

WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

[1 of 5]

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
2-memo	Rostow to the Pres. re Middle East S 2 pp. sanitized 3-30-92 NLS 91-358 Open 2-23-00	3/15/67	A
2a memo	Katzenbach to the Pres. re Middle East S 4 pp. open 3-22-93 NLS 91-361	3/15/67	A
2b memo	Katzenbach to the Pres. re Middle East S 3 pp. sanitized 3-22-93 NLS 91-361 Open 2-9-00	3/15/67	A
5a cable	Montevideo 2061 open 5-18-92 NLS 91-361 C 2 pp.	3/15/67	A
6a memo	Sayre to Rostow re Latin America C 1 p. open 3-22-93 NLS 91-361	3/15/67	A
8 memo	Rostow to the Pres. re Vietnam C 1 p. open 3-30-92 NLS 91-358	3/15/67	A
11a cable	Bonn 10693 C 1 p. open 3-22-93 NLS 91-361	3/14/67	A
12a cable	Saigon 20396 sanitized 2-2-94 NLS 91-361 S 13 pp. sanitized 1-24-01 NLS 99-57 (same san) [Duplicate of #51a, NSF, CF, VN, NODIS, Vol V, Box 47]	3/15/67	A
15a memo	Rusk to the Pres. re Japan C 2 pp. open 3-22-93 NLS 91-361	3/6/67	A
16 memo	Rostow to the Pres. re Vietnam open 3-17-97 S 1 p. exempt NLS 92-213 NLS 95-341 [duplicate of #25a, NSF, Country File, "China, Vol. 8," exempt NLS 85-261]	3/15/67	A
16a cable	to Amembassy Taipei open 2-21-97 NLS 92-212 appeal S 3 pp. sanitized 1-24-95 NLS 92-212 [duplicate of #25a, NSF, Country File, "China, Vol. 8," sanitized 1977]	undated	A
18	Duplicate of #8 open 3-30-92 NLS 91-358		
19a	Duplicate of #19b #1		
19b memo	Schultze to the Pres. re PL 480 (1) C 2 pp.	3/11/67	A
19c memo	Schultze to the Pres. re PL 480 (1) C 1 p.	12/28/66	A

FILE LOCATION

NSF, Memos to the President, Walt Rostow, Volume 23,
March 10-15, 1967, Box 14

RESTRICTION CODES

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WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

[2 of 5]

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
19d report	Summary of Proposed Programs <i>open 11-15-91 NLJ 91-359</i> C 2 pp. <i>undated</i>		A
19f memo	Gaud and Schnittker to the Pres. " C 1 p.	3/2/67	A
19g memo	Gaud and Freeman to the Pres. " C 2 pp.	3/2/67	A
20a message	from the Pres. to P.M. Holyoake PCI 1 p. <i>open 3-30-92 NLJ 91-358</i>	3/14/67	A
20c message	from P.M. Holyoake to the Pres. " PCI 2 pp.	3/8/67	A
27a cable	London 7391 S 6 pp. <i>Sanitized 5-17-94 NLJ 93-307</i> [duplicate of #64a, NSC History, Trilateral <i>Open 2-9-00 NLJ 99-57</i> Negotiations, "Book 2, Tabs 53-71," sanitized NLJ 84-29] (*dup of #30, NSF, CRUK, Vol 10, B, 210)	3/14/67	A
28 memo <i>open 11-24-03</i>	Rostow to the Pres. re Latin America C 1 p. <i>sanitized 3-30-92 NLJ 91-358</i>	3/14/67	A
28a cable	Lima 4267 <i>sanitized 5-18-92 NLJ 91-361</i> C 2 pp. <i>Open 2-9-00 NLJ 99-57</i>	3/13/67	A
32 memo	Rostow to the Pres. re India <i>Open 2-23-00 NLJ 99-56</i> S 2 pp. [duplicate of #121, NSF, Country File, "India, Vol. 9," Box 132, sanitized]	3/14/67	A & C
33 memo	Rostow to the Pres. re Korea S 4 pp. <i>open 3-30-92 NLJ 91-358</i>	3/13/67	A
34 memo	Rostow to the Pres. re fishing zones " C 1 p.	3/13/67	A
34a memo	NSAM re fishing zones " C 4 pp.	3/14/67	A
34b memo	NSAM #265 " C 2 pp.	10/14/63	A
37 memo	Rostow to the Pres. re Latin America S 2 pp. <i>Sanitized 1-7-93 NLJ 91-357</i> <i>Sanitized 7/5/00 NLJ 99-58</i>	3/13/67	A

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40 memo	Rostow to the Pres. re Latin America C 1 p. sanitized 3-30-92 NLS 91-358 <i>Sanitized 7/5/00 NLS 99-58</i>	3/13/67	A
40a cable	Montevideo 1972 C 2 pp. open 5-18-92 NLS 91-361	3/12/67	A
41a cable	Moscow 3880 " " TS 1 p.	3/13/67	A
44 cable	to Pres. from Lodge ^{Locke} S 2 pp. sanitized 3-30-92 NLS 91-358 <i>sanitized 1-24-01 NLS 99-57 (same sanit)</i>	3/13/67	A
47b report	Analysis of Air Strikes... <i>open 11-17-99 NLS 99-59</i> TS 2 pp. [probable duplicate of #48a, Internat'l. Meetings & Travel, "President's Trip to Guam (Conference) (II)," sanitized]	undated	A
48 memo	Rostow to the Pres. re Vietnam Sanitized 7/5/00 NLS 99-58 S 1 p. sanitized 1-7-93 NLS 91-357 <i>[duplicate of #124, NSF, CF, VN, Vol 67, Box 41]</i>	3/12/67	A
48a report	Intelligence Information Special Report S 2 pp. sanitized 5-15-92 NLS 91-360 <i>Sanitized 7/5/00 NLS 99-60</i> <i>[duplicate of #124b, NSF, CF, VN, Vol 67, Box 41]</i>	3/10/67	A
50a cable	New Delhi 12963 S 3 pp. <i>open 2-9-00 NLS 99-57</i> [duplicate of #122a, NSF, Country File, "India, Vol. 9," exempt]	3/10/67	A
54 memo	Rostow to the Pres. S 1 p. <i>open 3-30-92 NLS 91-358</i>	3/11/67	A
54a cable	USUN 4318 <i>open 5-18-92 NLS 91-361</i> S 2 pp.	3/10/67	A
59a cable	Saigon 3813, 3814 <i>open 3-22-93 NLS 91-361</i> TS 1 p. <i>[duplicate of #63464, NSF, CF, VN, Vol 67, Box 41]</i> AND FILES OF WALT ROSTOW, BOX 4, "VIETNAM-NWA #25a	undated	A
60 letter	the Pres. to Chancellor Kiesinger PCI 4 pp. <i>open 3-30-92 NLS 91-358</i>	3/10/67	A
62 memo	Rostow to the Pres. re Bunker " " S 1 p.	3/10/67	A
64a	Duplicate of #20c " "		

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March 10-15, 1967, Box 14

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71 memo	Rostow to the Pres. re Vietnam S 1 p. open 3-30-92 NLS 91-358	3/10/67	A
71a cable	Saigon 3781 open 3-22-93 NLS 91-361 S 2 pp.	3/10/67	A
75 memo	[duplicate of #135a, NSF, CF, VN, Vol 67, Box 41] Rostow to the Pres. re Vietnam <i>Sanitized 7/15/00 NLS 99-58</i> S 1 p. sanitized 1-7-93 NLS 91-357	3/10/67	A
75a cable	[duplicate of #129, NSF, CF, VN, Vol 67, Box 41] Intelligence Information Cable <i>Sanitized 7/15/00 NLS 99-60</i> S 2 pp. sanitized 5-15-92 NLS 91-360	3/9/67	A
75b cable	[duplicate of #129a, NSF, CF, VN, Vol 67, Box 41] Intelligence Information Cable <i>Sanitized 7/15/00 NLS 99-60</i> S 3 pp. sanitized 5-15-92 NLS 91-360	3/9/67	A
76b memo	[duplicate of #129b, NSF, CF, VN, Vol 67, Box 41] to the Pres. re Vietnam S 10 pp. open 3-22-93 NLS 91-361	undated	A
77 memo	Rostow to the Pres. re personnel C 1 p. <i>open 3-30-92 NLS 91-358</i>	3/10/67	A
77a	Duplicate of #77 <i>OPEN 10-21-98</i>		
77b memo	Katzenbach to the Pres. re foreign affairs C 4 pp.	3/7/67	A

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March 10-15, 1967, Box 14

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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
#72 memo	Walt Rostow to the President - TS 1 p <i>Sanitized 9/27/00 NIS 99-89</i>	3/10/67	A
#72a report	Intelligence report - TS 1 p <i>Sanitized 9/27/00 NIS 99-90</i>	3/9/67	A

FILE LOCATION

National Security File, Memos to the President, Walt Rostow, Volume 23, March 10-15, 1967
Box 14

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1
March 15, 1967

Memorandum for the President

SUBJECT: Statement Upon Signing Defense Supplemental - S 665

I recommend that you issue the attached statement at the time you sign S. 665 - the Defense Supplemental.

