either.

In our view, it is important first of all to reach some common understanding with regard to the approach itself to the solution of this problem, after which one could move to a discussion of more specific questions.

We would be prepared to consider any additional considerations which the American side might wish to express on this matter. In this connection, we do not exclude holding in the future, if it proves necessary, a special meeting or meetings of our appropriate representatives for more detailed discussions of this entire problem.

End of text.

~~SECRET~~ - NODIS

DECLASSIFIED
E.O. 12356, Sec. 3.4
NIJ 91-322

Pres file

By 128, NARA, Date 12-2-92

LITERALLY EYES ONLY

~~TOP SECRET~~

Monday, February 27, 1967 -- 9:55 p.m.

Mr. President:

With respect to the proposed Viet Nam conference in March:

1. For the reasons set out below I believe it a good idea if two conditions can be fulfilled:

-- It does not interfere with the success of the Latin American Summit conference. Having come so far with preparations in Latin America, we would be subject to criticism if we did not follow through and appeared to permit Viet Nam to interfere with the Hemispheric meeting. On the other hand, I see no reason whatsoever why we cannot prepare for both.

-- If we prepare the way with our fighting allies so that the meeting does not appear either convulsive or a peremptory summons by the U.S. to satellites. The tone should be that you are asking your allies to take counsel together with us at a critical stage in: the war itself; the political evolution of South Viet Nam; and to look ahead to peace negotiations and beyond. As compared to the situation in Manila, they are all more firmly in the saddle with respect to Viet Nam and more capable of behaving like responsible allies.

2. The general purpose and tone of the conference should be: pouring it on to achieve peace and reconciliation at the earliest possible moment. Unless we get a major breakthrough in the next month -- which is doubtful -- this would not be a victory conference; but it should have something of the tone of President Roosevelt's Teheran conference; that is, beginning to look a bit beyond the war to peace.

3. Attached is a first try at an agenda. It would provide the basis for headlines under three of the four Manila headings; that is,

-- an accelerated military effort;

-- an accelerated effort at economic and social development, including land reform and long-term postwar planning.

-- an accelerated effort at reconciliation inside South Viet Nam, plus heightened unity among the fighting allies with respect to negotiations.

~~TOP SECRET~~

~~TOP SECRET~~

-2-

The fourth element -- regional cooperation -- will necessarily be limited due to the absence of the Japanese, etc. ; although we can heighten the notion of South Vietnamese participation in Asian regional development and also repeat and strengthen the invitation to Hanoi to join in the Mekong, Asian Development Bank, etc.

W. W. Rostow

WWRostow:rlh

~~TOP SECRET~~

Proposed Agenda -- March 20-25, 1967

I. Military Policy

- a. Containing and destroying main force units (Westy)
- b. Interdicting infiltration (Westy)
- c. Accelerating pacification (Ky and Thang)
 - (i) Rural development goals (are goals too modest?)
 - (ii) Retraining the ARVN
 - (iii) Destroying the hard-core Viet Cong

Mr. President:

We now have the intelligence to begin to do the rifle job the British did in Malaya. It must be accelerated.

- (iv) Proportion of U.S. forces assigned to pacification (Westy)
- d. Getting U.S. Forces and civilians out of Saigon
- e. Increased Allied Forces: Australian, Korean, etc.

II. Political Policy

- a. The Presidential Slate: Ky -- Thieu.

Mr. President:

One of the greatest virtues of the meeting is that it will force Ky and Thieu to stay together. If they have not settled, by late March, which will run, you may have to settle it by taking Thieu up on a mountain and letting him see that leading the military, with our full backing, is his destiny for the next five years. I think I know how you could do this and what you could offer him.

- b. Amnesty policy
- c. GVN-NLF contacts

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E.O. 12356, Sec. 3.4
NLJ 91-322
By ijg, NARA, Date 12-2-92

~~TOP SECRET~~

-2-

d. A Dramatic Land-Reform Initiative.

Mr. President:

Chet Bowles is in with a not-foolish suggestion that the GVN make a bold move in this field. I've sent it to Bob Komer and encouraged him to come up with something concrete. This could be one centerpiece of the trip.

e. A Postwar Trip Development Plan

We should have the Vietnamese planning chief and Dave Lillienthal along and dramatize this.

f. Retraining the ARVN Veterans for Civil Life.

The Koreans developed an excellent program which has greatly contributed to subsequent rural development. I have interested the Pentagon and Westy in this. We should push it hard in the next round.

III. Diplomacy

a. Our Basic Negotiating Position

b. Consultative Arrangements with Fighting Allies

c. Getting Asians to Monitor 1954 and 1962 Accords

Mr. President:

We shall only have stability in Southeast Asia if people who live in Asia and have a stake in its peace and security guarantee the settlement. Poles, Indians, and Canadians don't have the vital interest or the spine. We must try to get the Japanese, Indonesians, Burmese in -- somehow; and we should begin to talk about it privately with the fighting club.

~~TOP SECRET~~

~~1. msg~~
2. Pres file

LITERALLY EYES ONLY

Monday, February 27, 1967
7:25 p.m.

Mr. President:

Herewith the two drafts you
requested on the phone.

The suggested first draft agenda
will be along later this evening.

W. W. Rostow

LITERALLY EYES ONLY

WWRostow:rlh

Dear Cabot:

I accept your resignation as our Ambassador to the Government of Viet Nam with a reluctance that can only be understood fully by those who know the quality of your service to your nation in these past years. There can be few men who have twice accepted such arduous duty.

Your task required great inner strength and subtle understanding for a hard-pressed people; wisdom and faith; courage and patriotism. You have shown all of these qualities in full measure.

In your period as Ambassador you have seen -- and contributed greatly to -- a remarkable forward movement in our affairs.

You have seen the tide turn in the field as our men and allies joined the South Vietnamese in fighting the aggression from the North.

You have seen the South Vietnamese take hold of their own destiny and begin to move towards constitutional government.

You have seen them begin to build a new life of security and progress in the countryside.

And, as these things happened in South Viet Nam, you have seen a new spirit of confidence and regional cooperation spread through Asia.

Your service -- and your name -- will always be associated with these great events.

You know that I shall be calling on you to serve your nation in the future as you have in the past.

Sincerely,

Honorable Henry Cabot Lodge
United States Ambassador
Saigon, Viet Nam

LBJ:WWRostow:rlh

February 27, 1967

MEMORANDUM TO: The Vice President
Secretary of State
Secretary of Defense
Special Assistant for Foreign Affairs

As we enter a phase of the war in Viet Nam which may be critical in military and diplomatic terms, as well as in political terms at home, I would wish you all to exercise the greatest caution and precision in statements about Viet Nam.

We must, in particular:

- speak with one voice;
- avoid being drawn into discussions of particular problems or contacts;
- avoid raising hopes among our people for an early end to the war, which may be dashed.

On the advice of the Secretary of State and the Secretary of Defense, I shall from time to time lay down positions on Viet Nam; and then we must all assure that the whole Government holds exactly to them.

WWRostow:rlh

Pres file ²⁸

Monday - February 27, 1967

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Invitation from Inter-American Defense Board

The Council of Delegates of the Inter-American Defense Board invites you to speak at the 25th anniversary ceremonies of the founding of the Board on March 28.

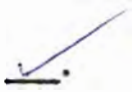
I see no plusses in your accepting this invitation and many minuses.

My recommendation would be for the Board to get a leading Latin American figure to do the honors. The US dominates the Board. This is one easy way of emphasizing Latin American participation.

If the Board insists on an American, I recommend General Wheeler or General Johnson, subject to prior consultation with Secretary McNamara.

W. W. Rostow

Accept invitation ____ .

Decline invitation
and support a Latin
American 

Decline invitation
but propose Wheeler
or Johnson, if
McNamara agrees ____ .

10 February 1967

My dear Mr. President:

On behalf of the Council of Delegates of the Inter-American Defense Board, I have the honor to invite you to attend the Twenty-fifth Anniversary Commemorative Session of this organization, to be held on Tuesday morning, the 28th of March, at 1030 o'clock, in the Hall of the Americas of the Pan American Union.

This significant Session will be attended by the Ambassadors of Latin American countries accredited to the Organization of American States and to the White House, and by dignitaries of the United States Government and Latin America, in addition to distinguished members of our Council of Delegates.

The inaugural Session of the Inter-American Defense Board, created by the Third Meeting of Foreign Ministers of the American Republics, was held in the same Hall of the Americas on March 30, 1942, and was also honored by the presence of high officials of the United States and Latin American nations.

The members of this international military organization would deem it a high privilege if you would graciously consent to participate in this Session in any manner you may wish -- an address or a few words of greeting.

We earnestly hope we may have the pleasure of your presence, Mr. President, at this significant anniversary of the Inter-American Defense Board. Assuring you of my highest esteem and distinguished consideration, I am

Very respectfully,

B. L. AUSTIN
Vice Admiral, U. S. Navy (Ret)
Chairman

The President
The White House
Washington, D. C.

Pres file

Monday - February 27, 1967

Mr. President:

You will be interested in this report
on the Chief Justice's first stop on his
South American trip.

W. W. Rostow

Attachment

Message from Ambassador
Henderson in Lima.

Message from Ambassador Henderson in Lima, Peru (no. 3119),
dated February 26, 1967

Subject: Warren Visit

1. The Chief Justice and his party were warmly received in Santa Cruz on February 25 with an unusually large and enthusiastic crowd at the airport and along the route into the city. Chief Justice and Mrs. Warren were declared illustrious guests of the city by Santa Cruz' Mayor in a ceremony at City Hall shortly after their arrival. The Chief Justice replied that Santa Cruz was "Houston of Bolivia" due to the petroleum potential of its area. The remainder of the day was devoted to rest.
2. Press coverage both in Santa Cruz and La Paz was impressively heavy, with accounts laudatory of the Chief Justice and warmly welcoming him to Bolivia.
3. Today's schedule (February 26) is equally light. This morning the Chief Justice is scheduled to overfly Santa Cruz area and the gulf oil fields accompanied by Ambassadors Henderson and Sanjines, the Manager of Gulf Bolivia, and the USAID Departmental Chief. Mrs. Warren, in a separate program, is slated to visit a hospital and will present a \$2,000 check to a school under the Alliance. The local community has built the entire school through its own efforts. Aid is assisting with funds to purchase materials to complete the roof.

Pres file

~~CONFIDENTIAL~~

Monday - February 27, 1967
11:30 a.m.

Mr. President:

This cable from Ambassador Brown in Managua describes "Tachito" Somoza's plans to visit the US in late March. You will recall that he was "elected" President in the not very honest February 5 Nicaraguan elections. He assumes office in May.

On the assumption that you will be at the Ranch on Easter weekend, he is planning to be in the Houston-Johnson City area. His purpose is to get you to invite him to the Ranch. Somoza's aides claim to be in touch with the Mayor of Johnson City and with Judge Moursand.

Somoza is coming to the US to repair the damage to his image caused by US press treatment of the uprising of January 22 in Managua. He would like to use you for this purpose. You stand to gain nothing from receiving him either at the Ranch or here.

I recommend that you avoid any commitment to see him.

W. W. Rostow

DECLASSIFIED
E.O. 12356, Sec. 3.4
NEJ 91-323
By ing, NARA, Date 11-18-93

Attachment

Cable from Ambassador Brown
-- Managua's 1375, 2/24/67.

~~CONFIDENTIAL~~

DECLASSIFIED
E.O. 12958, Sec. 3.6

~~CONFIDENTIAL~~

NLJ 99-49
By js, NARA Date 10-25-99

Message from Ambassador Brown (no. 1375) in Managua, Nicaragua,
dated February 24, 1967

Subject: General Somoza's Coming Trip to the United States

Alejandro Gallard, local free lance newsmen of opposition origins, who long resided in New Orleans and who has a U.S. passport, tells us that:

1. He is organizing the Texas portion of General Somoza's coming trip to the United States. He states that he attended a meeting of the trip organizers with the General yesterday, and reports the following:

According to present plans, the schedule calls for the General to be in -

New York - March 19-22;
San Antonio - March 23-24;
Johnson City and, hopefully, LBJ Ranch - March 25-26;
New Orleans - March 27;
Baton Rouge - March 28; and
Miami - March 29.

2. Arrangements for the New York portion is in the hands of Guillermo Lang, a slippery Nicaraguan Consul General and Deputy Representative at the UN with the rank of Ambassador. The visit there would begin with an NBC television program on "Meet the Press" on March 19. Lang talks of the possibility that Governor Rockefeller will invite the General to spend a day at his home.
3. In San Antonio, General Somoza would be the official guest of Governor Connally in the latter's capacity as Coordinator General of Hemisfair. The General hopes to get on some TV programs there.
4. Gallard claimed to be in touch with his "good friend" the Mayor of Johnson City. He also put forward the idea of exploring through Judge Moursand "a quiet unofficial visit" to the LBJ Ranch March 26 (which happens to be Easter Sunday). Managua Embassy's representative did not

~~CONFIDENTIAL~~

volunteer to assume any initiative on this suggestion, but noted that he understood invitations to the Ranch were very personal for President Johnson. Thereupon Gallard said he might communicate with the Judge (whom he met in Managua a year or so ago himself.)

5. The visit to Houston would revolve around a speaking engagement at the Petroleum Club, with the date and time still to be determined. In New Orleans, the General will have a press conference, appear on TV, give a speech on "investment in Nicaragua" before a joint Chamber of Commerce, International Trade Mart and International House luncheon, and receive a key to the City from the Mayor at an official dinner. In Baton Rouge, the Governor of Louisiana will bestow some kind of formal "honor" on him, and he will see the President of Louisiana State University and speak to a gathering of the School of Agriculture. Gallard did not mention his Miami plans.
6. Gallard scents that there is an impending effort to persuade General Somoza to spend some time in Washington as well. Lang is already pushing in this direction and he (Gallard) has the impression that Ambassador Guillermo Sevilla Sacasa also favors it. Mindful of the Department's instructions, the Embassy representative stated that it would be extremely difficult to receive the General appropriately in Washington at this time, and he urged Gallard to point this out in the deliberations. Gallard agreed that the Washington visit was inadvisable.
7. Gallard requested USIA and Voice of America help in publicizing the Somoza trip. The Embassy representative noted that the NBC program would generate publicity, the spontaneous interest of newspapers and wire services themselves was always a crucial factor in such cases, and that USIA facilities did not operate within the United States.
8. Gallard said that Somoza does not conceive of the trip as "political" in character. He is only interested in improving "public relations image" of Nicaragua, and not of himself. He wants to "sell" Nicaragua

to the American public and particularly to American investors.

9. According to Gallard, a decision has not yet been made regarding the composition of the Generals' entourage except for Lang and Francisco Lainez, President of the Central Bank and organizer of General Somoza's election campaign. Nothing has been said yet about including wives.

This morning's Somoza-owned "Novedades" headlines Lawrence Spivak's invitation to the General to appear on "Meet the Press" on March 19 in New York or in Washington. The headline reads: "Somoza will speak to 60 million U.S. television viewers."

Comment

Embassy understands there is a good deal of scrambling among persons involved in the trip arrangements and are seeking places in the entourage. It is difficult for us to judge whether the idea of seeking an invitation to the LBJ Ranch will be pursued further. The Somozas are not known for delicacy or reticence in such matters. Regarding paragraph 8 above, the real purpose of the trip, of course, is to improve Somoza's image in the United States.