The statement, drafted by Harry Mc Pherson, highlights the important "sense of the Congress" section. Special attention should be called to the fact that the Congress has overwhelming^{ly} endorsed your Vietnam Policy.

Walt W. Rostow

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Mr. Rostow

March 15, 1967

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Israeli Assistance and Your Talk with Abe Feinberg tomorrow,
Thursday at 12:30

1. Your talk with Abe coincides with the arrival here of State-DOD recommended response to recent Israeli assistance requests.

2. Abe has reported that exaggerated Israeli publicity on our shipments to Jordan, pressures from Syria, and economic recession resulting from over-enthusiastic anti-inflationary measures have left the Israeli Government nervous and discouraged.

3. You may wish to consider the following factors in assessing what we ought to do for them this year:

(a) Their December raid on Samu precipitated our emergency military assistance to Jordan, costing us about \$9 million this FY for defensive military equipment. The Joint Chiefs hold this has not changed the military balance in the area. In sum, the Israelis do not have much of a claim on us for the steps we took to help sustain Hussein after their raid nearly brought him down. However, Nick and Arthur told the Jewish community leaders we would take our increased commitment to Jordan into account "in giving sympathetic consideration to Israeli requests for assistance." While we made no commitment to match exactly for Israel what their action at Samu forced us to in Jordan, Arthur, under continuing pressure in New York, feels strongly we should do nearly that.

(b) Israel has not yet given us permission to visit the nuclear plant at Dimona. Our last visit was in April, although we had an informal understanding that visits would be allowed every six months.

(c) They have not yet replied to your letter of May 21, 1965 to Eshkol urging acceptance of IAEA safeguards.

(d) We have already increased our textile import quota by some 60%, a concession worth \$2.5 million in Israeli foreign exchange earnings.

4. State and DOD have recommended the restricted package (items (c) to (f), below). Items (a) and (b) are fall-backs suggested by State. Nick recommends that no package be agreed until firm arrangements have been made for the next inspection of Dimona.

(a) Sell 100 Armoured Personnel Carriers on commercial credit.
(The Israelis asked for grant assistance for 200 APC's. DOD recommends against supplying any APC's now, but State

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E.O. 12958, Sec. 3.6
NLJ 99-56
By id, NARA Date 1-11-77

believes half their request, on a sales basis, would be tolerable, and could be justified as improving their border patrol capability. Value roughly \$3.7 million.)

- (b) Provide standard DoD credit for Hawk and Patton tank spares. (DoD opposes, since we do not usually provide credit for spares, but an exception in this case is recommended as an inconspicuous way to help on the military side. Value roughly \$14 million.)
- (c) "Fifth echelon" maintenance facilities for the Hawk missile system. (State and DoD recommend this.)
- (d) Encourage and Ex-Im loan for a fertilizer plant. (The Israelis asked for a \$20-million development loan, but they are too well-off to qualify for a DL.)
- (e) Permission to bid on potash and phosphate fertilizer sales to South Korea and Vietnam. (AID reluctantly approves.)
- (f) PL 480 - \$19 million of a commodity mix, without wheat, payment 75% in dollars, 25% local currency. (They asked for \$35 million. State and Agriculture recommend.)

4. An important question is how we communicate this package, if it meets with your approval. Ideally, it would be best to tell Feinberg none of these details, but reserve them for official discussions with Ambassador Harman. If possible, it would be best simply to hear him out sympathetically, indicate that our careful studies are nearing conclusion, and remind him of some of the steps Israel has not taken to be helpful to us. But if you feel it necessary to tell him something, you could indicate that some APC's will be available on terms to be discussed with the Israeli Government, and that the matter of spares will also be discussed.

State's documents are attached, but they are so complicated that we have not referred to them in this memo.

W. W. Rostow

WWR:HW:lw

WWR 26

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E.O. 12356, Sec. 3.4
NIJ 91-361
By 1-8, NARA, Date 3-12-93 ~~SECRET~~

DEPARTMENT OF STATE
WASHINGTON

March 15, 1967

MEMORANDUM FOR THE PRESIDENT

Subject: Military and Economic Assistance to Israel

PROBLEM:

Israel has presented requests for grant military aid valued at \$9.4 million, military sales on concessionary credit terms valued at \$14 million, development loans of \$20 million and commodities valued at \$35-36 million under the Food-for-Freedom program. In addition, we have pending Israeli requests for (a) accelerated delivery of four Skyhawk A-4H aircraft it is purchasing from us, (b) permission to establish "fifth echelon" maintenance facilities for its Hawk missile system and (c) permission to bid on AID-financed fertilizer procurement for South Korea and South Viet Nam.

RECOMMENDATION:

That you authorize us to respond as follows:

I. Military

A. We cannot agree to Israel's request for a grant of 200 Armored Personnel Carriers (value - \$7.4 million) and spare parts for Patton Tanks (value - \$2 million).

B. We cannot agree to Israel's request for concessionary credit of \$14 million for Hawk Missile spares and Patton Tank parts for ongoing maintenance purposes.

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GROUP 3

Downgraded at 12-year intervals
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C. We have given sympathetic consideration to Israel's request for the delivery in December, 1967, of eight of the Skyhawk A-4H aircraft Israel is buying from us, rather than the four now programmed for December delivery, but have determined that limitations on the manufacturing facilities for these new production aircraft make such a speed-up impossible.

D. We agree to Israel's request to establish "Fifth Echelon" facilities for the Hawk missile system insofar as such facilities relate to maintenance rather than production or resale of missiles.

APPROVE _____ DISAPPROVE _____

II. Economic

A. We cannot agree to Israel's request for Development Loans of \$20 million. (This would be over and above the \$6 million already authorized for FY 1967 out of reprogrammed FY 1963 funds.) We invite Israel, however, to discuss its development financing requirements with the Export-Import Bank.

B. We agree to Israel's request for permission to bid on AID supporting assistance purchases of potash and phosphate fertilizers primarily for South Viet Nam and South Korea for a period not to exceed 12 months.

C. We agree in part to Israel's request for commodities valued at \$35-36 million under the Food-for-Freedom Program. Specifically, we can provide about \$19 million in commodities depending on Israel's requirements and our own availabilities as the year progresses. Financing terms would be somewhat harder with a higher proportion in dollar credits than was the case last year. (The value of last year's agreement was \$32 million -- 75 percent local currency and 25 percent in dollar credits with payment over 20 years at 2½ percent.

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For this year, while precise terms would be subject to negotiation, we are thinking of a program in the general range of 25 percent local currency sales and 75 percent dollar credit sales to be paid over 20 years at approximately the rate of Treasury borrowing.)

APPROVE _____

DISAPPROVE _____

RATIONALE:

The Israelis are concerned at the current economic recession and at the psychological reaction in Israel to our recent grant military aid package to Jordan. They have made clear that they regard their present request for grant military aid as an "offset" to the Jordan grant. As there is no military justification for such a grant and as we believe compensation for results of an Israeli action with which we disagree cannot be justified, we recommend against meeting this request. Further, provision of grant military assistance would constitute a reversal of our long-standing policy against instituting a grant military aid program in Israel.

With regard to the request for concessionary credit for military spare parts, the Department of Defense position, with which we agree, is that it is generally not good practice to provide credit for ongoing maintenance purposes. We expect our approval of Israel's long-standing request for "fifth echelon" maintenance facilities for the Hawk to mitigate somewhat Israel's disappointment at refusal of its military grant and credit requests.

In view of the current strain on the Israel economy we recommend being partially responsive to the requests in the economic field. Special economic concessions do not seem warranted, since the economy is basically sound and

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-4-

the present recession, though sharp, is probably short-lived. Our agreement to provide somewhat over half the value of food commodities requested, plus agreement to allow Israel to bid on AID-financed fertilizer purchases, should demonstrate our recognition of Israel's need on the economic side.


Under Secretary

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DEPARTMENT OF STATE
WASHINGTON

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~~NO DISTRIBUTION~~ March 15, 1967

MEMORANDUM FOR THE PRESIDENT

Subject: Military and Economic Assistance to Israel

By separate memorandum I have forwarded for your consideration recommended responses to various pending Israeli requests for assistance in the military and economic fields. Those recommendations have the concurrence of Defense and AID.

I anticipate, however, that Israel will press for greater assistance than we have recommended. Given the basically sound state of the Israeli economy and the current limitations on our own resources, we do not favor giving any further on the economic side. With respect to military items, it remains our policy to avoid becoming a major supplier of arms to the Near East, and Israel has in fact formally committed itself to continue to look to Europe for the bulk of its military requirements. Israeli leaders have nevertheless publicly interpreted our tank and aircraft sales of the past few years as constituting a significant shift in United States military sales policy and see our recent arms grant to Jordan as justifying the provision of further arms to Israel. Israel will therefore make a special effort to obtain additional military equipment from the United States at this time and will probably ask to buy APCs on concessionary credit terms.

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GROUP 1

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DECLASSIFIED
E.O. 12958, Sec. 3.6
NLJ 99-57
By is, NARA Date 1-24-00

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-2-

In terms of our overall Near Eastern arms policy, it would be preferable to make no further inputs of military equipment into the area at this time. The Department of Defense specifically opposes making APCs available to Israel, either on a grant or a sales basis, on the grounds that (a) they are not justified militarily, (b) modernization of Israel's APC inventory will not be necessary for the next three to five years, and (c) suitable substitutes for the American APC are available in Europe.

If you conclude we should be more responsive to Israel's requests than we have recommended, I suggest offering to sell Israel, as a one-time exception to present Defense policy, the tank and Hawk spares it has requested, but on currently applicable rather than "Hawk" credit terms, while urging that it look to European suppliers for its Personnel Carrier and other equipment needs.

Alternatively, if you conclude that we ought to provide some additional equipment to Israel now, we might offer to sell on current credit terms 100 M-113 A1 Armored Personnel Carriers -- i.e., half the number Israel has requested. There is precedent for our providing this item to the area, in that we have furnished Jordan 150 APCs of this model (90 on a sales basis and 60 as a grant) and have sold 200 to Iraq. In addition, Israel argues (a) that the M-113 A1 would provide a better vehicle than it now possesses for border patrol purposes, thus strengthening Israel's ability to deter cross-border terrorist incursions, and (b) that sooner or later it must in any case modernize its Armored Personnel Carrier Fleet (the latter consists of over 1000 early-model half-tracks).

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In considering the nature and timing of our response to the pending Israeli military and economic requests, we should, I believe, bear in mind the following important matters:

1. The Government of Israel has so far not responded to our request of November 28 for the next United States inspection of the Dimona nuclear reactor. You will recall that we have asked to conduct such inspections at six-month intervals and that Prime Minister Eshkol agreed in 1963 that we could conduct such inspections as we desire. It has been eleven months since the last inspection.

2. The whole tenor of Israel's attitude in response to our repeated efforts to promote acceptance of international safeguards over nuclear facilities is one of evasiveness. Our periodic discussions of this with Israel have still not resulted in a substantive reply to your May 21, 1965 letter to Prime Minister Eshkol urging acceptance of IAEA safeguards over all Israeli nuclear facilities.

3. Israeli officials have never taken us into their confidence with respect to Israel's surface-to-surface missile development program with the French, despite our efforts to draw them out.

I suggest that, as a minimum, we not respond to Israel's current requests for assistance until firm arrangements have been made for the next inspection of Dimona.


Under Secretary

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*1. copy
2. file
sent to Bill
Gaud
6:45 PM*

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March 15, 1967

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Your Meeting with the Ball Mission to Korea

At Tab A is a memorandum from Bill Gaud, enclosing suggested remarks which I think will be helpful to you in your meeting with the U.S. Private Investment and Trade Exploratory Mission to Korea on Thursday, March 16, at 12:00 noon.

If you have time you may also wish to scan the background papers at Tab B "Economic Notes on Korea" and at Tab C "U.S. - Korean Economic Relations and the American Private Sector." You may have seen the last of these, which was prepared for Prime Minister Chung's visit.

At Tab D is a list of the members of the mission.

W. W. Rostow

AJenkins:mm

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

OFFICE OF
THE ADMINISTRATOR

MAR 15 1967

MEMORANDUM FOR THE PRESIDENT

SUBJECT: U.S. Private Investment and Trade Exploratory Mission to Korea

During your visit to Korea in November of 1966, you issued a joint statement with President Park, which contains a paragraph stating that the growth of the Korean economy would generate a substantial expansion of trade between the two countries and stimulate American private investment in Korea. You agreed to an exchange of missions to further these processes.

At your request, George W. Ball, former Under Secretary of State, agreed to lead a high level Investment and Trade Mission to Korea, early in 1967. Tristan E. Beplat, President of the Korea-America Commerce and Industry Association and senior Vice President of the Manufacturers-Hanover Bank in New York, was asked to be deputy mission leader because of his deep knowledge of Korea. In the past weeks Mr. Ball and Mr. Beplat have drawn together 27 representative leaders of the United States industry to form "The U.S. Private Investment and Trade Exploratory Mission to Korea." A list of the participating companies and their representatives is attached.

The organizers have arranged for this group to travel to Korea at their own expense. President Park has invited them to be his guests while there. During the six days stay, a full schedule of meetings and on-site visits has been planned with their counterparts in the Korean industrial community.

The Department of State, the Department of Commerce, and the Agency for International Development, have cooperated to assist Mr. Ball and Mr. Beplat in the forming of this Mission and these departments will brief the members of the group on Thursday, March 16th.

A welcome by you will set the stage for a successful visit to Korea.

I attach a draft of a few remarks that you may wish to draw upon in speaking to the Mission.

William S. Gaud

William S. Gaud

Enclosure:

U.S. Private Investment and Trade
Exploratory Mission to Korea

Suggested Remarks to U.S. Private Investment

Trade Exploratory Mission to Korea


I am very glad to welcome you and to express my pleasure that you are going to Korea to look into trade and investment opportunities.

We have been vitally concerned with South Korea since the end of World War II, and, as you know, much American blood and treasure have been spent there.

Korea is our staunch ally and friend - it shares our view of the problems of the Far East. This is best illustrated by the presence of 45,000 Korean troops in South Vietnam today, where they are carrying their full share of the burden of battle along with other countries dedicated to freedom. But your concern is less with politics, than with business.

Last fall, when I was in Korea, President Park and I agreed that our two countries should exchange missions to expand investment and trade. In doing so, I had in mind my firm belief that private initiatives and investment are essential to the development process which we are trying to foster. Although we have a large aid program in Korea, it cannot take the place of such privately sponsored activities. To express this concept worldwide, I have recently established within the Agency for International Development a new Office of Private Resources to help marshal such private activities as "the best long-term route to rapid growth."

Korea is ready for such private initiatives. The Korean economy is reaching the point often described as the "take-off" stage. Although



U.S. assistance has helped, this job has been done by Koreans. They have illustrated what the term "self-help" means - by raising more food, by collecting taxes, by increasing savings, by expanding their industry, by developing markets, and by using foreign help effectively. In fourteen short years, Korea has risen from desperation and chaos to become one of the most rapidly developing nations. This has occurred despite 45 years of Japanese colonial rule, an artificial partition of the country and the enormous devastation of the Korean war. Most of the encouraging changes have occurred since the military revolution of 1961, led by General, now elected President, Park.

I am not going to quote figures and statistics, for I understand that before you leave tomorrow for Korea, you will receive as complete a briefing that the interested government departments can prepare. But there is something more to Korea than facts and figures.

During my visit last year, I felt this "something." As I shook hands with Korean farmers, students, factory workers, businessmen and government leaders, I became aware that here was a young and vibrant nation, with much of the same energy and drive that has made our own country great and prosperous. The natural resources of Korea are not great. Its most precious asset is its people. With a literacy rate of 90%, there is a great reservoir of intelligent, trainable men and women available for all types of manufacturing work. You will also find, I believe, that they are productive workers.

Even more important, however, is the sense of confidence and belief in their own future that Koreans manifest. Although their income per capita is only \$120 per year, they have learned that they can raise standards of living. They are determined to continue to do so.

Korea's growth has made it an increasingly attractive market for American goods. Total Korean imports will reach about \$800 million in 1967. Since Koreans do not like the fact that three-quarters of Korean-financed imports come from Japan and since they welcome American goods, there is an opportunity for sales, not only to help our balance of payments, but to provide business for the sellers. I hope you will look for these opportunities.

I am sure that you will be welcomed in Korea and I hope that you will confirm with your own eyes what I saw last fall. I also hope that your Mission will have concrete results in increased trade and in investment in Korea. I am confident that you will find sound and profitable opportunities in these fields and that your Mission will contribute, not only to economic progress, but to the strong friendship between the Korean and American peoples.

3d

B

ECONOMIC NOTES ON KOREA

1. Expansion of Korean Exports to the U. S.

Korea's overall exports increased from \$55 million in 1962 to \$256 million in 1966. During this same period, the U. S. share increased from 22% to about 38%, and in 1965 replaced Japan as Korea's leading export market. Major exports to the U. S. include plywood, clothing, raw silk, rubber footwear, and cotton and wool fabrics.

2. Expansion of U. S. Exports to Korea

The major commercial problem facing the U. S. in Korea is the decline in our share of Korea's growing import market which reflects the gradual reduction in U. S. aid coupled with aggressive Japanese trade efforts. The Minister may ask Commerce to encourage U. S. exports to Korea of machinery, synthetic fibers, and raw materials to help correct the heavy unfavorable balance of trade between Korea and Japan.

Japan enjoys a competitive advantage in terms of geographic proximity and familiarity with the Korean market. In addition, a claims settlement agreement that will provide Korea with \$500 million in Japanese Government grants and loans, and \$300 million in private commercial credits over a ten-year period which began in 1966, has further strengthened Japan's competitive position.

The U. S. share of Korea's import market dropped from 52% in 1962 to 35% (\$197.8 million) for the first eleven months of 1966, with the result that we yielded to Japan our leading supplier position. Moreover, this 35% share was due, to a large extent, to our 89% share of imports financed by U. S. assistance.