*1. suggest
2. P. file*

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~~RESTRICTED DATA~~

February 27, 1967

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Extension of the Agreement with the UK for Cooperation on
the Uses of Atomic Energy for Mutual Defense Purposes

The Department of Defense and the Atomic Energy Commission have recommended the extension of our ongoing program of cooperation with the United Kingdom on research and development involving Restricted Data. The current program, which you approved last year, formally expired December 31, 1966, and the recommended extension is for one year. The requested extension covers only matters in which we are already actively cooperating and no new undertakings, specifically new weapons systems, are covered by this request.

Your signature on the attached letter is recommended.

W. W. Rostow

☒ Approved
☐ Disapproved
☐ See me

~~SECRET~~ ~~RESTRICTED DATA~~

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March 2, 1967

MEMORANDUM FOR

THE SECRETARY OF DEFENSE
THE CHAIRMAN, ATOMIC ENERGY COMMISSION

Reference is made to your joint letter of February 20, 1967, concerning proposed cooperation with, and transfer of materials and atomic weapons parts to, the United Kingdom pursuant to the Agreement Between the Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland for Co-operation on the Uses of Atomic Energy for Mutual Defense Purposes.

I note that, pursuant to Executive Order 10841, the Atomic Energy Commission and the Secretary of Defense, acting jointly, have determined that the proposed cooperation and the proposed transfer arrangements for the materials and parts set forth in Enclosure 1 to your letter will promote and will not constitute an unreasonable risk to the common defense and security.

I hereby approve the program for the transfer to the United Kingdom of the materials and parts set forth in Enclosure 1 to your letter on the terms and conditions stated in Enclosure 1.

Lyndon B. Johnson

LBJ:CEJ:feg



~~SECRET~~

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

FEB 20 1967

Dear Mr. President:

The Agreement Between the Government of the United States of America and the Government of the United Kingdom of Great Britain and Northern Ireland for Cooperation on the Uses of Atomic Energy for Mutual Defense Purposes, as amended, provides in part for the transfer from the United States to the United Kingdom of nonnuclear parts of atomic weapons, other nonnuclear parts of atomic weapons systems involving Restricted Data, and materials for research on, and development of, atomic weapons.

Section 91c of the Atomic Energy Act of 1954, as amended, requires that transfers of parts or materials therein authorized be "in accordance with terms and conditions of a program approved by the President." On previous occasions the President has approved specific programs for the sale of nonnuclear parts of atomic weapons and nonnuclear parts of atomic weapons systems involving Restricted Data, and for the transfer of materials for research on, and development of, atomic weapons. The current program expired December 31, 1966. An extension of this program through December 31, 1967, as described in Enclosure 1 would now be desirable.

The transfer of materials and parts pursuant to the proposed programs will not adversely affect our defense programs and will add to the United Kingdom's defense capability without unnecessary duplication of effort and facilities. The Atomic Energy Commission and the Secretary of Defense have jointly determined, pursuant to Executive Order 10841, that

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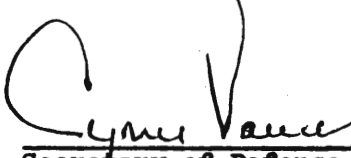
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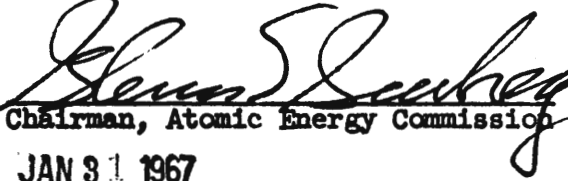
- 2 -

the proposed cooperation and the proposed transfer arrangements will promote and will not constitute an unreasonable risk to the common defense and security. Your approval of the proposed programs described in Enclosure 1 is now requested.

We recommend, therefore, that you approve the programs proposed herein.

Respectfully yours,


Deputy Secretary of Defense
The President 20 FEB 1967
The White House


Chairman, Atomic Energy Commission
JAN 31 1967

Enclosures:

1. Cys 1A & 2A of Program for Transfer of Atomic Weapon Materials to the U.K., 1967
2. Draft letter from President to DOD and AEC

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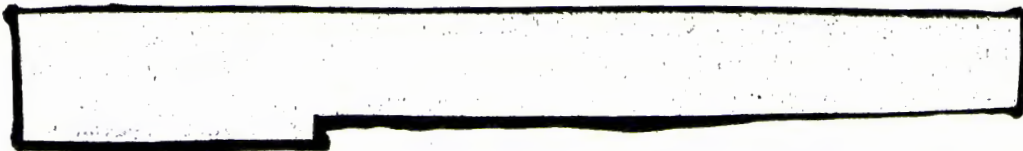
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No. 1 of 30 Copies, Series A

PROGRAM FOR TRANSFER OF ATOMIC
WEAPON MATERIALS TO THE UNITED KINGDOM, 1967

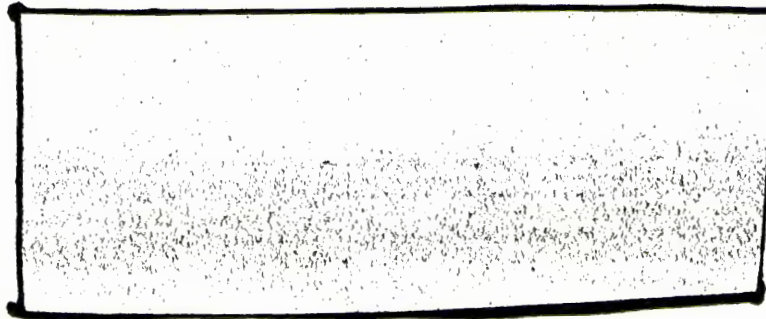
The following program has been developed pursuant to the Atomic Energy Act, Section 91c, and the United States/United Kingdom Agreement for Cooperation on the Uses of Atomic Energy for Mutual Defense Purposes.

1. Components. This program is concerned with research on, development and improvement of components such as velocity sensing devices, reservoirs, timers, specially designed hardware items, structural components, etc. This program includes research in areas of metallurgical and structural analysis, effects of extreme environmental conditions, vulnerability analysis, and unusual stress conditions related to atomic weapon design.



2. Materials Research. This program is concerned with the analysis of materials and research on properties of source, by-product, and unfabricated special nuclear material used in atomic weapons. This includes various irradiated materials used in atomic weapons. This program will assist in the establishment of standards for high purity plutonium and other materials.

To accomplish this program, it is proposed to make available to the U.K. source, by-product, and unfabricated special nuclear material, the total amount of which will not exceed the following quantities during the period January 1, 1967, through December 31, 1967:



SANITIZED
E.O. 12958, Sec. 3.6
NLJ 99-78
By Cbm, NARA, Date 3-10-03

GROUP 1
EXCLUDED FROM AUTOMATIC
DOWNGRADING AND
DECLASSIFICATION

~~SECRET~~

~~RESTRICTED DATA~~

This document contains restricted data as defined in the Atomic Energy Act of 1954. Its transmittal or the disclosure of its contents in any manner to an unauthorized person is prohibited.

~~SECRET~~

- 2 -

3. Neutron Sources.

[REDACTED]

b.1(a)

Some of the areas in which research is being pursued are:

[REDACTED]

1.5(b)
b.1(a)

4. Research on Fuzing-Firing-Safing Systems. This program is concerned with research on and development of components used in fuzing, firing and safing systems for atomic weapons. Examples of components to be exchanged under this program are conductor dielectric, piezoelectric, ferroelectric, and electronic. This will also include certain irradiated electronic components such as tubes.

[REDACTED]

b.1(a)

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- 3 -

5. Explosive Systems.



6.1(a)

6. Test Equipment. This program is concerned with making available certain test and handling equipment which are nonnuclear parts of atomic weapons systems involving Restricted Data to be used in research on materials used in atomic weapons and nonnuclear parts of atomic weapons. Certain pieces of test and handling equipment which have been designed and are available in the U.S. weapons program complex will be loaned to the U.K. to accomplish research and development which is of mutual interest to the parties.

To accomplish this, it is proposed to loan to the U.K. certain test and handling equipment. The total number of sets shall not exceed five at any time during the period January 1, 1967, through December 31, 1967. All items loaned under this program will be returned after the research is complete.

7. Weapon and Safety Test Debris Samples. This program involves the exchange between the U.S. and U.K. of weapon and safety test debris samples. This program will help to intercalibrate the laboratories (LASL, LRL, and AWRE) with respect to yield scales, detector response, and analytical techniques and will assist in understanding weapons physics and weapon design.

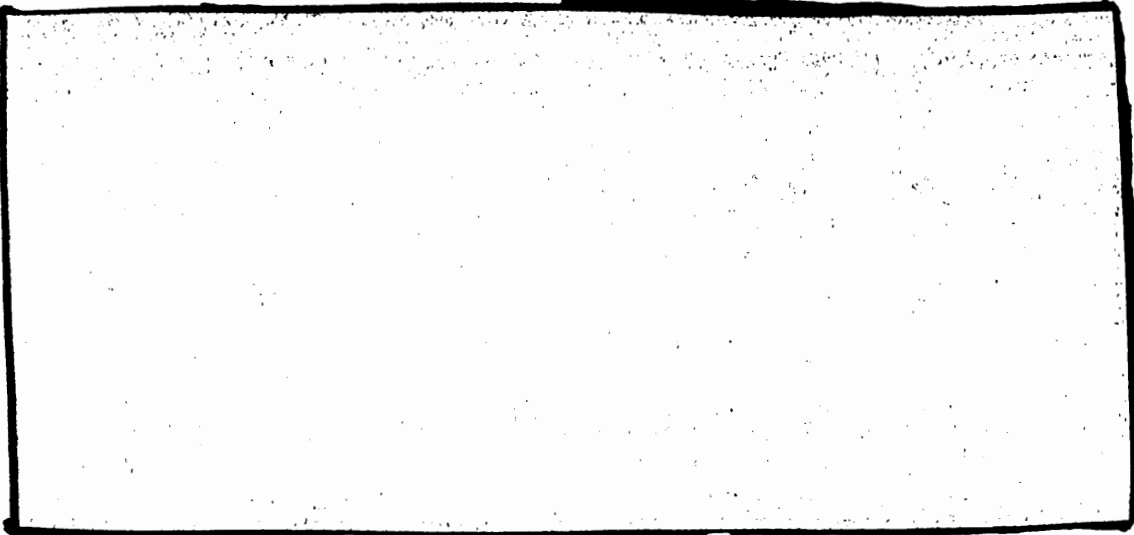
To accomplish this program, it is proposed to make available to the U.K. weapon and safety test debris samples from U.S. nuclear detonations, provided the information revealed by the samples has been authorized for transmittal to the U.K., as well as samples from U.K. detonations which might be conducted by the U.S. during the period January 1, 1967, through December 31, 1967. The amounts of radioactive material will be sufficient for analysis purposes, but will be insignificant from a material accountability standpoint.

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- 4 -

8.



1.5(c)

9. Manufacture of Weapons. This program is concerned with the preparation for manufacture and the manufacture of atomic weapons by the U.K. To accomplish this, it is proposed to sell to the U.K. prior to December 31, 1967, types and quantities of nonnuclear parts of atomic weapons and nonnuclear parts of atomic weapons systems involving Restricted Data as required by the U.K. for development and production of the atomic weapons described below which can be furnished without adversely affecting the U.S. weapons program:



1.5(b)

10. Return of U.K. Material. In some of the research and development programs, U.K. components and special nuclear, source, and by-product material will be used or tested in the U.S. Consistent with the previous program, some of these components and materials will be furnished by the U.K. on a loan basis. Except for components of weapons containing special nuclear material, which will be purchased and retained, the U.S. will either pay for components and materials not expended in the research or return them to the U.K.

Materials and components made available for programs of primary interest to the U.K. will be sold, and those made available for programs of joint interest will be loaned to the U.K., provided that nonnuclear parts of atomic weapons, and nonnuclear parts of atomic weapons systems involving Restricted Data, will be sold if they are to be used in the manufacture or preparation for

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- 5 -

manufacture of atomic weapons. Items made available on a loan basis shall be available for the duration of the program of research and, except for materials expended in the course of research, loaned material shall be returned upon completion of the program or disposed of as directed by the lender if the cost of returning in relation to the value of the material is not warranted. The party performing research on loaned material shall not be liable for the cost of loaned material expended in the course of performing research.

Materials and components, which contain or reveal atomic information, will be made available to the U.K. only if the information has been determined pursuant to Executive Order 10841 to be transmissible under the Agreement for Cooperation on the Uses of Atomic Energy for Mutual Defense Purposes.

The transfer arrangements will be subject to the terms, conditions, and safeguards of the Agreement for Cooperation, as amended, and will provide that, for items sold, the U.K. will pay on delivery in U.S. dollars the U.S. published charge, or in the absence of such charge, an amount determined by the U.S. to cover the full costs and expenses, direct and indirect, of producing or acquiring and furnishing the items in accordance with the AEC's established pricing policy.

~~SECRET~~

Pres file~~CONFIDENTIAL~~

Monday - February 27, 1967

Mr. President:

DECLASSIFIED
 E.O. 12356, Sec. 3.4
 NJ 91-323
 By *ip*, NARA, Date 11-18-93

I understand that a news broadcast this morning reported that four Latin American Presidents would probably not attend the Summit: Haiti, Bolivia, Peru and Ecuador.

The facts are these:

- Haiti - "Papa Doc" Duvalier is remaining quiet about the Summit. Our Embassy's best guess is that he does not dare leave the country and will probably come up with some pretext for not going at the last minute.
- Bolivia - Barrientos has taken the position that unless Bolivia's desire to have an outlet to the sea is discussed at the Summit, he won't go. So far, he has been careful to leave an escape hatch. The Chileans are anxious to patch up their differences with Bolivia and have expressed willingness to consider giving Bolivia a port enclave in the port city of Arica. Linc Gordon is now visiting Santiago and La Paz, among other things to see if he can encourage the two governments to find a formula to restore diplomatic relations and enable Barrientos to attend the Summit.
- Peru - Belaunde is unhappy over our stand regarding Peruvian seizure of our tuna boats within their claimed 200 miles of territorial waters. We are pressing for adjudication of their claim or a negotiated settlement which would put a stop to the seizures before our Congress makes the Kuchel amendment (suspension of aid) mandatory. Unless the tuna boat problem deteriorates much more than I anticipate, I expect Belaunde to attend the Summit.
- Ecuador - The press has included Ecuador because of its perennial complaint about its boundary dispute with Peru. The tuna boat problem, which is identical to our difficulties with Peru, also feeds press speculation. There is nothing official to indicate that Ecuador will not attend the Summit.

W. W. Rostow

33

THE WHITE HOUSE

WASHINGTON

February 27, 1967

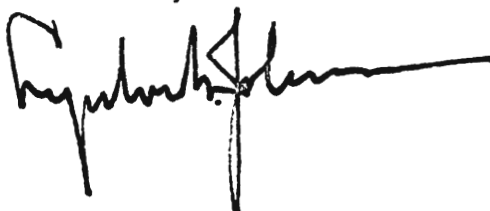
Dear Pat:

I welcome your continuing interest in Latin America. I was especially pleased to note that you were able to go to Chile recently for a discussion of the Chile-California program. I also hope that this particular program can be continued because it is making a useful contribution to the development of Chile and to good relations with Chile.

I am awaiting a final report from Secretary Rusk on the outcome of the Inter-American Meetings at Buenos Aires. His preliminary report was that it seemed likely that a meaningful agenda could be worked out and that a Summit Meeting could be scheduled for April. We still have a lot of work to do with respect to our participation in such a meeting. I have been awaiting the outcome of this staff work before I consider the composition of our delegation.

I will write you again when we have a better idea of the nature of the meeting and the delegation that might accompany me.