In the competitive area of imports financed by Korea's own foreign exchange (KFX), our share dropped from a high of 21% in 1964 to 12% in 1965, increasing slightly to 15% in 1966. The 1966 increase was due largely

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to increases in Korean imports of scrap iron and steel, logs, and raw cotton. KFX-financed imports are increasing in importance, accounting for 57% of total imports in 1966 compared with 43% in 1962.

Import restrictions have been liberalized substantially and with Korea's recent accession to the GATT, the country's trade policies will come under the beneficial influence of this international organization.

In 1966, AID approved loans of \$5 million to the Medium Industry Bank of Korea (MIB), and \$12 million to the Korean Reconstruction Bank for purchase of machinery and equipment from the U. S. , and two program loans for the purchase of spare parts and replacement machinery (\$2. 5 million in 1966, and \$3. 75 million in 1967). These loans will provide for additional exports of U. S. equipment in addition to achieving additionality by creating a market for replacement parts and future sales of machinery as Korean end-users become familiar with U. S. products.

3. Encouraging U. S. Investment in Korea

U. S. business, particularly in the past few years, has become increasingly interested in investment possibilities in Korea. Korean Government approvals of foreign equity investments totaled \$45. 9 million from June 1962 to December 1966; U. S. firms accounted for 85% of this total. Approvals for U. S. firms amounted to \$21. 3 million in 1965, representing seven investments (\$20. 5 million for two fertilizer plants); and approvals in 1965 amounted to \$9 million in eleven ventures. Major U. S. investment activity includes Gulf Oil's investment in the country's first oil refinery and in a fertilizer plant; an investment by Swift & Co. and Skelly Oil in another fertilizer plant; Fairchild's investment in a factory producing electronic silicon transistors and diodes; and the establishment of a plant by Sygnetics, a subsidiary of Corning Glass, for the manufacture of integrated circuits.

A new Korean foreign investment law went into effect in September 1966, which codified previous legislation and generally improved on them. The current law provides for considerable benefits to foreign investors including guaranteed remittance of profits and dividends, repatriation of capital (after two years) over a five-year period, liberal tax benefits, and Government payment guarantees for foreign commercial loans. The approval of the application of three major American banks (Bank of America, First National City, and Chase Manhattan) to establish branches in Korea, which is expected to be formally announced shortly, will further enhance the climate for American investment.

4. Korean Economic Situation

The Korean economy during the latter part of its First Five-Year Economic Development Plan (1962-1966) gained a momentum that is expected to continue beyond 1967. During this period, GNP grew at an average annual rate of 8.5% in real terms, and expanded by a record 11.9% in 1966. The Government estimates an increase of 10.5% for 1967.

Exports in 1966 reached \$255.5 million, surpassing the export goal of \$250 million and 46% above the preceding year. The 1967 export target has been set at \$350 million. Although Korea continues to have an adverse trade balance, the ratio of imports to exports, which now stands at slightly more than two to one, represents a remarkable improvement over the seven to one ratio that existed in 1962.

Exports to the U. S. accounted for about 38% of Korea's total exports in 1966 compared with 29% in 1962. On the other hand, our share of Korea's imports declined from 52% in 1962 to 35% in 1966, largely reflecting a long-run decline in U. S. aid as well as intensified Japanese competition.

Korea's earnings from participation in Viet-Nam amounted to \$59.6 million in 1966, including commodity sales, \$14.1 million; U. S. military sales, \$9.7 million; construction and service contracts, \$12.3 million; civilian remittances, \$9.7 million; and military remittances, \$13.2 million. Earnings from Viet-Nam in 1967 are estimated at \$100 million.

Inflation continues to be a problem, although the Government has had some success in containing price increases, following a currency devaluation in May 1964. In 1965, the wholesale price index rose by 10% over 1964 and consumer prices by 13.6% compared with 34.7% and 29.5%, respectively, in 1964. In 1966, the wholesale price index rose by 7.8% and consumer prices by 14.9%.

Korea's Second Five-Year Economic Development Plan, which establishes some ambitious goals for the economy, began this year. But given the momentum generated under the first plan, the prospects are favorable that many of these goals will be achieved. The basic objective of the plan is an average annual economic growth rate of 7%. Major targets include (a) self-sufficiency in food production by 1971; (b) heavy emphasis

on investment in petro-chemical, machinery, and iron and steel industries; (c) a more than doubling of Korea's 1965 level of trade; (d) an easing of population pressure by reduction of the rate of population growth from 2.7% to 2% per annum by 1971; and (e) raising the level of technology and productivity through the promotion of scientific and management skills and improvement of manpower resources.

5. Principal Indicators

1966 GNP	--	\$3,208 million (based 1965 prices)
1966 Growth Rate	--	Approx. 12 percent
Per Capita GNP	--	1964-\$104 1965-\$105 1966-\$110
Population	--	1964 - 27.6 million 1965 - 28.4 " 1966 - 29.1 "
Money Supply	--	1964 - 43.1 billion won 1965 - 56.6 " 1966 - 69.9 "
Foreign Exchange Reserves	--	1964 - 132 million \$'s 1965 - 138 " 1966 - 235 " Jan. 1967 - 249 "
Exports	--	1964 - 119 " 1965 - 175 " 1966 - 256 "
Imports	--	1964 - 404 " 1965 - 450 " 1966 - 537 "
Industrial Production Index	--	1964 - 151 1965 - 177.8 1966 - 196.3 (for 11 months)

EA/K-H. Bardach

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March 9, 1967

VISIT OF PRIME MINISTER IL KWON CHUNG
OF THE REPUBLIC OF KOREA

March 14-15, 1967

U. S. -KOREAN ECONOMIC RELATIONS
AND THE AMERICAN PRIVATE SECTOR

With the remarkable growth of the Korean economy and the advent of the second Five Year Development Plan (which was initiated this year), Korea is focusing more and more on developing close relations with the American private sector. The realization that closer ties with the U. S. business community is not only desirable but essential has been buttressed by the planned phase-down of U. S. official assistance which the ROKG has projected into the second Five Year Development Plan. Although this important evolution is not exclusively oriented to the American private sector--Koreans are making a global effort to attract interest in the opportunities of their country--there is much evidence that first and foremost they desire American capital and know-how and American trade.

During discussions between President Johnson and Korean President Chung Hee Park in Seoul last November, the two Presidents agreed that the Korean economy's current progress should make possible a substantial expansion of U. S. investment in Korea and in trade between the two nations. An exchange of private trade and investment missions was proposed. A privately-organized U. S. "Investment and Trade Exploratory Mission," led by former Under Secretary of State, George W. Ball, will in fact be visiting during the week of March 20, 1967.

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The Korean Government has taken important actions to create a favorable atmosphere for private investment and trade. Import restrictions have been liberalized substantially and with Korea's recent accession to GATT, the ROK's trade policies will come under the beneficial influence of this international organization. A new foreign investment code has been promulgated by the Korean Government and the country is taking active steps to make its products and investment opportunities better known in the United States. Relations with the U. S. financial sector will be greatly enhanced by official approval of the application of three major American banks to establish branches in Korea, an action expected to be taken prior to the arrival of the Ball Mission.

Korea's exports to the U. S. have increased substantially from 1962 to 1966. In 1962 total exports to the U. S. amounted to \$12.3 million whereas for the first 11 months of 1966 total exports to the U. S. were \$83.7 million. The total U. S. share of Korea's total global exports for the first eleven months of 1966 was 38.4%. On the other hand, whereas Korea's total imports have increased during the same time period, the U. S. share of the Korean imports has declined from 51.5% in 1962 to 34.9% for the first 11 months of 1966. As Korea is funding a growing amount of its imports (57.4% for the first eleven months of 1966) from its own foreign exchange resources (as contrasted to imports that are funded by foreign assistance), the need for a stepped up effort in U. S. export promotion is essential in order to develop a healthy and more balanced two-way trade between the two countries.

There are obstacles on both sides of the Pacific to achieving a better balance in our trade relationships, such as cotton textile quota restrictions in the U. S. and vigorous competition from other countries for U. S. products on the Korean market. However, given the strong bonds of friendship between the two countries and the avowed Korean predilections for "things American" and for American quality, the prospects for U. S. -Korean economic relations are bright.

Attachment:

U.S. Trade with the Republic of Korea.

Drafted by:

EA/K - Mr. Bardach

Cleared by:

Commerce - Mr. Glick

AID/FE/EA - Mr. Alexander

E/FTD - Mr. York

EA - Mr. Berger

S/S-S - Robert L. Bruce, Ext. 4155, Room 7237

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U. S. TRADE WITH THE REPUBLIC OF KOREA
(in million dollars)

	<u>1962</u>	<u>1964</u>	<u>1965</u>	<u>1966</u> (11 months)(12 months)	
<u>TOTAL EXPORTS</u>	<u>54.8</u>	<u>119.1</u>	<u>175.1</u>	<u>218.2</u>	<u>256.0</u>
To U.S.	12.3	35.6	61.7	83.7	(n.a.)*
U.S. Share of Total Exports	21.8%	29.9%	35.0%	38.4%	*
<u>TOTAL IMPORTS</u>	<u>415.2</u>	<u>404.4</u>	<u>450.3</u>	<u>566.4</u>	<u>587.0</u>
From U.S.	213.8	202.1	182.3	197.8	*
U.S. Share of Total Imports	51.5%	50.0%	40.5%	34.9%	*
<u>TOTAL IMPORTS FINANCED WITH KFX (Korean Foreign Exchange)</u>	<u>177.2</u>	<u>184.5</u>	<u>248.4</u>	<u>324.9</u>	*
From U.S.	24.3	38.8	28.8	49.8 1/	*
U.S. Share	13.7%	21.0%	11.6%	15.3%	*
Ratio of Imports funded by ROK KFX to total Imports	42.7%	45.0%	55.2%	57.4%	*
<u>TOTAL OFFICIAL ECONOMIC AID IMPORTS 2/</u>	<u>213.8</u>	<u>142.6</u>	<u>135.5</u>	<u>109.0</u>	*
From U.S.	171.3	134.8	120.9	97.3	*
U.S. Share	80.1%	94.5%	89.2%	89.2%	*

1/ A substantial portion of the imports from the U.S. during 1966 was scrap iron used in the production of galvanized steel.

2/ Commodity Imports financed by official foreign assistance.

* Not available

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March 8, 1967

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U.S. PRIVATE INVESTMENT AND TRADE EXPLORATORY MISSION TO KOREA

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Wednesday - March 15, 1967

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Your Meeting with Business and Labor Leaders on
the OAS Summit: Thursday, March 16, 11:30 a.m.

The purpose of the meeting is to brief the business and labor representatives on the OAS Summit and to hear their views.

I recommend that you follow the format which you used in the Congressional briefing:

1. You make the opening statement (see suggested in talking points at Tab A).
2. Ask Sol Linowitz to describe status of resolution in the Congress.
3. Solicit comments by the business and labor representatives.

Eighteen members of the Council for Latin America will attend and six from AFL-CIO. George Meany is in Europe and regrets that he will not be back in time. A list of participants is at Tab B.

Following the meeting, the two groups are expected to issue statements supporting your participation in the Summit and the joint resolution. Advance copies of their statements are at Tab C.

Secretary Rusk will not be able to attend. Linc Gordon and Ellsworth Bunker are out of the country. Sol Linowitz and Tony Solomon will do the backstopping.

W. W. Rostow

Attachments

Tabs A, B & C.

4a



March 15, 1967

Suggested Talking Points
for Briefing of Business and Labor Leaders
on the Oas Summit Meeting

Introductory Remarks

- It is a pleasure to meet with representatives of business and labor around this table.
- I know what the groups which you represent are doing in Latin America to further the objectives of the Alliance for Progress.
- I believe that we are on the threshold of a new era in Latin America and I know that your contribution will be vital.
- I wanted to consult with you and get your advice about the Summit. I tried to do this last week but our respective schedules did not permit.
- In the meantime -- because of the shortage of time before the Summit -- I sent up a message on the Summit to the Congress last Monday.
- Your public support for what we propose to do at the Summit as outlined in my message and in the resolution pending before the Congress would be immensely helpful here and in Latin America.

The Summit in Historical Perspective

- Summit will be third major step in our collective effort to speed up Latin American economic and social development:
 - (1) 1959-60 -- under President Eisenhower -- the Inter-American Development Bank and the Act of Bogota started the movement.
 - (2) 1961 -- under President Kennedy -- the Charter of Punta del Este was negotiated establishing the Alliance for Progress.
 - (3) Now we are on the threshold of establishing the Latin American Common Market.

- The third phase responds to a growing realization among Latin Americans that they are not going to achieve self-sustaining growth and industrialization they seek until they combine narrow national markets and step up modernization of agriculture and education.
- Thus there is historic progression and logic to a meeting at the highest level now to take the hard political decisions included in the Summit package.

The Summit Package

- We and the Latin Americans agree that the Summit must concentrate on a few, concrete, new actions on which there is prior agreement and which will be of lasting significance to the hemisphere.
- These actions would build on proven policies of the Alliance -- e.g., control of inflation, increased taxes, liberal trade and investment policies, administrative reform and improved planning -- which would be reaffirmed.
- The new actions include:
 - establishing a timetable for moving toward a functioning Latin American Common Market by 1980 which will remove tariff barriers and permit free flow of people, goods and capital within Latin America.
 - speeding up action on multinational projects (roads, power lines, river basin developments, communications) which will overcome physical barriers, promote integration and open inner frontiers of the Continent.
 - modernizing rural life (where more than 50% of the people in Latin America live) and increase agricultural productivity, principally food, to meet LA requirements and shortages in other areas of the world; combatting disease and raising sanitation levels.

- transforming educational systems at all levels, but with special emphasis on science and technology to meet the needs of the new Latin America.
- obtaining pledges, individual or collective, to eliminate unnecessary military expenditures.

-
Our Summit Role

- The decisions needed involve Latin Americans and are for them to take. We cannot do it for them. Our role is to encourage sound decisions by them and support them financially. They understand and accept this as reflected at the Buenos Aires meeting of Foreign Ministers.
- We estimate that the Summit package calls for increased United States assistance of around \$1.5 billion over a five year period. It breaks down as follows:
 - integration adjustment assistance:

between \$250-\$500 million over five years, probably beginning in 1969 or 1970.
 - increased resources for multinational projects:

raising the annual allocation to the IDB from \$250 to \$300 million program for the next three years with the understanding that the Bank would set aside \$100 million per year for multinational projects.
 - education and agriculture:

an additional \$900 million over the next five years.
- We don't have precise figures for what a corresponding Latin American contribution would be but this gives some idea:
 - their contribution to the Inter-American Bank will increase proportionately.

- what we put into a Common Market Adjustment Fund would also be matched by them.
- for agriculture and education, the Latin Americans are now spending \$3 billion annually against external assistance of about \$400 million per year -- we can expect their investment to rise to \$4.5-\$5.0 billion annually.
- The resolution before the Congress would give me the backing I need to go to the Summit and tell my fellow Presidents: You do these things and you can count on the support of the American government and people.

In Summary:

What we Hope to Achieve at the Summit:

- to start the process of converting Latin America into a single common market.
- to stimulate new growth rates which will bring higher living standards in Latin America for the benefit of the common man.
- to bring rural Latin America into the modern world.
- to transform the educational system so that more people get a better education.
- to get governments to agree to limit the expenditure of previous resources required for development on unnecessary armaments.

What Is in This for Us:

- economic and social progress means greater political stability.
- we may head off further Dominican Republics which cost us \$140 million.

- a more prosperous Latin America means a better market for us as we have learned in Europe, Canada and Japan.
- we will have the satisfaction of knowing that what we are doing is right and in our best traditions.

4c



Members of Board of Trustees of The Council for Latin America
Who Have Accepted Invitation to Meet with President,
March 16, 1967

1. Mr. Henry Balgooyen
Executive Vice President
American and Foreign Power Co., Inc.
2. Mr. E. D. Brockett
Chairman, Gulf Oil Company
3. Mr. C. W. Cook
President, General Foods
Corporation
4. Dr. Jose De Cubas
President, Westinghouse
Electric International Company
5. Dr. Samuel Lenher
Vice President, E.I. duPont
de Nemours International
6. Mr. Raymond Firestone
Chairman, Firestone Tire
& Rubber Company
7. Mr. John F. Gallagher
Vice President, International
Operations, Sears Roebuck & Company
8. Mr. William M. Hickey
Chairman, Canadian International
Power Company
9. Dr. A. P. Knoppers
President, Merck Sharp &
Dohme International
10. Mr. Cecil Olmstead
Assistant to Chairman, TEXACO

11. Mr. R. Reist
President, Celanese
Corporation International
12. Mr. Edgar Bronfman
President, Joseph Seagram & Son
13. Mr. John Harper
President, Aluminum Corporation
of America
14. Mr. Frank Milliken
President, Kennecott Copper
Corporation
15. Mr. John D. J. Moore
Vice President, W. R. Grace
& Company
16. Mr. William Youngman, Jr.
Chairman, American International
Underwriters Corporation.
17. Mr. Richard V. Thomas
President
Goodyear International Corporation
18. Mr. Alphonse De Rosso
Standard Oil Company
New Jersey.

AFL-CIO

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Vice President of the AFL-CIO
Hamilton Hotel
14th & K Streets, N. W.
Washington, D. C.

Mr. Joseph Beirne
President, Communication Workers of America
1925 K Street, N. W.
Washington, D. C.

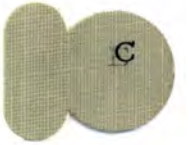
Mr. Joseph D. Keenan
Secretary, International Brotherhood of
Electrical Workers
1200 15th Street, N. W.
Washington, D. C.

Mr. James A. Suffridge
President, Retail Clerks International Association
1741 DeSales Street, N. W.
Washington, D. C.