Sincerely,



The Honorable Edmund G. Brown
Ball, Hunt, Hart and Brown
9418 Wilshire Boulevard
Beverly Hills, California 90212

I'll ask Dean Rusk to give me a reading and then get in touch — L

Pres file

Monday, February 27, 1967 -- 8:30 a.m.

Mr. President:

I have been asked informally to extend to you an invitation to speak to a joint session of the National War College and the Industrial College of the Armed Forces at 10:30 a.m., Monday, May 22 -- or at any other time in May more convenient to you.

You might consider the following alternatives:

- ☐ firm acceptance.
- ☒ firm decline.
- ☐ tell the colleges maybe.
- ☐ ask the Vice President to accept the engagement, permitting you to pre-empt later on if you wish.

W. W. Rostow

RNGinsburgh:WWRostow:rln

Pres file

Monday - February 27, 1967
10:00 a.m.

Mr. President:

President-elect Costa e Silva made the following observations on his visit with you to our Military Attache in Rio de Janeiro:

"He could not have been more pleased with his trip to the United States, which had convinced him more than ever that the United States is the most powerful nation in the world and that Brazil-US unity is essential.

He had been deeply impressed by President Johnson, who is a truly great statesman and who is often criticized unfairly. He felt that President Johnson was a man very like himself in what he was trying to do for the people of his country, but that the American President bore, in addition, the crushing responsibility for keeping the world free. He felt that the President's daughter, in taking a job, expressed so well the high regard in which Americans held work."

W. W. Rostow

36

Pres file

Sunday, February 26, 1967 -- 12:05 p.m.

Mr. President:

I was informed in London of your clearance in principle that Prime Minister Wilson might drop in on the occasion of his visit to EXPO 67.

I casually raised this possibility when I spoke to him, suggesting Monday, May 29 as, perhaps, a convenient date.

He said he was grateful; but, because of Canadian sensibilities, it might be wiser to schedule it later that week after he has been in Canada; but he would be in touch with you about it.

W. W. Rostow

cc: State Dept
Mr. Bator

WWRostow:rlh

surp.

~~CONFIDENTIAL~~

Sunday, February 26, 1967 -- 11:55 a.m.

Mr. President:

Nick Katzenbach wants a final go-ahead from you on Algerian wheat.

Key Congressional figures have been checked. The result: no great static; no great enthusiasm; but they are impressed with the scale of Algerian commercial wheat purchases. In Nick's judgment, we have a Congressional base from which to proceed.

His question: May we now proceed?

W. W. Rostow

Go ahead ✓

No

See me

DECLASSIFIED
E.O. 12356, Sec. 3.4
NEJ 91-323
By rip, NARA, Date 11-18-93

WWRostow:rln

~~CONFIDENTIAL~~

~~SECRET~~PRESIDENTIAL FINDING

**Subject: Algeria -- Finding that Sales Agreements are
in the National Interest**

In accordance with Section 103(d) of the Agricultural Trade Development and Assistance Act of 1954, as amended, I have reviewed the status of Algeria for purposes of sales of agricultural commodities under Title I of that Act.

As a result of that review, and as required by Section 103(d) (3) of Act, I hereby find that the making of sales agreements with Algeria under Title I of the Act is in the national interest of the United States. This finding applies to each such sales agreement with Algeria entered into during the Fiscal Year 1967. The reasons for this finding are set forth in the accompanying statement, which shall be made available to the Senate and House of Representatives and published in the Federal Register together with this finding.

Lyndon B. Johnson
3/2/67

~~SECRET~~

DECLASSIFIED
E.O. 12958, Sec. 3.5
NSC Memo, 1/30/95, State Dept. Guidelines
By cb, NARA, Date 10-21-98

Pres file~~CONFIDENTIAL~~

Sunday, February 26, 1967 -- 11:55 a.m.

Mr. President:

Nick Katzenbach wants a final go-ahead from you on Algerian wheat.

Key Congressional figures have been checked. The result: no great static; no great enthusiasm; but they are impressed with the scale of Algerian commercial wheat purchases. In Nick's judgment, we have a Congressional base from which to proceed.

His question: May we now proceed?

W. W. Rostow

Go ahead ✓ *2/28/67*

No _____

See me _____

DECLASSIFIED
E.O. 12356, Sec. 3.4
NEJ 91-323
By ing, NARA, Date 11-18-93

WWRostow:rlh

~~CONFIDENTIAL~~

DECLASSIFIED
E.O. 12958, Sec. 3.5
NSC Memo, 1/30/95, State Dept. Guidelines
By fw, NARA, Date 3-26-98

Pres file

~~SECRET~~

Sunday, February 26, 1967 -- 12:25 p.m.

Mr. President:

I wish to set down, while my mind is fresh, my picture of the situation in Europe as seen from London and my recommendations.

1. We and the British have been proceeding on a series of somewhat separate tracks, without coordination among them, which, taken together, have put great strain on Germany and opened up important possibilities for de Gaulle and, perhaps, Strauss.

2. To do what we want to do requires the full cooperation of the Germans; but the way we have gone about it has raised the possibility that the Germans will not work with us sufficiently to achieve our objectives.

3. Specifically, the British want to get into the Common Market; but they have not orchestrated about that main aim their position on troops and offset; their posture towards Kosygin when he was in London; their position on non-proliferation.

4. We also have been going forward in the Kennedy Round; non-proliferation; and the troop-offset issue on relatively separate tracks. In all cases, again, the cooperation of the Germans is critical. Although the French elections might soften de Gaulle, it would not take much initiative on his part to produce a situation where:

- the Kennedy Round failed;
- the offset issue resulted in very substantial British and considerable U.S. withdrawals;
- the non-proliferation treaty failed; and
- the influence of the "Anglo-Saxons" on the European continent was gravely diluted.

5. From the point of view of our Administration, this series of moves would be taken as a major failure in our European policy, which could bear heavily on us in 1968.

~~SECRET~~

~~SECRET~~

-2-

6. On the other hand -- quite aside from how the French elections come out -- none of this is inevitable:

- Basically, still, Germany must rely on us for their defense and their status vis-a-vis the Russians and the world;

- The troop-offset issue is soluble with imagination;

- The underlying will to have at least a modest success in the Kennedy Round is a majority position on the continent; and

- With some hard work the non-proliferation treaty can be made livable for the German and Italian Parliaments and their voters.

7. What we now need is to wrap up these problems into a deal with the Germans (and Italians, whom we tend systematically to neglect). The essence of the deal is:

- An equitable offset position for the British and ourselves not dependent on the purchase of military hardware;

- Limited, if any, troop reductions by the British and ourselves;

- German acceptance of the non-proliferation treaty but with explicit consideration for Euratom, ultimate European unity, technology, etc.; and

- A commitment from the Germans to press hard for a Kennedy Round success.

8. I am clear that there are unresolved, sharp edges still to be worked out in terms of the technical aspects of the bargain; notably --

- how exactly the British offset is handled;

- how and when we introduce our limited troop cut proposal;

- how much we have to put in to sweeten the pot.

~~SECRET~~

~~SECRET~~

- 3 -

But I am convinced the heart of the matter right now is for you to take Kiesinger up on a mountain and discuss the great common stakes in coming through these months with an alliance that can outlast de Gaulle.

9. Therefore, you may wish to consider with Sec. Rusk formulating this whole package in a message to be delivered personally to Kiesinger quite soon by Jack McCloy or Gene Rostow. Alternatively, you might accept George McGhee's suggestion that Kiesinger be invited here.

W. W. Rostow

cc: Sec. Rusk

WWRostow:rlh

~~SECRET~~

Pres file

40

~~CONFIDENTIAL~~

Saturday - February 25, 1967
11:00 a.m.

Mr. President:

The attached confidential report on what went on at the recent US-Mexican Interparliamentary Meeting will be of interest to you.

It was done by a responsible, level-headed State Department officer with considerable experience in Mexican affairs. He served as escort officer and was present at the sessions.

William G. Bowdler

Attachment

DECLASSIFIED

Authority State Ex 11/22-78
By 19/128, NARA, Date 3/25/91

cc - Mr. Rostow

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

40a
DECLASSIFIED
E.O. 12356, Sec. 3.4
NIJ 91-325
By isp, NARA, Date 11-7-91

The Seventh Mexico-U.S. Interparliamentary Meeting was held from February 7 - 15 in Oaxaca-Oaxtepec-Mexico City. Our delegates were:

Senate

John Sparkman - Chairman
J. W. Fulbright
Wayne Morse
Mike Mansfield
Frank Church
Frank Moss
Joe Montoya

Fritz Hollings
Ernest Gruening (Alternate)
George Aiken
Len Jordan
Paul Fannin

House

Robert Nix - Chairman
Jim Wright
Bizz Johnson
Hank Gonzalez
Kika de la Garza

Bill Springer
Brad Morse
Ben Reifel
Jim Harvey
Irving Walley

Outstanding developments were:

1. Fulbright's presence. The Mexicans treated Fulbright with a deference heretofore reserved only for Mansfield. Fulbright (joined at times by Morse, Gruening, and Church) sharply attacked the Administration in executive committee sessions on Vietnam, the Dominican Republic, Military Assistance in Latin America, and our inability to deal throughout the world with "revolutionary situations." He also urged Mexico to take the role of critic of U.S. policies when those policies are wrong. Fulbright underlined the strong moral force which small countries can bring to bear on the super powers. These comments evoked concurrence and approval from two articulate left wing PRI Party delegates but the Mexican leadership -- Martinez Dominguez, et al -- neither adhered nor took exception. Sparkman and Jim Wright tried to defend the Administration on the points covered by Fulbright but were not really up to it. There was an executive meeting of the two delegations with Diaz Ordaz on February 11. Within

~~CONFIDENTIAL~~

the context of remarks on Mexico's independent foreign policy, Diaz Ordaz praised Fulbright's recent book. Diaz Ordaz seemed to be supporting Fulbright's denunciation of our "client state" relationships rather than the whole contents of the book. It was apparent from delegate behavior and general press coverage (which did not include Fulbright's remarks made in executive session) that the Mexicans regard Fulbright as a powerful figure in the Senate with whom it will be productive to maintain favor.

2. Diaz Ordaz' Visit to Washington. Mansfield took the lead in urging that Diaz Ordaz visit Washington soon. Despite the recent contrary decision on Frel, he promised the Mexicans a joint session of Congress to be addressed by Diaz Ordaz.

3. Summit. Mansfield strongly supported the Summit and stressed the need for a full Latin American Common Market with eventual membership for the U.S. and Canada. Fulbright and Wayne Morse stressed to Mexicans that Vietnam had to be paid for, that the AID Bill will face stiff opposition, and that it is unrealistic to expect continued levels of U.S. assistance to Latin America so long as Vietnam continues.

4. Denuclearization. Aiken, introduced by Mansfield as a member of the Joint Atomic Energy Committee, refused to support the Administration position that explosive devices for peaceful uses be banned in the treaty. He supported the Mexican position that the question should be left open. Brad Morse previously had taken the Administration line on peaceful devices, transportation, and the exclusion of Puerto Rico.

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

Saturday, February 25, 1967

~~SECRET~~

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Foreign Affairs Summary

W. H. R. 41
Pres file
DECLASSIFIED
E.O. 12356, Sec. 3.4
NEJ 91-323
By sig, NARA, Date 11-18-93

1. Relations with Mongolia

Australia and New Zealand are planning to recognize Mongolia. We have informed the Chinese Ambassador here. We also reminded him that the United States has the recognition question under review.

2. Mexican Arms Request

The Mexicans have asked to buy \$250 million worth of military supplies. This is obviously excessive. We have asked Ambassador Freeman to correct the obvious misunderstanding regarding Secretary Rusk's commitment to President Diaz Ordaz last September. We had in mind a \$5 - \$15 million package divided over several years.

3. Territorial Waters Problem with Peru

Peruvian President Belaunde has told our Ambassador he was displeased with our press statement on the territorial sea problem. In that statement, we said that we had called the attention of the Peruvian and Ecuadorian Governments to the Kuchel amendment. President Belaunde doubts there could be a summit meeting in the atmosphere generated by our statement. The Ambassador said that the Kuchel amendment would come into play if Peru continued to seize our shipping boats. He said we want to cooperate with Peru in finding an answer without damaging the legal position of either country.

4. U.S. - Algerian Relations

Our Ambassador reports the Algerians are worried about close United States relations with Morocco and Tunisia. The Algerians feel themselves driven into ever greater dependence on the Soviets. Ambassador Jernegan suggests we consider:

~~SECRET~~

~~SECRET~~

- (1) Giving Algeria more assistance than at present;
- (2) encouraging some kind of arms limitation among the three North African countries;
- (3) avoiding any further step that would look like a security guarantee for Morocco or Tunisia; and
- (4) staying out of the Spanish Sahara problem.

5. Nasser Speech

Ambassador Battle thinks the Nasser speech reflects many of the Egyptian ruler's frustrations. Nasser believes our refusal to give him a yes or no answer on PL 480 wheat is a major cause of his economic troubles. He thinks we are clearly on the side of his enemies.

Nasser seems to be arming groups to fight in Southern Arabia when the British leave. He is not likely to undertake debt repayments unless his creditors, including the United States and IMF, negotiate on his terms. Battle thinks the speech marks a downturn in our relations. But he advises against our making an issue of it.

You have been advised separately of the status of PL 480 for the UAR. There is no strong Congressional resistance. Bob Anderson is continuing his soundings on the Hill, however, feeling that the food issue is vitally important to our position in the Middle East.

6. Japan Food Aid to India

The Japanese have told us in Tokyo they will provide a yen credit of \$7 million additional for Indian food and other farm products. This is one-third of the \$20 million we had hoped for. But it is just about what Bill Gaud thought they would come up with. The Japanese figure this is almost 10% of India's food needs, and that figure (9.36%) is Japan's share of the Indian consortium.

Bromley Smith

~~SECRET~~

February 25, 1967

Pres file

Mr. President:

Upon being told by Ambassador Lodge of the newly authorized military actions, Ky expressed deep gratification. He said this kind of action will help bring the pressure which will shorten the war.

Bromley Smith

From Lodge

I gave Ky the gist of the newly authorized military actions.

He was obviously deeply gratified and believes it is this kind of action which will help to bring the pressure which will shorten the war.

While on the subject of pressure, we discussed again the pressure which he felt the political evolution in South Vietnam was exerting on Hanoi. He believed that Hanoi realizes that once a government has been elected in South Vietnam under the constitution, it will be nigh impossible for them to make any headway with what he said was sometimes described in the West as a "coalition government", and which is generally felt here to be the equivalent of a Viet Cong victory.

Ky said that this was so vitally important that even if someone was elected President whom he, Ky, did not like, he would support him so that Vietnam could speak and act internationally with one strong, authoritative and legitimate voice.

While he does not equate the legitimacy of a government with the fact of its being popularly elected and recognizes that there are many legitimate governments of the world which have not been elected and undoubtedly could not be, he contends that nobody could question the legitimacy of a government which is popularly elected.

Comment: This is an interesting -- and heartening -- admission in view of gossip that if a civilian is elected President, the military will pull a coup. Here one of the most influential military men says they won't.

Saigon 18936

DECLASSIFIED

E.O. 12356, Sec. 3.4

NJ 91-325

By sig, NARA, Date 11-7-91

~~TOP SECRET~~

43
Pres file
Saturday, February 25, 1967

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Governor Brown's Letter About Pending OAS Summit Meeting

Secretary Rusk interprets Governor Brown's letter to be a request to be included on the US delegation to the Summit Meeting. (Tab C)

Secretary Rusk believes the delegation should be held to representatives of the Executive and Legislative Branches lest it become unmanageably large. He recommends Governor Brown be given an interim reply now and a negative reply later.