Mr. Lane Kirkland
Assistant to the President of the AFL-CIO
815 - 16th Street, N. W.
Washington, D. C.

Mr. Andrew C. McLellan
Inter-American Representative of the AFL-CIO
815 - 16th Street, N. W.
Washington, D. C.

4f



Statement of the Council for Latin America on Meeting of
American Chiefs of State

David Rockefeller, Chairman of the Council for Latin America, which represents more than two hundred corporate members, with 85% of the U.S. investment in Latin America, today issued the following statement:

"After a meeting in Washington with U.S. Government officials, where the plans were discussed for the preparations for the Meeting of American Chiefs of State at Punta del Este on April 12-14, the Trustees of the Council for Latin America agreed unanimously to declare that the Council is impressed with the seriousness and importance of the agenda items to be discussed by the American Presidents. As a determined supporter of the economic and social objectives of the Alliance for Progress, the Council agrees with the Latin American Governments and the U.S. Government that the attainment of these goals cannot be accomplished by governmental resources alone, but requires the maximum effective contribution by private enterprise, working in harmonious coordination with the governments. The Council hopes that the Latin American Governments will pledge themselves to create the environment and the incentive for a larger and more effective participation of domestic and foreign private enterprise in the Alliance for Progress. Specifically, the Council for Latin America hopes that the Latin American Governments will:

1. Carry out concrete actions to accelerate economic integration, appropriate to the area, leading to the creation, in the decade beginning in 1970, of the Latin American Common Market.

2. Improve the physical basis of integration in such sectors as transportation, telecommunications, electric power and river basin development.

3. Adopt policies relative to modernizing rural life and raising agricultural output to meet increasing hemisphere and world food needs.

4. Give new impetus to development in the fields of education, health, technology and science.

The Council welcomes the indications that many leaders in Latin America are indeed prepared to press forward vigorously to encourage and promote the maximum contribution of private enterprise to Latin American growth, since private enterprise has been demonstrated to be the most effective means of development. If the Latin American nations represented at next month's Chiefs of State Meeting do act in this sense and if they commit themselves to devote greater internal efforts and resources to accelerate progress in industrial and economic integration, agriculture and education, the Council for Latin America would strongly recommend that the United States undertake to provide increased funds and technical assistance to support this Latin American effort."

In this light, the Council for Latin America urges the U.S. Congress to favorably consider the joint resolution on the Summit Meeting which was introduced on March 13 and is now pending before the Senate and the House."

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Statement of AFL/CIO President - George Meany
Supporting the Meeting of American

Chiefs of State

at Punta del Este, Uruguay

April 12 - 14, 1967

The AFL/CIO hails the forthcoming meeting of the Presidents of the American States at Punta del Este, Uruguay. We applaud President Johnson's leadership in supporting this Latin American initiative. The program for the Summit formulated by the 11th Meeting of Consultation of Ministers of Foreign Affairs at Buenos Aires, Argentina holds the promise of a new era in our inter-American relations.

The AFL/CIO strongly supports this and every further step forward in the economic, social and political advancement of the Americas and every practical effort to promote the economic integration of our sister republics.

We urge free-world cooperation in the development of the hemisphere recognizing that economic advancement is vital to the strengthening of representative democracy and the achievement of the humanitarian goals for which all free nations strive.

Thursday, March 15, 1967
4:05 p. m.

MR. PRESIDENT:

Herewith Linc Gordon struggles to
get the Latinos on the right track --
and makes some progress.

W. W. R.

~~CONFIDENTIAL~~ attachment

Copy of MONTEVIDEO 2061 March 15, 1967

SUBJECT: Third Report on Special Presidential Representatives Meeting

1. Local press this morning played up reports of disappointment with President Johnson's message to Congress and proposed joint resolution, especially with regard to magnitude of aid. Reports went so far as to suggest that success of Summit Conference was threatened and that meeting might even be cancelled. Private and very frank meeting of Special Representatives was held this morning to discuss message, resolution and press accounts. Results of this meeting were positive, showing clearly that heads of delegation disagreed sharply with press rumors. The chairman has issued brief communique (translation being wired separately) and individual special representatives are expected to hold press backgrounders to correct impressions left by this morning's press treatment.

2. Gordon made statement at beginning of meeting along the following lines: He was shocked at press reports and some informal comments he had heard which he felt represented lack of comprehension of U. S. political and economic scene. He pointed out that the U. S. was in a war whose purpose is to protect the security and freedom not only of the people of the U. S. but also Latin America. He referred to the murder of Venezuelan Foreign Minister Irabarren's brother as dramatic evidence of the security problem Communism poses for Latin American countries. He pointed out that U. S. troops were being killed in Vietnam and that the Vietnamese war affected every town and city in the U. S. Moreover, it was costing some \$25 billion a year, and leading to budget strain and cutting back of needed and popular domestic programs. The U. S. also has difficult balance-of-payments problems.

3. Despite all of this, President Johnson had requested Congressional support for a 30% increase in U. S. governmental assistance to Latin America. The decision to do this had been taken after long debate within U. S. Government reflecting strong calls on our resources for other purposes. President Johnson had done so because he believes in Alliance for Progress and because he feels this is a critical opportunity for pushing ahead on integration, agricultural and educational modernization, and other agenda points. Not to make this extra effort now would run real danger of retrogression in the Alliance. Moreover, the results of the Buenos Aires meeting had indicated that Latin America is prepared to make very strong efforts itself, particularly on integration.

4. The President had decided to send message now, not to set a ceiling

DECLASSIFIED
E.O. 12356, Sec. 3.4
NJ 91-361
By ing NARA. Date 5-4-92

(Montevideo 2061)

on aid in bargaining with Latin America, as some were understood to be speculating, but rather to assure Congressional support for what he might do at the Summit. He did not want to risk being repudiated by Congress in the manner of President Wilson after Versailles.

5. Gordon then reviewed rationale for breakdown of figures and concluded by saying again that he was very concerned about press reports of negative reactions to President Johnson's message. He felt this type of report could torpedo not only the Summit but the Alliance itself. He would have thought a more appropriate reaction would be for the Latin American countries to decide to mobilize 30% additional resources themselves.

6. Statements made by Latin American special representatives in a 2-1/2 hour meeting were uniformly positive. They generally denied having made statements of the type reported in the press. Central American representatives, for instance, expressed themselves as being furious because they were reported to have caucused and to have had a group reaction to President Johnson's message when they had not even met. Some of the Presidential representatives said they did believe that the additional assistance being proposed by the U. S. was insufficient relative to the needs of Latin America but they understood the circumstances and thought that in these circumstances it was very substantial. They also emphasized positive tone of President's message and the importance of self-help efforts, integration efforts, and matters such as trade policy not directly involving aid figures.

HOYT

6

~~Confidential~~

Wednesday -
March 15, 1967

Mr. President:

You asked me yesterday to check into the statement attributed by Drew Pearson to President Frei that you and Frei were the only Presidents interested in the Summit.

The attached memorandum from Bob Sayre gives Ralph Dungan's comments.

W. W. Rostow

Attachment

3/15/67 memo
to WWRostow from
RMSayre

~~Confidential~~

DECLASSIFIED
E.O. 12356, Sec. 3.4(b)
White House Guidelines Feb. 24, 1983
By ky NARA Date 3-28-71



DEPARTMENT OF STATE

WASHINGTON

~~CONFIDENTIAL~~

March 15, 1967

Bowdler
3/15

MEMORANDUM FOR MR. WALT W. ROSTOW
THE WHITE HOUSE

Subject: President Frei's Support for Summit
Meeting

You asked me to verify with Ralph Dungan whether President Frei of Chile may have said that Frei and President Johnson were the only two Presidents interested in the Summit Meeting. This alleged statement of Frei was reported to the President by Drew Pearson.

Ralph states that Frei may have said something along that line but it has been taken out of context in reporting it. What Frei actually said was that ~~only he and President Johnson~~ were uninhibited by domestic political considerations from giving full support to the Summit Meeting. Ralph reports that Frei, himself, is strongly in favor of the Summit Meeting.

Bob

Robert M. Sayre
Acting Assistant Secretary

DECLASSIFIED
E.O. 12356, Sec. 3.4
NJ 91-361
By 120, NARA, Date 3-12-93

~~CONFIDENTIAL~~

March 15, -/67

7

TO: Secretary Rusk

FROM: W. W. Rostow

Mr. Secretary:

The President wishes this
managed in the tightest possible way.

Walt

EYES ONLY ATTACHMENT

7a

D R A F T

March 14, 1967

LITERALLY EYES ONLY

MEMORANDUM TO: Secretary of State

The President wishes you to organize, in greatest confidence, a visit of the Vice President to Europe. He envisages his touching down for a couple of days in Germany (including Berlin), Rome, London and Paris. All in all, the trip might be 8 or 9 days.

The time would be between the President's return from Guam and his trip to Punta del Este.

He would like the Vice President to give a major speech at a conservative German university where there is the least possibility of Viet Nam demonstrations.

You may wish to sound out George McGhee, through the most discreet channel, to establish the optimum location for such an address by the Vice President.

We would wish the Vice President to be briefed not only in all dimensions of European policy, but also with the best answers we have to the kinds of questions being raised in Europe or Viet Nam.

##

76
Approved by the President
14 March 1967
THE WHITE HOUSE
WASHINGTON

Tuesday, March 14, 1967
11:30 a.m.

MR. PRESIDENT:

Here is a draft of the memorandum to Secretary Rusk that you asked me to prepare. When you have revised it to your satisfaction, I will forward.

Walt R.

EYES ONLY DRAFT

Mr. Secretary:

The President wishes this managed in the tightest possible way.

Walt

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

Wednesday, March 15, 1967
12:45 p. m.

~~CONFIDENTIAL~~

MR. PRESIDENT:

U Thant's proposal for a general standstill truce offers great possibilities. It also has serious pitfalls -- the North Vietnamese might merely be seeking alternate methods of achieving the domination of South Viet Nam.

The gut of the problem is that there must be no compromise of the legitimacy of the government of South Viet Nam, the constitutional process, or its right to extend its authority over all territory south of the 17th parallel. At the same time, the Saigon government must be willing to talk to the VC about their coming back into South Vietnamese society on the basis of the constitution.

My view would be that:

1. We should reply to U Thant that we are ready to talk with the other side about a total cease-fire. But we must avoid "negotiating with ourselves" or simply negotiating with U Thant.

2. We should immediately inform Ky and the other troop-contributing countries of this approach -- if it has not already been done. As opposed to mutual de-escalation, this approach is one in which South Viet Nam must be deeply involved, as well as those who have put their men on South Vietnamese soil.

3. During the Guam meeting we may wish to discuss this frankly and perhaps set up small joint civil-military task forces -- U. S. and Vietnamese -- to flesh out the problem. We might have a task force in Saigon and one in Washington.

Walt R.

*LEO to Sec State
" Defense*

DECLASSIFIED
E.O. 12356, Sec. 3.4
NLJ 91-358
By sig NARA. Date 3-24-92

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

March 15, 1967

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Brief Courtesy Call with Retiring Moroccan Ambassador Laraki, Who Will Be Morocco's New Foreign Minister

We have just learned that Ambassador Laraki will be returning to Morocco to become the new Foreign Minister. He will be leaving Washington this weekend. Secretary Rusk recommends that, if possible, you try to fit in 5-10 minutes with him before you go to Guam. In effect, you would be receiving the new Minister of Foreign Affairs, rather than the former Ambassador.

You may recall that before the former Moroccan Ambassador left, Jack Valenti gave an informal White House luncheon in his honor, at which you made an appearance. This was greatly appreciated and hasn't been forgotten.

Five minutes in your office would take less time than that, would signify your concern for future relations with Morocco, and would send him off with the best possible memory of the U. S.

W. W. Rostow

OK for courtesy call, Marv will arrange _____

No time _____

See me _____

DETERMINED TO BE AN ADMINISTRATIVE
MARKING. CANCELLED PER E.O. 12958,
SEC. 1.5 AND ARCHIVIST'S MEMO OF
MAY 19, 1993.

~~CONFIDENTIAL~~

49 CN 3-23-71

THE SECRETARY OF STATE
WASHINGTON

March 14, 1967

MEMORANDUM FOR THE PRESIDENT

Subject: Farewell Courtesy Call by
Moroccan Ambassador

Recommendation:

That you grant an appointment for a five minute farewell courtesy call on you by Dr. Ahmed LARAKI, newly appointed Foreign Minister of Morocco and departing Ambassador to Washington.

Approve _____ Disapprove _____

Discussion:

King Hassan II of Morocco has appointed Dr. Ahmed Laraki Minister of Foreign Affairs. Dr. Laraki, who has been Ambassador of Morocco in Washington since September 21, 1965, has already assumed his new responsibilities. He will be in Washington for a few days to say good-bye, and expects to return to Morocco at the beginning of next week.

In view of the special circumstances involved, I consider that we are justified in making an exception to our practice of not recommending that you receive departing Ambassadors. You will in effect be receiving the new Minister of Foreign Affairs, rather than the former Ambassador.



Dean Rusk

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

Pres file 10

March 15, 1967

MEMORANDUM FOR THE PRESIDENT

As you know, we are now beginning the post-Sukarno period in Indonesia. Marshall Green and State recommend a congratulatory message from you to General Suharto on his becoming Acting President.

I share their view that this would be timely and effective. A draft message is submitted for your consideration.

W. Rostow

Att.

Approve ✓
Disapprove
See Me

General Suharto
Acting President
Republic of Indonesia

Your Excellency:

I ~~wish to~~ extend to you my best wishes upon your appointment as Acting President of the Republic of Indonesia. Please accept also my hope and that of the American people for the happiness and welfare of the people of Indonesia.

Sincerely yours,

Lyndon B. Johnson

11

Pres file

Wednesday, March 15, 1967
7:40 p.m.

Mr. President:

One of the "See Me" items we did not get to the other day was whether you would be willing to see Axel Springer. George McGhee obviously attaches great importance to your seeing him (see attached).

I agree it could be important to our future relations to Germany.

He will not come to Washington unless there is some possibility that you will see him. As you will see from the attached, George proposes, as a fall back, that he be permitted to say "there is a possibility it can be arranged, and that in any event someone in the White House would see him."

I recommend that you do see him.

W. W. Rostow

Accept off-the-record talk with Springer_____

Accept George McGhee's formula_____

No_____

See me_____

WWRostow:rlh

11a

~~CONFIDENTIAL~~

Bonn 10693, March 14, 1967

To the Secretary of State

In a previous telegram I made a strong recommendation with respect to setting up appropriate meetings in Washington for German publisher Axel Springer in connection with his planned visit to the States in April. If this is to be done, I will need to know by Friday, when I have arranged to see him in Berlin, how matters stand. I would greatly appreciate it if you would agree to see him. If by that time the President is not willing to commit himself, perhaps I can tell him that although a meeting with the President is not assured that there is a possibility it can be arranged, and that in any event someone in the White House would see him. I do not know whether or under what circumstances he will be willing to come to Washington. I have, however, ever since I have been here considered it a most important objective that he come and be received at the highest level, in view of the fact that he controls over 40 percent of the German press.

(signed) McGhee

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E.O. 12356, Sec. 3.4
NEJ 91-361
By sig, NARA, Date 3-12-93

~~CONFIDENTIAL~~

Monday, March 6, 1967

FROM WALT ROSTOW

FOR THE PRESIDENT

Axel Springer, the head of DIE WELT a big newspaper and magazine network in Germany, will be in the U.S. towards the end of April -- roughly the 10 days starting April 25. One of his men, whom I have known for a number of years, came in to see me to say he would very much like to see you on that occasion. Although he is emotional and his views wander about, basically Springer wishes to be pro-U.S. and pro-Johnson.

His man reported that, after George McGhee returned from Washington, he was doubtful that an appointment could be arranged. I know nothing about that; and there may be good reasons why you do not wish to see him. From what I know, however, this would be a useful man to see and to whom to explain your general views about Germany and Europe.

Accept off-the record talk with Axel Springer _____

No _____

See me 1 _____

~~SECRET~~-- NODIS

Pres file

Wednesday, March 15, 1967
7:50 p.m.

Mr. President:

Amb. Lodge's weekly is, as he notes at the end, particularly full as a background to the Guam meeting.

W. W. Rostow

Saigon 20396

~~SECRET~~-- NODIS

DECLASSIFIED

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

White House Guidelines, Feb. 24, 1983

By *h2*, NARA, Date 3-28-91

WWRostow:rlh

SECRET - NODIS

Wednesday, March 15, 1967

FOR THE PRESIDENT FROM LODGE (Saigon, 20396)

Herewith my weekly telegram:

A. Constitution

The Assembly completed the draft Constitution yesterday afternoon by approving the Preamble. Yesterday morning a delegation from the Directorate met in closed session with about 60 members of the Assembly to discuss outstanding differences between the Government and the Assembly. General Thieu told newsmen several days ago that he expects the Constitution to be promulgated before April 25; if the Government and the Assembly can reconcile their differences rapidly, promulgation could be sooner.

Yesterday General Chieu proposed changes in seven provisions of the Constitution, notably the articles covering the election of Province Chiefs and the right of the Assembly to vote no-confidence in the Government. Both articles have been modified from the original draft; the President may appoint Province Chiefs for the first Presidential term, i. e., for the first four years; and, to be binding on the President, a vote of no-confidence must be passed by a three-fourths majority of the total membership of both Houses. But these changes apparently do not satisfy the Directorate.

General Chieu also reportedly told the Assembly that the Government finds unacceptable the Assembly decision to extend its mandate so as to transform itself into an interim legislature having full legislative authority. Chieu indicated that members of the Assembly might be permitted to participate as individuals in the framing of an Electoral Law and possibly a few other clearly-delineated tasks following the promulgation of the Constitution, but he evidently made it clear that the Directorate is not prepared to allow the Assembly to assume the legislative function. The Deputies are apparently more concerned by this attitude than by Directorate requests for other changes.