However, if you want him as a member of the delegation, Secretary Rusk has proposed an alternate draft. (Tab B)

I recommend that you sign the interim reply which does not commit you one way or the other. When we know more about how we will approach the Summit, you could then decide whether Governor Brown should be a member of the delegation. (Tab A)

Bromley Smith

Send the signed letter ✓

Prepare the alternate draft for signature _____

43a

FEB 27 1967

Dear Pat:

I welcome your continuing interest in Latin America. I was especially pleased to note that you were able to go to Chile recently for a discussion of the Chile-California program. I also hope that this particular program can be continued because it is making a useful contribution to the development of Chile and to good relations with Chile.

I am awaiting a final report from Secretary Rusk on the outcome of the Inter-American Meetings at Buenos Aires. His preliminary report was that it seemed likely that a meaningful agenda could be worked out and that a Summit Meeting could be scheduled for April. We still have a lot of work to do with respect to our participation in such a meeting. I have been awaiting the outcome of this staff work before I consider the composition of our delegation.

I will write you again when we have a better idea of the nature of the meeting and the delegation that might accompany me.

Sincerely,

The Honorable Edmund G. Brown
Ball, Hunt, Hart and Brown
9418 Wilshire Boulevard
Beverly Hills, California 90212

Libby/State/BKS/em

Let ask Dean Rusk to give me a reading and then get in touch. - L

SUGGESTED PRESIDENTIAL LETTER

Dear Pat:

I welcome your continuing interest in Latin America. I was especially pleased to note that you were able to go to Chile recently for a discussion of the Chile-California program. I also hope that this particular program can be continued because it is making a useful contribution to the development of Chile and to good relations with Chile.

We have done a considerable amount of planning for a Summit Meeting over the last several months. Secretary Rusk has just returned from Buenos Aires and reported to me that it seems likely a useful Summit Meeting could be held this Spring. Although all of the planning for the meeting is not firm, it now seems probable that the meeting will take place around the middle of April. I would appreciate it if you would keep your schedule open at that time so that you might accompany me.

Sincerely,

The Honorable

Edmund G. Brown

4
2
43C

JOSEPH A. BALL
CLARENCE S. HUNT
GEORGE A. HART, JR.
EDMUND G. BROWN
CLARK HEGGENESS
MELVYN B. KAMBEL
DONALD B. CAFFRAY
CLYDE C. BEERY
JOSEPH D. MULLENDER, JR.
FRANK C. ALDRICH
DOUGLAS DALTON
NORMAN RASMUSSEN
ROBERT E. AITKEN
HARMAN M. HITT
STEPHEN A. CIRILLO
ELMER G. HITT
GEORGE E. MCGILL
GEORGE C. MCCARTHY
BERNARD A. MURRAY
THOMAS A. RAMSEY
FREDERIC G. MARKS

H

LAW OFFICES
BALL, HUNT, HART AND BROWN
9418 WILSHIRE BOULEVARD
BEVERLY HILLS, CALIFORNIA 90212
213 278-1960

LONG BEACH OFFICE
120 LINDEN AVENUE
LONG BEACH, CALIF. 90802
213 435-5631

February 20, 1967

The Honorable Lyndon B. Johnson
President of the United States
The White House
Washington, D. C.

Dear Mr. President:

During the past sixteen years I have made five trips to South America. I went once as a representative of the National Association of Attorneys-General. The second time was with the Governors, to Brazil and Argentina. The third trip was a personal pleasure trip; the fourth as Ambassador to the inauguration of President Illia; and the fifth as a observer on our Chile-California Program.

I would deem it a great pleasure if I could be invited as an observer to the Inter-America Conference with the Heads of State in South America. I am vitally interested in the continuation of the Chile-California Program, and would like to see similar programs extended to other South American countries.

This may be an unusual request, and I would fully understand if it could not be granted.

Sincerely

Edmund G. Brown

EDMUND G. BROWN

*ask Rusk
to prepare reply at once*

THE WHITE HOUSE
WASHINGTON44
Pres file~~SECRET~~

Friday, February 24, 1967

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Foreign Affairs Summary

1. Moves Toward a National Party in Vietnam

Former Prime Minister Quat and his ex-deputy say they plan to organize a front group of several political factions. The group would then support a presidential candidate. This is the first meaningful step we have seen in the direction of creating a national political party in Vietnam.

2. Vietnamese Catholics Unit to Oppose "Peace At Any Price"

Catholics in South Vietnam are carrying on a major propaganda campaign against what they see as growing pressure in European and American public opinion for peace at the price of major concessions to the Communists. Both Southern and Northern Catholics are working together in this effort. It is not clear how they propose to get their views spread in other parts of the world.

3. Israeli Nuclear Capability

We have received information that the Israelis are closer to a nuclear weapons capability than we previously supposed. We have asked the intelligence community for an urgent assessment. Meanwhile, we are pushing Prime Minister Eshkol to permit a visit to the Dimona nuclear site. He promised in mid-January that an invitation would be extended "within a few weeks." The Ambassador will tell him we are disturbed at the delay.

4. Nigerian Request for Ammunition Refused

Rivalry between contending factions in Nigeria has hardened. An outbreak of violence is not unlikely. In view of this, we have turned down a Nigerian request to buy large caliber ammunition. We are asking the Nigerians to avoid pressing us on this matter; we don't want it to become an issue in our mutual relations.

DECLASSIFIED
E.O. 12356, Sec. 3.4
NEJ 91-323
By ing, NARA, Date 11-18-93

Bromley Smith
Bromley Smith

~~SECRET~~

February 24, 1967

Mr. President

Some British students
tried but failed to disrupt
Walt Rostow's speech.

A report from our Embassy
is attached.

Bromley Smith

~~CONFIDENTIAL~~

February 24, 1967

45a

From American Embassy London 4596

Subject: Rostow Lecture at Leeds

A noisy, but orderly, demonstration was staged by students at Leeds University last night as Professor Walt W. Rostow delivered the Montague Burton Lecture. Although lecture was entitled, "Tasks of First and Second Postwar Generations," demonstration was directed at US policy in Vietnam.

Outside Great Hall at Leeds, students carried placards denouncing war in Vietnam and chanted anti-American slogans. An estimated 50-100 (out of 650) students walked out as lecture began. The lecture was marked by only occasional vocal outbursts, usually upon mention of Vietnam.

Prior to lecture, Rostow promised to meet with students in private seminar for concentrated discussion of Vietnam. Over 200 students (press was successfully excluded) stayed for this session during which Rostow answered questions from floor. Despite intense jeering at times, Rostow succeeded in presenting rationale of US policy in remarkably cool and cogent fashion. Many of his arguments gave pause to an audience which, on the whole, was prepared to be unsympathetic.

Following dinner with a group of fifteen professors, discussion reverted to Vietnam. It was here, among reasonable and unemotional minds, that Rostow marshalled an almost unassailable case for US position. Several of these professors apparently saw the problem in new light.

Press tended to exaggerate somewhat intensity of demonstration. Times, for example, under front-page photo of demonstrators and detectives, ran headline, "Students in Walk-Out; Affront to US Lecturer." Guardian noted that "Students Boo LBJ's Emissary." Sun: "100 Walk Out On LBJ's 'Hawk'." Several papers, however, directed their comment at content of his lecture, with particular attention to his conclusion that Vietnam war may be "last great confrontation." Times ran very full and fair coverage of lecture itself in key spot on editorial page as "Pattern For Peace." In its analysis, Economist was struck by the "general optimism" of Rostow's world outlook, implicit in "last great confrontation."

Comment: Leeds University has reputation for attracting students who particularly rejoice in left-wing causes. Moreover, issue of Vietnam has long been one of main targets of left-wing agitation in all universities. Given opportunity to express their views to close advisor of US President, a demonstration was almost inevitable.

~~CONFIDENTIAL~~

DECLASSIFIED

Authority State Sec 1/24/78

By reg/jr, NARA, Date 3-25-91

CONFIDENTIAL

Vice Chancellor Sir Roger Stevens pointed out to Embassy officer that most vociferous hecklers were leaders of Young Communist's League. Many others were members of other radical organizations. However, in Sir Roger's opinion, majority of students at Leeds not opposed to US policy with exception of bombing North Vietnam, which virtually all oppose.

Kaiser

CONFIDENTIAL

46
1-~~secret~~
P. file 2/25/67
Friday - 3:30 pm
February 24, 1967

MEMORANDUM FOR THE PRESIDENT

**SUBJECT: Inaugural Letter to President-elect Gestido
of Uruguay**

Uruguayan President-elect Oscar D. Gestido will be sworn
in on March 1, 1967.

Ambassador Hoyt reports that special delegations are not
being invited. But he recommends that you send him a
congratulatory letter.

I recommend a letter along the lines of Tab A.

William G. Bowdler

Attachment

cc - Mr. Eastow's files

March 1, 1967

Dear Mr. President:

On the occasion of your inauguration I send you greetings from the people of the United States and my personal best wishes for success in the important task you begin today. I am confident that the close ties of friendship between our two nations, born of common respect for democracy and the rights of individual men, will become even stronger in the coming years.

I look forward to meeting you at the forthcoming meeting of Presidents of the American Republics. It is especially fitting that we meet in Uruguay, as our basic purpose will be to consider ways of strengthening the Alliance for Progress, first given form in the Charter drafted at Punta del Este in August of 1961.

As you assume office today, you are faced with many difficult problems and your responsibilities are heavy. I am confident that Uruguay has the resources, both human and material, to overcome these difficulties and that under your leadership the Uruguayan people will enter a new era of well-being.

Sincerely,

LBJ

His Excellency
Oscar D. Gestido
President of the
Oriental Republic of Uruguay
Montevideo.

LBJ/WGBowdler:mm
February 24, 1967

CONFIDENTIAL

Thursday, February 23, 1967

47
Proc. file

MEMORANDUM FOR THE PRESIDENT

THROUGH: Bromley Smith

SUBJECT: Congressional Consultation on Aid to Indonesia

In connection with my earlier memo, Bill Bundy has now talked to Congressman Ford. He is aboard. He wants to be sure that we are pressing other contributors for a fair share. He was assured that we were. In that case, he said, he is "quite sympathetic."

William J. Jorden

CONFIDENTIAL

DECLASSIFIED
Authority State for 3-8-79
By ry/hyp NARA, Date 3-25-91

~~CONFIDENTIAL~~

Thursday, February 23, 1967

47a

MEMORANDUM FOR THE PRESIDENT

THROUGH: Bromley Smith

SUBJECT: Aid to Indonesia

DECLASSIFIED

Authority State ltr 3-3-79

By RG/np, NARA, Date 3-25-91

You instructed State to consult with the leadership of the House and Senate and of the Foreign Relations and Foreign Affairs Committees regarding the new proposal for aid to Indonesia. It has been done.

Under Secretary Katzenbach spoke to Senator Dirksen. Bill Bundy spoke with the others. The details of the proposal were stated. They also were told we were trying to get the Japanese and Europeans to match our one-third offer.

The reactions were favorable. No objections were voiced. A summary of responses is attached.

Under Secretary Katzenbach and Mr. Gaud join in recommending that you authorize our delegation in Amsterdam to proceed in accordance with the original proposal. I concur in their recommendation.

I am attaching herewith the original memoranda, including the covering memo from Mr. Rostow.

William J. Jordan

Proposal approved _____

Disapproved _____

See me OK *on assumption Japanese & Europeans go 2/3 to match our 1/3*

Attachments:

- A. Katzenbach memo
- B. Summary of Congressional Reaction
- C. Memoranda on aid proposal

~~CONFIDENTIAL~~

*We will go on that basis
L*

2/23/67

~~CONFIDENTIAL~~

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Congressional Consultation on New Assistance
Commitments to Indonesia

In accordance with your instructions to the Secretary and Mr. Gaud, we have today discussed precise commitments put before you with the following: Senators Mansfield, Dirksen, Fulbright, and Hickenlooper; Speaker McCormack and Congressmen Albert, Ford, Morgan, Bolton, Zablocki, and Broomfield.

None had any objection or unfavorable reaction. There were many affirmative statements of full support. I attach a detailed statement of reactions.

Mr. Gaud and I now join in recommending that you authorize our delegation in Amsterdam to proceed in accordance with the authorization you approved yesterday subject to Congressional consultation of the above.

15/Katzenbach

Approve ✓

Disapprove _____

See me _____

DECLASSIFIED

Authority State Dec 11-23-79

By 15/lop, NARA, Date 3-25-91

~~CONFIDENTIAL~~

47c

~~CONFIDENTIAL~~

TAB A

Reactions of Leading Senators and Congressmen
on Indonesian Assistance

In all cases, the precise proposed commitments were stated, together with an assurance that we were bending every effort to get the Japanese to contribute an equal amount and the European nations together to put up the final third of the total requirement stated by the International Monetary Fund.

Mr. Katzenbach spoke to Senator Dirksen. Mr. Bundy spoke to the others. All conversations were direct and personal. Reactions and comments were as follows:

Senator Mansfield - thought it was "OK," but hoped there would be no publicity. Bundy replied that we planned no announcement although there might conceivably be a leak out of Amsterdam. The Senator accepted this.

Senator Dirksen - "I think we really have to do it, and I don't see why it should give me any special problem."

Senator Fulbright (reached in Iceland) - expressed understanding and acceptance. Asked whether it would be truly multilateral, and was told that this was rapidly developing. "I am not going to object. It's moving in the right direction."

Senator Hickenlooper - "I will go along."

The Speaker - "We definitely have to do it, and it is in our national interest."

Congressman Albert - "Fine; it will have full support on this side of the House."

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Authority State let 3-3-79

By 4/1/80, NARA, Date 3-25-91

~~CONFIDENTIAL~~

Congressman Ford - (Bill Bundy has been trying to reach Ford all day. He may get a call at any time. I thought you would want to have the rest of this promptly. I shall forward any thing we get from the Cong. immediately) WJS
Congressman Morgan - "OK. All right with me."

Mrs. Bolton - Said she had no objection if other members of the Committee approved. Bundy therefore called Zablocki and Broomfield in addition to Morgan.

Congressman Zablocki - Expressed full support.

Congressman Broomfield - "I am in accord with it."

~~CONFIDENTIAL~~

117d

1. Summary
2. Proposed

February 20, 1967

~~CONFIDENTIAL~~

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Aid to Indonesia

Agriculture (Secretary Freeman) and AID (Bill Gaud) have asked your approval to pledge up to \$40 million of additional PL-480 and up to \$20 million of additional Support Assistance for Indonesia in 1967. Their request has been endorsed by the Budget Bureau (Schultze) and Treasury (Joe Barr).

This proposal is based on an estimate that Indonesia will require \$210-\$240 million in total aid this year if it is to carry out its stabilization program. Our portion of the total would be no more than one-third, up to a maximum of \$85 million.

We have already committed \$36 million in AID and PL-480 funds this year. The remaining \$49 million would be a mix: \$30-\$40 million in PL-480 and \$10-\$20 million in support assistance. The amount, commodity composition and terms will be worked out in the interagency review.

AID funds will be limited to procurement in the United States to minimize any adverse effect on our balance of payments.

As you know, the new Indonesian leadership has been fighting an uphill battle to undo the damage of Sukarno's years of misrule. They have worked closely with the IMF in laying out their plans for the future. Our specialists consider those plans to be realistic.

But they do need help, from us and from others.

The potential aid donors will be meeting in Amsterdam on February 23-24. This is a follow-up to the debt re-scheduling conference in Paris last December.

~~CONFIDENTIAL~~

DECLASSIFIED

Authority State Ex 3-8-79

By sg/wh, NARA, Date 3-25-91

CONFIDENTIAL

Our delegation wants authority from you to discuss this with the Indonesians and others on the basis of a pledge from us of up to one-third of the total requirement, i. e. no more than \$85 million (of which \$36 million has already been committed).

The Amsterdam meeting is not, strictly speaking, a pledging session. But our State and AID officials believe that this vital aid program will not move as it should if we can make no pledges or talk in terms of what we can be expected to provide. They consider it most important that they have the authority as outlined above.

I asked for a reading of sentiment on the Hill. Bill Bundy discussed the Indonesian problem on January 18 with the Foreign Affairs Committee. He reports that the members viewed with understanding our efforts to help Indonesia and to take part in lending support to the new leadership. Ambassador Green had a 90-minute session with the Foreign Relations Committee on January 30. He said the members welcomed the multilateral approach in meeting Indonesia's needs and endorsed our participation in a program to afford Indonesia critically needed assistance. In separate sessions, Senator Mansfield, Congressman Morgan and Congressman Zablocki voiced full agreement to our giving timely assistance to Indonesia.

I believe the requested authority should be granted on the basis of the Agriculture-AID memorandum.

W. W. Rostow

Proposals approved _____

Disapproved _____

See Me _____

*W —
Check out House & Sen. Leadership
Also For Rel. Com. & For Affairs by 3 on end side
+ report reactions. L.*

CONFIDENTIAL

~~CONFIDENTIAL~~

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EXECUTIVE OFFICE OF THE PRESIDENT
BUREAU OF THE BUDGET
WASHINGTON 25, D.C.

FEB 18 1967

MEMORANDUM FOR THE PRESIDENT

Subject: Aid to Indonesia

Orville Freeman and Bill Gaud request your approval to pledge up to \$40 million of additional P. L. 480 and up to \$20 million of additional AID Supporting Assistance for Indonesia this calendar year. The pledge would be made at a meeting of donor nations to take place in Amsterdam next Thursday.

This proposal is based on a total aid requirement of \$210-\$240 million needed to carry out the stabilization program this year. Roughly two-thirds of this total will probably be provided by other donors.

Our combined AID and P. L. 480 pledge will be determined after considering other donor's pledges and further review of Indonesian requirements. We will provide not more than one-third of the total pledged, and in any case not more than \$85 million. In addition to these new aid pledges, Indonesia is already receiving \$110 million in debt relief this year, 85% of it from other donors.

We have already committed \$36 million in AID and P. L. 480 funds this year towards our pledge. For the remaining \$49 million Gaud and Freeman propose a mix of \$30-\$40 million in P. L. 480 and \$10-\$20 million in supporting assistance. The amount, commodity composition, and terms of the P. L. 480 and AID assistance cannot be determined until the interagency review process is completed.

The AID funds will be limited to procurement in the U. S. AID has agreed with Treasury to consider with the Government of Indonesia procedures within the framework of its stabilization program that will minimize the substitution of AID financed imports for imports from the U. S. that would otherwise be financed commercially.

I recommend that you approve the request to negotiate up to \$40 million in P. L. 480 and \$20 million in AID funds.

(signed) Charles L. Schultze
Charles L. Schultze
Director

Approve P. L. 480 _____

Approve Supporting Assistance _____

Disapprove _____

DECLASSIFIED

Authority OMB Lett 1/5/78

By 12/14, NARA, Date 3-25-81

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

478

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

OFFICE OF
THE ADMINISTRATOR

FEB 16 1967

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Authorization to Make New Assistance Commitments to
Indonesia

In accordance with our respective areas of responsibility, we request that you authorize the U.S. Delegation at the February 23-24 Amsterdam meeting of potential aid donors to Indonesia to make aid commitments in principle. This meeting is a continuation of the multilateral effort to deal with Indonesia's problems which was begun with agreement on guidelines for rescheduling Indonesian debt reached in Paris last December.

In Amsterdam the U.S. and other countries will be considering aid to Indonesia to fill what we estimate to be a need ranging between \$210 million and \$240 million for arrivals of goods in 1967 to support the IMF-endorsed Indonesian stabilization program and supply essential import requirements.

We propose that the U.S. commit itself at Amsterdam to finance roughly one-third of this import requirement, up to \$85 million. The precise figure used would be based upon the actual estimate of the gap between Indonesian foreign exchange earnings and minimum import needs agreed upon at Amsterdam and the Delegation's preliminary judgment of probable aid from other sources. The U.S. position should appear liberal, but not disproportionately large and should serve as encouragement to the Indonesians and other donors to make maximum efforts.

With your authorization we have already committed \$10 million in Supporting Assistance for spare parts and other materials. In addition we have signed P.L. 480 sales agreements for \$26.4 million of rice and cotton which are now being delivered.

To fill the maximum balance of approximately \$49 million, several different packages of assistance may be appropriate. One approach clearly within our present fund availability would be to provide an additional \$10 million in a Supporting Assistance loan in FY 1967 and approximately \$30-\$40 million of additional P.L. 480

~~CONFIDENTIAL~~

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Authority State 11-23-79, AID3-26-80
By g/kwp, NARA, Date 3-25-91

~~CONFIDENTIAL~~

- 2 -

commodities, primarily cotton. Examination of Indonesian import demand and the credits offered by other countries may well indicate a requirement for a larger proportion of non-agricultural commodity loans. In that event, the U.S. Delegation will need to indicate the possibility of A.I.D. lending additional to the proposed second \$10 million, subject to the availability of funds in FY 1967. If such additional Supporting Assistance is not available in FY 1967, we would consider a loan early in FY 1968, but the U.S. Delegation would not make a commitment against FY 1968 funds.

The precise terms for payments for the P.L. 480 will be determined at a later date in the inter-agency review process.

The estimated assistance requirements for Indonesia in 1967 and the potential U.S. portion for deliveries in 1967 is appended (Tab A). Statements covering the background and Indonesia's self-help (Tab B) and Indonesia's food and fiber situation, including agricultural self-help (Tab C) are also appended.

The U.S. Delegation will propose that all members of the group offer very liberal terms, recognizing Indonesia's serious debt burden. We propose to make our offer on terms conditional on the others' providing roughly similar terms, which might be as generous as 3% interest, 20 years amortization, with a liberal grace period. We propose to authorize our delegation to indicate willingness to match even greater liberality (up to the statutory 40 years, with 10 years grace and very low interest) as a means of pressing for reasonable terms by the Europeans and Japanese.

The Indonesians are starting to implement a politically courageous stabilization program developed in concert with the IMF. Their performance to date has been strong (See Tab B). We plan, however, to provide the latter portion of the aid described herein only in response to an IMF opinion that this performance continues to be satisfactory given the difficult Indonesian circumstances and after appraisal of the load being carried by others.

The U.S. will be the source of all procurement under the programs described, so as to minimize any adverse effect in the U.S. balance of payments.

Recommendation: (1) That within the framework described above, you approve a level of P.L. 480 assistance for Indonesia during 1967 of up to \$40 million, consisting primarily of cotton, cotton textiles, and wheat flour.

~~CONFIDENTIAL~~

(2) A new commitment under Supporting Assistance loans for Indonesia up to \$20 million during 1967.

W/S/ William S. Gaud

William S. Gaud
Administrator
Agency for International
Development

Orville Freeman
Secretary
Department of Agriculture

Attachments:

- Tab A - Assistance Requirements for Indonesia During FY 1967
Potential U.S. Portion for Deliveries in CY 1967
- Tab B - Background and Indonesian Self-Help
- Tab C - Indonesia's Food and Fiber Situation

~~CONFIDENTIAL~~

TAB A

Assistance Requirements for Indonesia During 1967

Potential U.S. Portion for Deliveries in CY 1967

(\$ Millions)

Estimated Foreign Exchange Requirements in CY 1967	\$210 - \$240	
U.S. portion, roughly 1/3 of estimate	75 - 85	
Already committed, AID loan		10
Already committed, P.L. 480 credit Sept. 30 Title IV Agreement (cotton and rice)		26
Additional proposed AID loan		10 *
Additional proposed P.L. 480 credit		<u>30 - 40</u>
Total		\$76 - \$86

* A.I.D. loans may be \$20 million; if so, P.L. 480 sales could be commensurately reduced.

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Authority State ea 11/23/79

By ry/usp, NARA, Date 3-25-91

~~CONFIDENTIAL~~

TAB B

Background and Indonesian Self-Help

U.S. Interest and Strategy

The United States has joined with a number of other Free-World countries to support Indonesian efforts to overcome the destructive consequences of long years of Sukarno misrule. In the past year the new government has halted the Malaysian confrontation, curtailed the power of domestic communist forces, reversed Indonesia's earlier slide into Communist China's orbit, and, with the help of the IMF, started to mount an ambitious stabilization effort.

The primary goals of U.S. assistance are to help Indonesia rebuild its shattered economy and encourage the new government to pursue a peaceful but non-aligned foreign policy.

The United States is approaching both the short-term and longer range issues presented by the Indonesian economy in a multilateral context with participation of interested countries such as Japan, the Netherlands, Germany, United Kingdom, France, Italy, and Australia and of the IMF and IBRD. At the Paris meeting in December 1966, an agreement for debt consolidation was concluded between Indonesia's major Free-World creditors and the GOI. The next meeting of interested donor countries, along with the IMF and the IBRD, will be held at Amsterdam, February 23-24 for the purpose of coordinating the foreign assistance requirements of the GOI. Needs for external assistance are being considered in terms of an IMF estimated Indonesian foreign exchange requirement during 1967.

Economic Aid Program

Pursuant to the President's determination of September 1, 1966 as required under the Foreign Assistance Act of 1961, as amended, that furnishing assistance to Indonesia is essential to the national interest, A.I.D. is now providing interim assistance in concert with other countries to meet essential Indonesian import needs. P.L. 480 credit sales of \$19.5 million, largely cotton, were made in 1966. A.I.D. is negotiating a \$10 million spare parts loan, has resumed some technical assistance activities including advisory services, training and educational materials, and is resuming P.L. 480 Title II Food-for-Work projects. Further P.L. 480 credit sales and A.I.D. loans are being considered within the multilateral framework of the Amsterdam group.

Indonesia's Recent Performance and Self-Help Actions

Indonesia has taken courageous steps to repair its shattered economy. As an essential beginning for economic reconstruction and

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Authority State let 11/23/79
By 18/100, NARA, Date 3-25-91

~~CONFIDENTIAL~~

- 2 -

recovery, the new government is now implementing an IMF-endorsed stabilization plan. Expenditures have been halted on many economically unsound prestige projects and a policy of rigorous control of bank credit has been adopted. Tax collections have increased substantially. The military expenditures as a proportion of the budget have been substantially cut. Adoption of a more realistic and flexible exchange rate system is stimulating the export of previously hoarded goods and reflects a shift from complex and graft-ridden controls to greater reliance on free market forces. A seven-and-half fold tariff increase has discouraged non-essential imports. Steps have been taken to re-establish the authority of the Central Bank over Indonesia's foreign exchange. The government has sharply increased hither-to-subsidized prices of consumer goods and services from state enterprises (for example, gasoline prices raised 800%). It has publicly voiced its desire to attract private investment and has approved both a new foreign investment law and an A.I.D. investment guaranty agreement.

On the whole, the government has made a strong start on its overall economic problems, but it needs foreign help to finance its essential imports and undergird its stabilization effort.

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

TAB C

Indonesia's Food and Fiber Situation and Agricultural Self-Help

The need to feed and clothe its increasing population is basic to Indonesia's political stability and economic recovery. The deterioration of the country's productive capacity and infra-structure has been extensive, however, and it will be some time before self-help measures can substantially reduce the gap between local production and the country's requirements.

Food

To help close the gap between production and dietary needs, Indonesia must import large quantities of rice and wheat flour as well as proteins. The Government has started to wage its own War on Hunger, primarily through the so-called BIMAS project. This project which was developed at the Bogor Agricultural Institute with the help of a University of Kentucky team has proven its effectiveness over the past three years by doubling rice yields in areas selected for the experiment. The project enlists the support of agricultural students to advise farmers and makes available improved seed, fertilizer, and pesticides. In 1966/67, 480,000 hectares are included in the scheme.

Specific self-help measures to increase food production will be negotiated. In the initial program, attention will be drawn to the BIMAS project. We will seek agreement to such Indonesian self-help measures as (1) continued support to this project, (2) programs or schemes which will result in fair and equitable prices to producers of rice, (3) improved transportation, storage and distribution facilities, and farm to market roads as needed to encourage production of food, and (4) increase the use of fertilizers and pesticides.

Cotton

Indonesia has regularly been a major cotton importer. Moreover, her textile industry, at best inadequate to meet local needs, has deteriorated substantially in recent years. Indonesia will likely need to import cotton and cotton textiles for at least the next decade.

Thus, while the government is increasingly directing its energies toward stabilization and rehabilitation, Indonesia will require significant imports of food and fiber.

~~CONFIDENTIAL~~

DECLASSIFIED

Authority State Sec 11/23/79

By cf/imp NARA, Date 3-25-99

Thursday, February 23, 1967, 8:00 P.M.

SECRET

MEMORANDUM FOR THE PRESIDENT

Walt Rostow asks in the attached message whether he should encourage Prime Minister Wilson to try to sign on other European powers to the Non-Proliferation Treaty.

The reply urges him to enlist Wilson's support, but in such a way as ^{not} to cross wires with our initiatives here and in Geneva.

Bromley Smith

Attachment

DECLASSIFIED

Authority State for 12-24-77, NSC 7-27-78
By rg/ip, NARA, Date 8-25-91

~~SECRET~~

FOR ROSTOW

1. If PM raises subject reftelf with you, believe you should respond favorably along following lines.

2. We would welcome British efforts with European non-nuclear powers. Particular areas where this might be helpful would be technology and Article III/EURATOM problem. Re veto question, and relation to European security, unclear what specifically U. K. has in mind but we would of course like to hear what their thoughts are. Any success British might have in allaying German and Italian concern about inferiority vis-a-vis U. K. in political matters of Europe would be helpfu.

3. Possible danger we wish to avoid in such British initiatives would be crossing wires with our own efforts with our allies and also with our discussions with Soviet in Geneva. Therefore we believe it is important that Geneva not be focus of any British efforts. FYI we would not like to see Chalfont become active in suggesting language in Western Fourrin Geneva. END FYI. To avoid wire crossing either in Geneva or in allied consultations, we would like to have prior opportunity to discuss any British suggestions and suggest they could take plane with U. K. Embassy here in Washington.

DECLASSIFIED
E.O. 12356, Sec. 3.4
NEJ 91-323
By 128, NARA, Date 11-18-93

~~CONFIDENTIAL~~

Thursday, February 23, 1967

MEMORANDUM FOR THE PRESIDENT

THROUGH: Bromley Smith

SUBJECT: Congressional Consultation on Aid to Indonesia

In connection with my earlier memo, Bill Bundy has now talked to Congressman Ford. He is aboard. He wants to be sure that we are pressing other contributors for a fair share. He was assured that we were. In that case, he said, he is "quite sympathetic."

William J. Jorden

DECLASSIFIED

Authority State Ltr 3-8-79

By any [unclear] NARA, Date 3-25-91

~~CONFIDENTIAL~~

50

~~CONFIDENTIAL~~

Thursday, February 23, 1967

MEMORANDUM FOR THE PRESIDENT

THROUGH: Bromley Smith

SUBJECT: Aid to Indonesia

You instructed State to consult with the leadership of the House and Senate and of the Foreign Relations and Foreign Affairs Committees regarding the new proposal for aid to Indonesia. It has been done.

Under Secretary Katzenbach spoke to Senator Dirksen. Bill Bundy spoke with the others. The details of the proposal were stated. They also were told we were trying to get the Japanese and Europeans to match our one-third offer.

The reactions were favorable. No objections were voiced. A summary of responses is attached.

Under Secretary Katzenbach and Mr. Gaud join in recommending that you authorize our delegation in Amsterdam to proceed in accordance with the original proposal. I concur in their recommendation.

I am attaching herewith the original memoranda, including the covering memo from Mr. Rostow.

William J. Jorden

Proposal approved _____

Disapproved _____

See me _____

Attachments: A. Katzenbach memo
B. Summary of Congressional Reaction
C. Memoranda on aid proposal

~~CONFIDENTIAL~~

DECLASSIFIED

Authority State br 3-3-79
By restig NARA, Date 3-25-91

1. ~~copy~~
2. ~~Pres file~~

51

Thursday, February 23, 1967 - 10:00 a.m.

~~SECRET~~

Mr. President:

Attached, for your approval, is a proposed message of congratulations to General Ankrah of Ghana. It covers both the First Anniversary of Ankrah's overthrow of Nkrumah (February 24), and the 10th Anniversary of Ghana's Independence (March 6).

We have held this up until the last minute while the king-makers on Ghana's National Liberation Council decided whether to depose Ankrah. (He is reasonably bright and efficient, but is sometimes abrasive and has no personal political base.) Our information is that they have decided against deposing him. Thus, if you approve, the message should be sent today.

Ed Hamilton

Approve ☒ *2/23/67*

Disapprove ☐

Speak to me ☐

DECLASSIFIED
E.O. 12356, Sec. 3.4
NEJ 91-323
By ing, NARA, Date 11-18-93

~~SECRET~~

5/10

PROPOSED PRESIDENTIAL MESSAGE TO GENERAL ANKRAH

Dear General Ankrah:

As the people of Ghana prepare to mark the first anniversary of the National Liberation Council, I want you to know that all Americans admire the renewed stability and progress which you and your colleagues have brought to your country. I also want you to extend our congratulations and best wishes as Ghana celebrates a decade of independence on March 6.

Both of these occasions are sources of great pride and satisfaction not only to Ghanaians, but also to Ghana's many friends around the world. The American people are proud to count themselves in that number.

Lyndon B. Johnson



Pres file

Thursday - 12:00 noon
February 23, 1967

Mr. President:

Brazilian President Castello Branco has sent you the message at Tab A expressing appreciation for your warm reception of President-elect Costa e Silva.

State recommends that you send the brief acknowledgment at Tab B. I concur.

Approve _____

Disapprove _____ .

William G. Bowdler

Attachments

52a

Message to the President from Brazilian President Castello Branco

His Excellency

The President of the United States of America

and Mrs. Lyndon B. Johnson

Washington, D. C.

On behalf of the Brazilian people and in my own name I thank
Your Excellency and Mrs. Lyndon B. Johnson for the kind
and warm reception given to His Excellency the President-
elect of Brazil and Mrs. Arthur da Costa e Silva who have
recently visited your country. Please accept my best wishes
for the increasing prosperity of the United States of America
and for the personal well being of Your Excellency and Mrs.
Lyndon B. Johnson.

Humberto de Alencar Castello Branco

President of the Republic of the

United States of Brazil.

Proposed Presidential Message to President Castello Branco of Brazil

Thank you for your kind message concerning the recent visit of President-elect and Mrs. Costa e Silva. It was indeed a pleasure to meet them, and I valued the opportunity to exchange views on matters of importance to our two nations. Mrs. Johnson and I appreciate the good wishes expressed in your telegram and extend to you our best wishes for your own success and for the prosperity of your great country.

With warmest regards,

Sincerely,

~~CONFIDENTIAL~~

Thursday, February 23, 1967

MEMORANDUM FOR THE PRESIDENT

Pres file

THROUGH: Bromley Smith

SUBJECT: Message to Thai Elder Statesman

Phya Srivisarn is the principal civilian adviser to the Thai Prime Minister. He will be 70 years old on February 25.

He is a highly influential and respected elder statesman with a distinguished public career of 40 years. He has contributed significantly to the development of closer US-Thai relations.

Ambassador Martin strongly recommends that we recognize his contributions, noting that his role as a key adviser to the Prime Minister could be of great help in connection with current problems of great importance to us.

Martin recommended a Presidential Medal of Freedom award. State thinks this is impractical. But, State strongly believes that a birthday message from you with a signed original would be extremely helpful. I think they are right.

You met Phya Srivisarn during your visit to Thailand in May 1961. He was ill during your October 1966 visit.

Text of proposed letter is attached. We would send it telegraphically and pouch the signed original to Bangkok.

William J. Jorden

Approved ✓

Disapproved _____

*We don't give Medal of Freedom awards
any more
L*

~~CONFIDENTIAL~~

DECLASSIFIED
E.O. 12356, Sec. 3.4
NIJ 91-323
By lip, NARA, Date 11-18-93

February 24, 1967

Dear Phya Srivisarn:

I want to extend my personal congratulations and good wishes to you on the occasion of your seventieth birthday.

I know of your remarkable career spanning forty years in which you have served with such distinction in the promotion of Thailand's national interests, the furtherance of closer relations between our two countries, and the cause of world peace.

You have my high admiration and esteem for your many achievements in these endeavors and my very best wishes for continued success.

Sincerely,

LBJ

Phya Srivisarn Wacha
Government House
Bangkok

LBJ:State:WJJ:cjf

rec'd
2/22/69
5:32p

(21)

THE WHITE HOUSE
WASHINGTON

Wed., February 22 at 5:30

Mr. President:

Canadian Ambassador Ritchie called
me about the following:

Before Lester Pearson leaves for vacation
tomorrow evening, he is obligated to tell
Parliament where he is going and when he will
be back. The Prime Minister would like to
be able to tell the House that he is coming
through Washington on March 8 and will have
a chat with you on a variety of subjects of
interest to the two governments. (I under-
stand you have agreed to see him on the 8th.)

I told Ritchie I would give him an answer
tomorrow morning.

f-20)

Francis M. Bator

OK for Pearson to announce such a meeting
(George Christian should also announce
tomorrow afternoon) ☒

Prefer no announcement at this time ☐

Speak to me ☐

Rostow
55

THE WHITE HOUSE
WASHINGTON

~~SECRET~~

February 22, 1967

Mr. President:

Here is Ambassador Lodge's weekly report. He is very optimistic.

His high praise of the way you handled the attempt to prolong the truce is on pages 1-2.

Bromley Smith
Bromley Smith

~~SECRET ATTACHMENT~~

DECLASSIFIED
E.O. 12356, Sec. 3.4(b)
White House Guidelines, Feb. 24, 1983
By 19, NARA, Date 2-12-91

~~SECRET NODIS~~

55a
Wednesday, February 22, 1967

FOR THE PRESIDENT FROM LODGE (Saigon, 18649)

Herewith my weekly telegram:

A. Hanoi's Propaganda Battle

DECLASSIFIED
E.O. 12356, Sec. 3.4
NLJ 91-325
By mg, NARA, Date 11-7-91

I am coming to the view that what is at once the knottiest and most crucial problem of all is the Communist propaganda battle in the world outside of Vietnam (the knottiest and most crucial one within Vietnam continues to be destroying the guerrilla infrastructure).

Your handling of the attempt to propagandize the U. S. into extending the bombing truce simply so as to give a respite to the aggressor aroused my admiration. You protected our vital interests, you advanced the cause of peace, and you not only did it without loss of goodwill and with enhanced respect for the U. S. but made the Communist propaganda campaign seem like the thoroughly specious thing that it was.

Hanoi and its associates are clever in using every possible source of help -- be it U Thant, or certain of our Senators, or the big wave of anti-Americanism in Canada, France and other places in Western Europe, which is not Communist-inspired, but can be attributed to sundry, unlovely motives, notably jealousy of our size and strength. While messages which I get from personal friends of mine in France, Belgium and Canada lead me to believe that the masses do not share this anti-Americanism, it is sufficiently expertly organized and pumped up to give pause to the politicians who, in their hearts, would be terrified if we were to abandon Vietnam.

This war would come to an end very quickly if: A) we could destroy some 3,000 hard-core guerrilla infrastructure, and B) convince Hanoi that its propaganda campaign was a flop. In fact, I often think that if we just did "B)," it might be enough in addition

~~SECRET NODIS~~

to all the other things which we are already doing so successfully. Your **able** handling of the proposed bombing truce must, therefore, have had a depressing effect in Hanoi.

B. Terrorists

Tragic though the individual impact is, there may be an encouraging side to the kind of terrorists incidents which we are now having. These incidents have lately been of the small variety -- hand grenades, claymore mines and, recently, mortar fire rather than the kind which we used to have: a truck filled with 250 pounds of explosives such as blew up the Embassy in 1965 or the Victoria Hotel explosion last year. Expert opinion is that Operation FAIRFAX, which is the U.S. Army operation in the doughnut area around Saigon, has made such large incidents less likely.

Thus, the smaller ones are increasing. There has been an increase in hand grenade incidents in the first 15 days of February. More mortar incidents similar to that of February 13 are expected. And the small ones are harder to defend oneself against.

One theory is that these incidents are due to our side being so successful against the main force units that they are forced into small terrorist acts if they are to do anything. In this sense, these acts bespeak desperation.

Another theory is that current terrorist acts are done for the publicity in the United States. The Viet Cong chiefs apparently realize that there was more publicity in American newspapers and magazines for the Embassy bombing than there has been for the whole FAIRFAX operation. And they appear never to forget public opinion in the United States.

The pay is a big price in lives and in goodwill among the Vietnamese. The books which I have read about guerrilla warfare, including Mao Tse-tung and Che Guevara, strongly forbid indiscriminate terror. They speak about individual assassination of high-ranking people, but stress the vital importance of acquiring the goodwill of the population, and under no circumstances to

terrorize them indiscriminately. Apparently the publicity effect which the Viet Cong think that these terrorist incidents will get in the United States is so great as to override Mao Tse-tung's advice.

The U. S. might inform Hanoi via the Poles that in case of further terrorism in Saigon, we would make appropriate retaliation.

C. Security of Vietnamese People

Latest Revolutionary Development statistics show the following concerning the numbers of persons living under secure conditions (by percentage of the population) as follows:

	<u>1965</u>	<u>1966</u>
Percent Secured	52.1	57.9
Percent under Viet Cong Control	22.7	17.6
Percent Contested	24.6	23.4
Percent Uncontested	.6	1.1

D. Attitudes

Zorthian in his weekly "Evaluation of Attitudes" reports:

"People of Saigon were confused as to how the Viet Cong could bring a weapon like an 81mm mortar into the heart of the city, set it up, fire a number of rounds, destroy the weapon and escape without being apprehended.

"U.S. image was tarnished again last week with a series of incidents ranging from the killing of an off-duty policeman by an American civilian in the Victoria Bar to U.S. Marines stirring up dust and leaving mud tracks along the banks of the famous Perfume River in Hue.

"There is some concern that the normally high TET prices may recede. Taxi fares seem to be abnormally high. A normal 35 piaster ride went as high as 150 piasters during the TET period.

"General reaction is favorable to Premier Ky's radio announcement that the elections would be held earlier than previously announced. Many of the rural leaders opined that it was a good omen which showed that the Premier was serious about turning the country over to civilian rule.

"Reaction to American forces in the Delta continues to be generally good."

The weekly newspaper summary is as follows:

"Tu Do" (Freedom) says: "The men of goodwill once again will be embarrassed when they note that the Viet Cong shelled a populated sector of the Capital with 81mm mortars at the very moment the U. S. prolonged the bombing pause in North Vietnam." A number of other Vietnamese language papers followed this line.

"Chan Dao" (Right Path), however, eulogizes President Johnson for accepting what an American official termed a calculated risk on the extension of the TET lull. "The entire world is satisfied with that decision. The U. S. has made the first step, the most difficult one."

"Tu Do," in a heavily censored editorial, says many segments of the Vietnamese population feel the U. S. is not willing to end the war immediately because it is waiting for Red China to openly join the conflict. Another rumor, the paper says, is that the U. S. is about to sign a truce agreement with Hanoi and even the National Liberation Front. The editor asks the President to make clear the purpose of the U. S. in any negotiations.

"Tien Tuyen" (Front Line) pondered the consequences of the unilateral pause. The paper held that: "North Vietnam will not be ready to welcome negotiations because it is not yet worn out. The only advantage the United States can draw from a prolonged pause is to show once again her eagerness for peace."

"Quyet Tien" (Progress) advised that "it is up to North Vietnam to decide whether there would be peace. Latest reports indicate she maintains a stubborn silence and continues to intensify her infiltration. In view of further attacks, therefore, the U. S.

was compelled to strike back and once again our hopes end up in smoke."

The Vietnamese body politic again showed sensitivity to demands for unilateral concessions by our side. Reports of plans for a March 4 peace demonstration by Catholic groups in Belgium provoked an immediate response here. Several editorials attack the proposals of Cardinal Cardjin and Catholics set up a "Committee of Struggle for Just Peace" which organized counter-demonstrations in refugee centers on February 19.

The Council of Religions sent a cable to Cardinal Cardjin suggesting changes in the theme of the Belgian demonstration so as to call for an end to Communist aggression as well as the bombing of North Vietnam. Although the Council is not usually active and has little popular following, the local press gave heavy play to its action. A Catholic member of the Directorate told an Embassy Office that Catholic groups instigated the Council's action, but he claimed full support from Buddhist and Cao Dai members.

E. Anger at U.S. Court Martial Report

As I write this telegram, the report that the U.S. had unilaterally decided to bring journalists and third country nationals under our Court Martial jurisdiction, is starting to cause angry comment in the Vietnamese press. The report threatens our greatest single psychological asset: that we are not colonial and do not want to govern Vietnam. It, therefore, calls for eloquent and highly placed denial.

F. Americans Out of Saigon

We are really getting some solid goodwill because the word is getting out that the American military will be moving out of Saigon.

The Saigon Daily News had the following story under the headline "Rental Going Down."

"The cost of rental of rooms and houses in Saigon and in its suburbs is going down slightly and is expected to lower sharply

in the months to come when many U.S. compounds are moved out of Saigon.

"Six months ago, a small house near the Tan Son Nhut Airport was rented at 10,000 piasters per month, is now at about 7,000 or 6,000 piasters. At other areas far from the American bases, the rental is still lower."

Our determination to keep our military out of the centers of population is being praised in many influential quarters as a sign of our awareness of the human factors, of our respect for Vietnamese culture, and of our desire to avoid friction. We are really getting the kind of dividend in terms of goodwill which does not often happen.

We are also required by the war to occupy a good many buildings in Saigon, such as office buildings, hotels, private houses, warehouses, etc. In a number of cases, the owners refuse to renew the rent, claiming that they want their own property for their own use. In cases where our use of the property is indispensable to the war effort, we try to work it through the Mayor's office so that we can stay on as squatters, and simply to refuse to move out when the landlord attempts to squeeze us. This is admittedly very unsatisfactory. I have tried to see to it that in every case of real hardship, we do get out, and that we offer increases in rent.

I am glad to say that this situation is improving. In September 1966, we were "squatting" in 26 properties housing 111 people. As of March 1, this will be reduced to 16 properties housing 28 people.

G. Constitution

The Assembly has been holding two daily sessions since the TET recess. They have now completed work on the "Legislature" and are virtually finished with the "Presidency." It now appears likely that they will complete the Constitution by the deadline of March 27.

The Assembly and the Government now seem to be working together -- the result of a series of informal meetings. Ky, in particular, has been active in talking informally with Deputies and entertaining them in small groups (which I have earnestly advised).

The results in terms of the Constitution are good. The Assembly, as, I think wisely, increased the authority of the Executive. It has, in effect, decided that the Legislature cannot force the President to remove his Prime Minister or other Cabinet officers. The President may reject a 2/3 vote recommending removal of the Prime Minister on grounds of "special reasons." The Legislature can only override such a Presidential rejection of their recommendation by a vote of three-quarters of the entire membership of both Houses -- a vote which may well be impossible to obtain.

The Assembly also gave the President the right to declare national emergencies, a power which had been invested in the Legislature in the first draft. The Assembly must, however, approve such a declaration within 12 days after it is made, thus providing against possible abuse of this power.

The Assembly voted again to set the minimum age for the President at 35. Before the vote, there was speculation that the Deputies might exclude Ky from running for President by setting the age limit at 40. After an unemotional debate, the 35 age limit passed by a wide margin. Some Deputies attributed this action to Ky's recent wooing of the Assembly.

The Assembly may also change the provision for election of Province Chiefs so as to bring it more into line with the wishes of the Directorate. Le Phuoc Sang, leader of the Democratic Alliance Bloc in the Assembly, a few days ago told an Embassy Officer that he expects the Assembly to change the transitional provisions of the Constitution to permit the President to appoint Province Chiefs in any provinces which he deems too insecure to permit their election. We would welcome such a change. We fear election of Province Chiefs at this time would tend to create tension between the provinces and the central government and make it more difficult to carry out national programs such as Revolutionary Development and Chieu Hoi.

We have unconfirmed reports that the Government has informally agreed to allow the Assembly to continue on in some capacity after completing work on the Constitution. Some sources say that the Assembly will serve as the first Lower House. Others report that

the Assembly is to change its name and become some sort of interim committee charged with writing an Election Law and monitoring the election. If such an agreement has been made -- and it may be largely as tacit agreement -- it would be one of the factors in the Assembly's willingness to amend the Constitution to the liking of the Government.

H. Village and Hamlet Elections

Preparations for village and hamlet elections are under way. The elections will begin April 2 and will proceed in phases until all village and hamlet elections are completed on June 11. The number of candidates and offices to be filled makes this a large undertaking: the Vietnamese people are about to elect 5,500 Hamlet Chiefs and a 6- to 12-man council for each of approximately 1,300 villages.

Prime Minister Ky is personally interested in the preparations for the elections. He has set up an Inter-Ministerial Election Committee presided over by General Thang, and he intends to accompany the Committee when it holds seminars for Provincial Officials in each of the four Corps areas. Ky goes to the Third Corps for the first of these meetings tomorrow.

Ky has also ordered the setting up of Provincial Committees to organize the elections, and the Vietnamese Joint General Staff is working on an operational plan to provide security for the elections. Verification of voter lists is reportedly well under way. Publicity plans for the elections include radio programs, motion pictures, TV programs, posters and press articles.

Our role in this election will be the same as it was during the elections for the Constitutional Convention. We expect to provide some assistance in transporting election materials such as ballots and posters. Our military will, when requested, replace Vietnamese equipment such as helicopters being used for medical evacuation so that the Vietnamese can use their equipment to support the election. We will not provide any transportation for candidates, and we will carefully keep our assistance in the background as we did for the September elections. We have set up a special Inter-Agency Election Coordinating Committee which will monitor election preparations and prepare guidance for U.S. personnel in the field.

I. Vietnamese Killed

During the week ending February 18, the Viet Cong killed 49 Vietnamese civilians, wounded 171, and kidnapped 59, of which we have specific knowledge. The dead include one Hamlet Chief, three Chieu Hoi returnees, and three policemen. This week's figures may be compared with those of last week: 23 dead, 22 wounded, and 7 kidnapped.

A large number of the civilian casualties this week were the result of indiscriminate Viet Cong shelling of the capital of Kien Hoa Province.

On February 18, between 3:30 AM and 6:00 AM, the Province capital of Ben Tre (Truc Giang) received heavy shelling and mortar fire from the Viet Cong. Province offices, business homes, power and phone lines were damaged; numerous homes were destroyed, and the airfield was damaged. The Viet Cong used recoilless rifles and 81-mm mortars and howitzers. The following casualties were reported: 106 civilians were wounded and 26 were killed. In Thnoon, 10 additional rounds were received from the Viet Cong; 1 USAID Agricultural Advisor received serious wounds and was evacuated to Saigon.

Specifically, in the military field, this week saw the highest number of enemy killed in action on record: 2,029. The high figure resulted in part from a successful operation in IV Corps, a fierce engagement between North Vietnam Regulars and Korean Marines, and continuing operations by US forces in several areas.

The attack on the Korean Marines was carried out by an estimated two battalions equipped with flame throwers and crew served weapons. The attacked Marine Company struck back and inflicted 243 killed in action on the enemy; friendly losses were 18 KIA. A major offensive by the ARVN 21st Division in Chuong Thien Province killed 331 enemy with friendly losses of 31 killed. This was the most successful operation of the year in IV Corps and shows the progress being made by ARVN forces.

J. Chieu Hoi

The number of Chieu Hoi returnees for the period January 29-February 4 was 581. The figure for the week of February 5-11 was 612. The total for this year now stands at 3,465, which compares with 1,822 for the same period in 1966. The average per week this year is

577.5; continued high rates of return during a holiday period when there was relatively little military contact with the Viet Cong is believed to reflect the first returns from the intensive psychological operations preceding and during the TET holiday.

Although the Chieu Hoi program is, as General Thieu says, "intermittent" and lacks strong steady drive, it must also be described as a success. For example, in 1966, 20,242 Viet Cong returned voluntarily to the side of the Government of Vietnam. Of these, 13,052 were classified as military-type Viet Cong. If it had been necessary to eliminate these Viet Cong by military means the Free World Forces would have lost approximately 3,000 dead according to prevailing kill ratios. The number of Viet Cong eliminated through the Chieu Hoi program in 1966 was approximately equal to one-third the number of all Viet Cong killed or captured by all military forces in Vietnam -- Government of Vietnam, US, Free World. Military pressure appears to be the predominant single factor in influencing the return of Viet Cong through Chieu Hoi.

Based on results this may also be our least expensive program. The cost of administering the Chieu Hoi program in 1966 was \$125.12 per returnee. This figure includes all US dollar and Government of Vietnam piaster expenses for all aspects of the program, excluding the salaries of the eight US, two Australian, and forty-six Filipino personnel who comprise our staff.

K. Economic

Prices continued their steady upward movement this week. The retail price index now stands at 276. Last week, it was 259. There was a sharp increase in the price of pork. But rice prices declined. Also, the wholesale price index on imported commodities stands at 225, down from last week's 230, but well over last month's 219.

The Government of Vietnam will use its own foreign exchange to fill the gap in rice deliveries which threatened the nation. The Thai Government has agreed to make available 100,000 tons, with 30,000 tons for shipment in March. Taiwan will sell the Vietnamese 20,000 tons, with delivery at the end of February. The Vietnamese Government will also take at least 200,000 tons of US PL 480 rice with 100% US use of the piaster proceeds. They may take an additional 100,000 tons of our PL 480 rice on the same terms.

Six vessels carrying rice imports are in Vietnamese waters now, so that despite poor deliveries from the Delta, the stock and price situation is not expected to get much worse.

L. Land Reform

A State Department officer with long experience in Vietnam recently completed a survey of the land reform program here. He concluded that while much remains to be done, the Government is moving on this problem and is fulfilling its Manila pledge.

He reports that Government promises to distribute land already held are now being actively carried out. Last December, Ky acted to speed up the process by providing extra funds for the preparation of nearly 100,000 permanent land titles. The task was completed by the end of last month and the titles are now being distributed. (The coming presidential election has made the distribution of land an attractive action. Thieu, for example, distributed land titles in a recent swing through the Delta.)

The Government supported the inclusion in the constitution of a clause which states that Government policy is to help the farmer own the land he farms. This statement of principle in the constitution is an important base for any future land reform legislation. Also, the village-hamlet ordinance which Ky signed December 24 provides for an agricultural affairs member on the village administrative committee: a step toward placing the basic administration of land affairs in the village government.

Other Government actions which will support a meaningful land reform program include the establishment of a new agricultural bank, the setting up of a single supervisory and training directorate for the Farmer's Association, plans for expanded technical assistance to farmers and increased credit for irrigation.

The National Land Reform Council, headed by Prime Minister Ky, is reported planning to discuss directives regarding back rents and taxes and the adjustment of tenure problems in areas which are now being brought under Government control after previously being held by the Viet Cong. This is perhaps the most serious land reform problem immediately before the Government, and the action taken on it will be important.

1. *sum*
2. *Pres file*

~~SECRET~~

Tuesday, February 21, 1967
4:30 p.m.

Mr. President:

Nick is back again on Algerian wheat.

He says he didn't have the facts at lunch,
and now feels strongly we should go for the
200,000 tons.

If you agree to go ahead with either the
200,000 ton PL 480 credit sale or the 50-50
cash and credit arrangement, we will need
your signature on the attached Findley
amendment waiver. Algeria's trade with Cuba
is limited to non-strategic commodities for
which you can make an exception. Algeria does
not have any current trade with North Viet Nam.

W. W. Rostow

DECLASSIFIED
E.O. 12356, Sec. 3.4
NEJ 91-323
By 128, NARA, Date 9-18-93

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*2/22/67 - Check out in line with normal
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THE UNDER SECRETARY OF STATE
WASHINGTON

February 18, 1967

MEMORANDUM FOR THE PRESIDENT

Subject: PL 480 Sale to Algeria

At luncheon last week I was unaware of the following facts which lead me to ask you to reconsider this matter.

1. Algerian wheat requirements for fiscal 1967 total 1 million tons. It has purchased 800 thousand tons on commercial terms already: 500 thousand from the U. S., 200 thousand from the U.S.S.R. (under usual clearing arrangements) and 100 thousand from France.

2. The terms of the proposed 200 thousand sale were for 100 percent dollar repayment at 3½ percent for 20 years. The terms for Morocco and Tunisia were much more lenient and required only 50 percent dollar repayment and 25 percent dollar repayment, respectively. Furthermore, both Morocco and Tunisia had purchased far less of their requirements in the U. S. than has Algeria.

3. The amount of so-called "usual marketing requirement" for Algeria is 175 thousand tons. It has already purchased 2½ times this much in the U. S. alone. To tie a sale of 100 thousand tons for cash to 100 thousand tons on a tough credit basis, would, in my judgment, be unlikely to be acceptable to Algeria and might even be more offensive than simply to refuse any credit terms. Furthermore, tied sales of wheat are in violation of our wheat agreements with Australia and Canada and to even propose a tied sale would be sure to be offensive to other wheat producing countries.

DECLASSIFIED
E.O. 12356, Sec. 3.4
NJ 91-325
By 128, NARA, Date 11-7-91

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-2-

For the above reasons I believe it advisable to go ahead with the credit sale of 200 thousand tons. I don't believe this will raise any major Congressional problems.

Respectfully,


Acting Secretary

_____ Approve credit sale of 200 thousand tons.

_____ Approach Algerians for 100 thousand cash and
100 thousand credit.

_____ Disapprove PL 480 sale to Algeria.

~~SECRET~~

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~~SECRET~~

STATEMENT OF REASONS THAT PUBLIC LAW 480
SALES TO ALGERIA ARE IN NATIONAL INTEREST

Since achieving its independence in 1962, Algeria has received substantial assistance from the United States. The long struggle for independence left that country in a disorganized and depressed economic condition. The departure of nearly one million Europeans, the return of two and a half million Algerians to their homes, and the lack of adequate personnel and institutions had seriously disruptive consequences for the agricultural sector. To help meet urgent Algerian food requirements, the United States has directly and through the voluntary agencies supplied on a grant basis foodstuffs valued at about \$170 million since Algerian independence. In addition, early in 1966 the United States made a concessional sale of 200,000 MT of wheat to Algeria under Title IV of the Public Law 480 Legislation. The United States, therefore, has been a large supplier of essential food to Algeria in recent years.

During Fiscal Year 1967, Algeria suffered one of the worst droughts on record. Wheat production was only 60 percent of normal. As a result, Algerian import requirements for wheat rose to 1,000,000 MT. The Algerian Government purchased about 400,000 MT for cash from the United States, and has arranged to obtain about 200,000 from the Soviet Union and 100,000 MT from France. For the remaining 200,000 MT the Algerian Government has requested assistance in the form of a concessional sale under the then Title IV of Public Law.

Algeria has a limited export trade with Cuba. For the first six months of 1965 it was valued at \$2.6 million and believed to have continued at this level since that period. Available statistics indicate that the products exported are within the categories of medical supplies, non-strategic raw materials for agriculture, and non-strategic agricultural or food commodities, for which an exception can be made under Section 103(d) of Public Law 480, as amended by Public Law 89-808, and are of minor economic importance. Algeria does not have any current trade with North Vietnam and its ships do not call at Cuba or North Vietnam.

~~SECRET~~

DECLASSIFIED
E.O. 12356, Sec. 3.4
NLJ 91-291
By *isp*, NARA, Date 11-25-91

~~SECRET~~

-2-

We desire to extend humanitarian assistance to a friendly country with which we maintain normal diplomatic relations. Algeria is one of the most important countries in North Africa. It is essential that we maintain harmonious bilateral relations in terms of larger international problems in Africa and the world scene. The Algerian Government has faced a drain on its foreign exchange reserves because of the drought. Dollar repayable credit terms for this essential food will help alleviate this situation and permit the use of its foreign exchange resources for economic development.

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PRESIDENTIAL FINDING

Subject: Algeria -- Finding that Sales Agreements are
in the National Interest

In accordance with Section 103(d) of the Agricultural Trade Development and Assistance Act of 1954, as amended, I have reviewed the status of Algeria for purposes of sales of agricultural commodities under Title I of that Act.

As a result of that review, and as required by Section 103(d)(3) of Act, I hereby find that the making of sales agreements with Algeria under Title I of the Act is in the national interest of the United States. This finding applies to each such sales agreement with Algeria entered into during the Fiscal Year 1967. The reasons for this finding are set forth in the accompanying statement, which shall be made available to the Senate and House of Representatives and published in the Federal Register together with this finding.

X _____

DECLASSIFIED

E.O. 12958, Sec. 3.5

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

By CL, NARA, Date 10-21-98

~~SECRET~~

Tuesday, February 21, 1967 -- 3:05 p. m.

Mr. President:

Speaking of outside engagements, you should know that I accepted an invitation from Arthur Krim to appear on the morning of Monday, February 27, at a seminar of the President's Club in New York. I gather Charlie Schultze has also accepted.

Arthur tells me firmly that this is off the record. I guess we can count on him more than we can count on the Washington Post. Unless you instruct me to the contrary, I shall go up on the 10:00 a. m. shuttle and be back Monday afternoon.

I will report in on Saturday evening or Sunday morning when I am back from England.

W. W. Rostow

WWRostow:rlh

Tuesday, Feb. 21, 1967
2:30 p. m.

MEMORANDUM FOR THE PRESIDENT

SUBJECT: News Media Contacts

Monday, Feb. 20

Raymond Aron. I reviewed with this distinguished French journalist the main lines of my Leeds speech. He agrees that the world picture is turning for the better. His only hope is that we can see it through in Viet Nam soon and before the war enlarges. I explained that we were looking for a negotiation of an honorable peace; but there was no serious response from Hanoi. He thought that the problem probably lay in China's influence in Hanoi.

I then took the occasion to talk about the political process inside South Viet Nam, and urged him to examine carefully how South Korea evolved. Not many Europeans have studied this case. He seemed interested.

He then asked some questions about non-proliferation and why we did not think, for example, that it would be better if we gave up responsibility for Japanese security and let them have a national nuclear capability. I explained why I thought that that kind of a world would be less stable and safe for us all.

Bechir Ben Yhamed, Editor of Jeune Afrique of Tunisia. I have met this young journalist before. He is going to Hanoi and wanted to have our view of Viet Nam. I explained to him as lucidly as I could, on the basis of Secretary Rusk's press conference, our exact posture towards negotiations. I underlined that Hanoi had a wide variety of choices as to how to proceed if it, in fact, wanted to end the war. I said that all we knew of their position from all diplomatic efforts was what they had said to the Pope; and we had explained why this was unsatisfactory.

I underlined that we understood the kind of political warfare offensive that had been mounted; but we are not prepared to turn in a major military instrument protecting our men in exchange for that effort. On the other hand, any time they wish to end the war, they would find us ready to do so; but they had to accept, and this time honor, the 1954 and 1962 Accords, and let the people of South Viet Nam decide their future on a one-man one-vote basis.

He asked if he could see you, since he planned to see Ho Chi Minh next week. I explained why that was impossible.

Ajit K. Bhattacharjea, Hindustan Times of India. This young man is about to take over the most important paper in India. He is young, pragmatic minded, remarkably un-Hindu in his way of talking. He has been a correspondent in Washington for some years. He wanted to know in general what we hoped to see in U.S. /Indian relations after the election. I indicated that we hoped for:

-- a top priority effort in agriculture, including bringing in many more chemical fertilizer plants;

-- a serious effort to get into dialogue with the Paks, emphasizing the responsibility of the larger partner in such an affair -- anaanalogy on our relations with Mexico.

I elaborated on the themes of your message to the Congress on the Indian food problem.

He raised Viet Nam and Indian policy towards Viet Nam. I pointed out that we obviously would like to see greater understanding and support for our policy, since, as he ~~knew~~ well, the security of India was involved in our seeing it through in Viet Nam. But I stated that you had not let Indian views on Viet Nam color your approach to feeding 500 million human beings in the subcontinent.

I called John Steele on the phone to tell him that I thought the article on Dick Helms was good. He thanked me for my help and for putting him on to Max Millikan, whose quotation was useful.

Tuesday, Feb. 21

Ted Weintal came in this morning to leave a copy of his book. I told him that I had no trouble with criticism of me in the press; but I would probably find it hard to survive the praise in his book. (You should know, Mr. President, that his access to documents in the book was at the direct order of George Ball, with the knowledge and assent of Secretary Rusk.)

Weintal then tried to probe on what had happened with Wilson, and why he said they were "near" a solution. I told him that so far as we knew, there was absolutely no evidence that Hanoi was near agreement on anything. I told him the story of the Polish peasant, his daughter, and the prince, which he seemed to enjoy.

He tried to get details on various of the particular explorations; but I said that it was flatly our policy not to discuss them, and he would just have to take it as being gospel truth that Hanoi had indicated privately as well as publicly to the Pope that it could go no further than a formula that was unacceptable for the reasons laid out by Secy. Rusk.

W. W. R.

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Tuesday, Feb. 21, 1967
12:30 p.m.

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Talking Points for Lunch with Scherer, Pierpoint, and Reynolds

1. Despite the well-meant efforts of many parties and our own maximum effort to follow up, the position stands at the end of the Tet truce precisely where I said it did earlier: we have had no serious response from Hanoi -- no indication that they wish to move to end the war.

2. Secy. Rusk made clear that we have given them many options: to negotiate publicly or privately; a piece of the problem or a whole settlement; mutual de-escalation to any balanced degree; the only response we have had by private channels is the one that you all know publicly: if we unconditionally and permanently stop bombing, they might talk.

3. In the face of this situation we shall proceed with our policy while keeping all channels open.

4. General Westmoreland, the South Vietnamese, and our other allies are pouring it on the South; they are moving seriously into the difficult task of pacification; all elements in South Viet Nam are working hard to produce a constitutional government this year; we shall continue to bomb the North and are confident, as Secy. McNamara said, that the three objectives you outlined in your Baltimore speech are being achieved:

-- We are limiting -- not stopping but limiting -- the flow of men and supplies into the South;

-- We are imposing a cost on the North for continuing its aggression: 300,000 workers diverted to keeping the roads open; perhaps another 100,000 in coastal defense; perhaps 200,000 in air defense and related activities; a requirement of foreign aid which has risen from \$100 million to \$500 million since 1964.

~~-- A requirement of foreign aid which has risen from~~

-- Finally, the attacks on the North strengthen the morale in the South for the simple reason that every soldier and every citizen in the South knows that the aggression comes from the North, and they are strengthened by knowing that we have the will and the ability to hit the source of the aggression.

5. As you said in the State of the Union message, you are making no promises as to when this war ends; but we are making progress in every part of the Viet Nam effort: we shall persist and we shall succeed.

6. Meanwhile, it is more and more clear, if you look away from Viet Nam to all of Asia, including mainland China, that our commitment in Viet Nam has turned the hinge of history in a part of the world where 2/3 of humanity live. Everywhere in non-Communist Asia there is confidence that they have a future, and they are turning pragmatically to build that future with increasing cooperation. On the mainland, the arrogant ideology and policy of Mao are clearly failing.

7. You have every reason to feel confident that the decisions you made in February and July 1965 have been and will be vindicated by the course of history and historical judgment. You intend to see them through.

8. With respect to the CIA problem, the simple fact is that this kind of subsidy to student organizations in dealing with international Communist activities has been going forward under the Administrations of Presidents Truman, Eisenhower, Kennedy, and your own. Everyone close to those operations knows that they were successful; they made it possible for students so inclined to go out and battle against highly professional, well-financed Communist groups.

9. It also happens to be true that since you have been President, the committee of Under Secretaries did not feel it necessary to bring this particular activity of the CIA to your attention or to challenge it until the Ramparts story broke. The policy committee guiding the CIA in these matters makes a judgment as to which issues come to you personally. Some do, some don't.

10. It may well be that there are better ways of supporting private student groups in playing an effective part in the kind of world in which we live. They are up against well-financed professionals that don't command the resources to deal with them on their own.

11. You will, therefore, examine with an open mind any recommendations coming from Under Secy. Katzenbach, Secy. Gardner, and Director Helms.

12. All democracies have faced this kind of problem in dealing with the covert, highly organized Communist regimes. The British Parliamentary system makes it easier than our Congressional system because the Parliament does not examine certain budgets on an item-by-item basis. That is the tradition in our Congress, except in the Russell Committee.

13. In your view, this issue is one which should be discussed thoughtfully and without passion or moralizing. The issue is: how can our kind of democracy, which relies so heavily on diverse, private institutions and groups, deal with a world where some of our adversaries operate with all functions centralized in the hands of an all-powerful state?

W. W. R.

p. 60

Tuesday, Feb. 21, 1967
12:30 p. m.

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Talking Points for Lunch with Scherer, Pierpoint, and Reynolds

1. Despite the well-meant efforts of many parties and our own maximum effort to follow up, the position stands at the end of the Tet truce precisely where I said it did earlier: we have had no serious response from Hanoi -- no indication that they wish to move to end the war.

2. Secy. Rusk made clear that we have given them many options: to negotiate publicly or privately; a piece of the problem or a whole settlement; mutual de-escalation to any balanced degree; the only response we have had by private channels is the one that you all know publicly: if we unconditionally and permanently stop bombing, they might talk.

3. In the face of this situation we shall proceed with our policy while keeping all channels open.

4. General Westmoreland, the South Vietnamese, and our other allies are pouring it on the South; they are moving seriously into the difficult task of pacification; all elements in South Viet Nam are working hard to produce a constitutional government this year; we shall continue to bomb the North and are confident, as Secy. McNamara said, that the three objectives you outlined in your Baltimore speech are being achieved:

-- We are limiting -- not stopping but limiting -- the flow of men and supplies into the South;

-- We are imposing a cost on the North for continuing its aggression: 300,000 workers diverted to keeping the roads open; perhaps another 100,000 in coastal defense; perhaps 200,000 in air defense and related activities; a requirement of foreign aid which has risen from \$100 million to \$500 million since 1964.

~~-- A requirement of foreign aid which has risen from \$100 million to \$500 million since 1964.~~

-- Finally, the attacks on the North strengthen the morale in the South for the simple reason that every soldier and every citizen in the South knows that the aggression comes from the North, and they are strengthened by knowing that we have the will and the ability to hit the source of the aggression.

5. As you said in the State of the Union message, you are making no promises as to when this war ends; but we are making progress in every part of the Viet Nam effort: we shall persist and we shall succeed.

6. Meanwhile, it is more and more clear, if you look away from Viet Nam to all of Asia, including mainland China, that our commitment in Viet Nam has turned the hinge of history in a part of the world where 2/3 of humanity live. Everywhere in non-Communist Asia there is confidence that they have a future, and they are turning pragmatically to build that future with increasing cooperation. On the mainland, the arrogant ideology and policy of Mao are clearly failing.

7. You have every reason to feel confident that the decisions you made in February and July 1965 have been and will be vindicated by the course of history and historical judgment. You intend to see them through.

8. With respect to the CIA problem, the simple fact is that this kind of subsidy to student organizations in dealing with international Communist activities has been going forward under the Administrations of Presidents Truman, Eisenhower, Kennedy, and your own. Everyone close to those operations knows that they were successful; they made it possible for students so inclined to go out and battle against highly professional, well-financed Communist groups.

9. It also happens to be true that since you have been President, the committee of Under Secretaries did not feel it necessary to bring this particular activity of the CIA to your attention or to challenge it until the Ramparts story broke. The policy committee guiding the CIA in these matters makes a judgment as to which issues come to you personally. Some do, some don't.

10. It may well be that there are better ways of supporting private student groups in playing an effective part in the kind of world in which we live. They are up against well-financed professionals that don't command the resources to deal with them on their own.

11. You will, therefore, examine with an open mind any recommendations coming from Under Secy. Katzenbach, Secy. Gardner, and Director Helms.

12. All democracies have faced this kind of problem in dealing with the covert, highly organized Communist regimes. The British Parliamentary system makes it easier than our Congressional system because the Parliament does not examine certain budgets on an item-by-item basis. That is the tradition in our Congress, except in the Russell Committee.

13. In your view, this issue is one which should be discussed thoughtfully and without passion or moralizing. The issue is: how can our kind of democracy, which relies so heavily on diverse, private institutions and groups, deal with a world where some of our adversaries operate with all functions centralized in the hands of an all-powerful state?

W. W. R.

Tuesday, February 21, 1967 -- 3:05 p.m.

Mr. President:

Speaking of outside engagements, you should know that I accepted an invitation from Arthur Krim to appear on the morning of Monday, February 27, at a seminar of the President's Club in New York. I gather Charlie Schultze has also accepted.

Arthur tells me firmly that this is off the record. I guess we can count on him more than we can count on the Washington Post. Unless you instruct me to the contrary, I shall go up on the 10:00 a.m. shuttle and be back Monday afternoon.

I will report in on Saturday evening or Sunday morning when I am back from England.

W. W. Rostow

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THE WHITE HOUSE
WASHINGTON

~~SECRET~~

Tues., Feb. 21, 1967

MR. PRESIDENT:

Herewith the lunch agenda for tomorrow, with a copy of the options for increased military action attached. I assume you have the top copy.

Cy Vance asked to know my views on which of these I recommended. I said I thought we ought to move in a gradual build-up of pressure against the North, not convulsively. We ought to design a scenario for increasing pressure over, say, the next month. Within that time frame, I included the items which I have checked in the attached copy.

State's paper on next steps in negotiation will be up in your evening reading.

Walt R.

~~TOP SECRET~~ attachment

DECLASSIFIED
E.O. 12356, Sec. 3.4
NEJ 91-323
By WJG, NARA, Date 11-18-93

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

62a

~~SECRET~~

Lunch with the President

Wednesday, February 22, 1967

Agenda

I. Viet Nam* (Sects. Rusk and McNamara)

- A. Accelerating operations in the South
- B. Operations in the North
- C. Next steps in negotiation, if any.

II. Latin American Summit (Sect. Rusk)

Report on B. A. meeting and recommendation.

(If you decide to proceed, two steps are required:

- get Sect. Fowler and Bill Gaud aboard;
- explore on the Hill the kind of resolution that will command Congressional support)

Note: Trilateral Negotiating Position (Sects. Rusk and McNamara)

This should wait until later in the week. Papers should be coming to you by Wednesday evening. You may wish to mention this at lunch tomorrow.

W. A. R.

* Mr. President:

You should know that Sects. Rusk and McNamara plan to meet at 8:00 a. m. tomorrow morning to see if they can come up with an agreed package for lunch. Brom Smith will be there and report to you before lunch.

W.

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E.O. 12356, Sec. 3.4(b)

White House Guidelines, Feb. 24, 1983

By rg, NARA, Date 2-12-91

~~TOP SECRET~~

62h

Program
A B C

OUTLINE

Page

I. Military actions against North Vietnam and in Laos

A. Present program

1

B. Options for increased military programs

2

1. Destroy modern industry

3

X X X
X X X
X X X

- Thermal power *one-by-one: gradual build-up*
- Steel and cement
- Machine tool plant
- Other

2. Destroy dikes and levees

6

3. Mine ports and water entrances

7

- Mine Haiphong, Cam Pha and Hong Gai, [and estuaries south of 20°]
- Mine major port approaches

4. Unrestricted LOC attacks

10

X X X
X X X
X X X
X X X
X X X
X X X
X X X

- Eliminate 10-mile Hanoi prohibited area
- Reduce Haiphong restricted area to 4 miles *not now*
- Eliminate prohibited/restricted areas
- Elements of 3 ports
- 4 ports
- Selected rail facilities *big bridge towards end of phase I*
- Mine inland waterways south of 20°
- Mine all inland waterways
- 7 locks

5. Expand naval surface operations

12

X X X
X X X
X X X

- Fire at shore targets south of 19°
- Expand to 20°
- Expand to Chicom buffer zone

6. Destroy MIG airfields

14

X X X
X X X

- Kep and Hoa Lac
- 4 others

7. SHINING BRASS ground operations in Laos

15

X X X

- Expand operational limits to 20 km into Laos, increase helo operations, authorize larger forces, increase frequency of operation
- Battalion-size exploitation forces; start guer- *OK if M.N. & Wheeler agree.*

X X X

8. Cause interdicting rains in Laos and North Vietnam

16

X X X

9. Miscellaneous

X X X

- Base part of B-52 operations at U-Tapao, Thailand
- Fire artillery from positions in South Vietnam against targets in Laos *yes, if they attack again*
- Air defense HQ and Ministry of Defense HQ *yes, if they attack again*
- Ammunition dump *(depending on civil casualties estimate)*

X X X

II. Actions in South Vietnam

A. Expand US forces and/or their role

17

X X X
X X X
X X X

- Continue present force build-up
- Accelerate build-up; and deploy 2 additional battalions and 2 air squadrons *if worthy service*
- Deploy up to 4 divisions and 9 air squadrons

B. Improve pacification *especially against hard-core cadres*

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~~TOP SECRET~~

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Authority *71088-194*

By *ref/esp*, NARA, Date *3-26-91*