SECRET/NODIS

The first Directorate-Assembly session did not go very well by all accounts, but it remains true that both the Government and the Assembly are fully committed to framing a Constitution, and that both have heavy stake in a successful outcome of the long effort. There will probably be some hard negotiating in the next few days and pulling and hauling could break into the open. Reconciliation of differences may require a few weeks rather than several days. But Prime Minister Ky has made reassuring statements in a number of recent private talks with me and visiting official Americans and General Thieu has said publicly that the Directorate will not have to resort to the use of Article 20 of the Electoral Law to amend the Assembly's draft.

The completed draft Constitution is a generally acceptable document from our point of view, though it gives the legislature rather more power regarding the Executive than we might have wished. In particular, I regret that the Presidential veto on legislation can be overridden by a majority of the total membership of both Houses rather than by a two-thirds majority as was first proposed. This provision may be modified, however, as a result of consultations between the Government and the Assembly.

As it now stands, the Constitution provides for a modified Presidential system with a Prime Minister appointed by and responsible to the President. There is a bicameral legislature with a Lower House of 100 to 200 members and a Senate of 30 to 60 members. The Upper House is elected at large, by list voting, for a term of six years. The Lower House has a term of four years, the President is elected for four years by universal suffrage, and he may be re-elected once.

The draft Constitution also provides for a Supreme Court of from 9 to 15 members who are elected indirectly by jurists' associations and the National Assembly. The Court is a Supreme Court of appeals, has the power of judicial review, and may order the dissolution of political parties "whose policy and activities oppose the republican form of government."

The draft Constitution also creates several advisory councils, including a military council, and an inspectorate charged with the responsibility for discovering and controlling corruption. The

inspectorate may "inspect, control, and investigate personnel of all public and private agencies." It has the right to audit the property of the highest officials, including the President.

The Constitution is now close to its final form, and we may look forward with some confidence to early promulgation. The important question now is: How will it be carried out? Since 1963, Vietnam has had several basic laws, none of which enjoyed great respect or lasted long. This Constitution has, however, been carefully framed by an elected body. It will take into account the views of the military, without whose support it cannot become the strong legal base for a new regime.

The process of framing this Constitution has put the Viet Cong on the defensive politically. They have been forced to violate their own doctrine by using military means against a political process and they have so far found both terror and propaganda ineffective in attacking the democratization program. If the Constitution is faithfully carried out, particularly if the elections carried out under it are honest, there is reason to hope that we will see the Viet Cong defeated politically as well as militarily in the coming year. It will, however, call for a genuine attitude of common purpose and common effort by all major political elements. Such an attitude has in the past not been a strong point of Vietnamese character, but I remain relatively optimistic about the outcome.

B. Hard Core

Outside of Vietnam, the greatest single problem regarding the Vietnamese war, is the propaganda campaign. Inside Vietnam, the greatest single problem regarding Vietnam is the hard core "guerrilla infrastructure." Every week still brings news showing that the "hard cores" are still strong and active. Assassinations of Government of Vietnam personnel by the Viet Cong during February increased, 171 being assassinated as compared with 128 for January. Kidnappings rose from 326 to 334 in February. The weekly report shows a new high of local civilian officials killed, wounded and kidnapped. There is also no regard for unofficial civilians. On February 27, for example, 12 Vietnamese civilians were killed by Viet Cong shelling in Danang, 92 were wounded and 200 civilian homes were destroyed.

EO 12958 3.4(b)(1)>25Yrs
(C)

I, therefore, on February 27 directed [REDACTED] to study the effect of our operations and those of our allies on the Viet Cong guerrilla infrastructure. His facts had been gathered during the past few months and provide a rather generous sampling extending to every major region of the country, although the study is not a comprehensive province-by-province survey.

Highlights of his report are:

"Our mounting successes in the orthodox phase of the war have profoundly affected the VC guerrilla apparatus and political infrastructure. A striking illustration of this is revealed in a recently captured letter written by a Viet Cong Binh Dinh province cadre to his superior on January 1967. It says that, since the ARVN-Korean-US sweeps through Phu Cat and Phu My districts in September and early October last year, both the military and political structure in these districts have been in critical condition.

"The demands of main force units for an increasing flow of supply and manpower replacements has strained the infrastructure severely, frequently beyond its capacity. Food and manpower are

inadequate in many areas and, according to recently captured documents, guerrilla forces are shrinking. Morale is contagious, and the spirits of the political and support forces is suffering along with that of the battered main force troops. The enemy is hurting not just in his main force military effort, but all down the line.

"Reports speak of lack of resistance to enemy heliborne raids along Route 1, fear of which is a common problem among village cadres and guerrillas.

"A Viet Cong district-level review of 1966 operations said that of 70 military proselyting agents trained, 36 were captured or exposed and the rest lacked the courage to conduct their mission, or were simply passive.

"In Tay Ninh the fear of death and war hardships caused the civilian inhabitants and even the cadres and guerrillas to turn to the enemy. The villagers 'began to believe that the US troops were really willing to take care of the welfare of the people.'

"The Kien An village guerrillas were AWOL, had returned to their families, or surrendered to the Government of Vietnam.

"A document dated June 1966 says, 'guerrilla/militia dropped to 180,000....The decrease of quantity also involved a decrease in quality.'

"During May 1966, all districts (of Binh Duong province) succeeded in recruiting only 15 young men.

"Replacements cannot be found to fill the gaps left by desertion and fatalities.

"Pacification team operations resulted in demoralization of the population and an increase in the number of deserters and defectors.

"Viet Cong are placing high priority on countering revolutionary development, census grievance, provincial reconnaissance, and police special branch activities.

"In Phu Yen province, revolutionary development team popularity is such that there is a significant tendency for people to follow the teams. After one revolutionary development group started working in a hamlet there, the population grew from 30 families to about 1,200 inhabitants within a month."

Comment:

The above illustrates the need of the revolutionary development teams to consolidate and make durable the results achieved by the military. Clearly this concept is proving itself and will be worth all that it has cost in money and trouble. Without it, our military successes might be mere flashes in the pan. This explains attacks on revolutionary development teams described in paragraphs below.

EO 12958 3.4(b)(1)>25Yrs
(C)

Another interesting item in [REDACTED] study is the mention of an alleged falling off of Viet Cong recruitment. I, therefore, asked [REDACTED] how it was that MACV's figure of 7,000 young males being impressed into the Viet Cong continues to stand without change.

The answer was:

"MACV's estimate of 7,000 a month is not a current figure revised monthly on the basis of new evidence. There is not enough information available on a monthly basis on which to base such an estimate. The figure is calculated from limited data on the basis of some reasonable assumptions, which gives a figure of 82,840 Viet Cong recruited in South Vietnam in 1966. Division by 12, gives a monthly average of 6,903, which is rounded to 7,000. This monthly average is projected into this year in the absence of sufficient data to make a specific new estimate of each month. By its very nature, it does not show monthly variations."

In my last meeting with Ky, I said that one of my advisers spoke of the great headway being made against the "hard cores." Yet, my American military advisers said there was no diminution in Viet Cong impressment of young males. I asked Prime Minister Ky how he reconciled these two apparently contradictory statements. He said that he thought both statements might be correct -- that it was possible for 7,000 young males to be impressed every month, but that they were impressed -- not recruited voluntarily -- by terror and constraint. They would, therefore, said Ky, never be any good as guerrilla fighters. There is probably a good deal of psychological truth in this.

All of the above indicated to me that some changes are under way, but we are not yet able to measure them accurately. And, while it appears to be reflected in more open roads, it has not reflected itself in greater safety for local law enforcement officials. I have never seen a subject which more stubbornly resists our search for truth.

C. Vietnamese Killed

During the week ending March 4, the Viet Cong killed 64 Vietnamese local civilian officials, wounded 206, kidnapped 57. The figures for the week ending March 11 were 103 killed, 106 wounded, and 64 abducted.

There has been an increase in the number of attacks during the last two weeks against Revolutionary Development teams. There were 10 attacks against Revolutionary Development teams on March 8 alone. On February 28, the Viet Cong blew up the office of the Quang Ngai Revolutionary Development team operating in Binh Son District; fortunately no casualties resulted. In An Xuyen Province, 6 census grievance workers were killed and 10 others wounded when their vehicle struck a mine.

On March 2 the Viet Cong attacked a Revolutionary Development team while on duty in Song Cau district, Phu Yen province. Two were killed and one wounded.

On March 5, the Viet Cong attacked a Revolutionary Development team at Hoa Thang village, Tuy Hoa district, Phu Yen province. Nine workers were killed, four wounded and two missing. On the same day, the Viet Cong attacked another Revolutionary Development team at Phu Quy hamlet, An Phuoc district, Ninh Thuan province. Five workers were killed, four wounded and two missing.

In Vinh Binh province on March 4, Vietnamese forces discovered 13 civilians, including one female, chained ankle to ankle. Twelve had had their throats cut, one had been shot, but was alive when the rangers arrived.

D. Chieu Hoi

The past two weeks have set record highs for Chieu Hoi returnees. The total for the week ending February 25 was 1,108; for the week ending March 4, the total was 1,168. This compares with 616 and 612 for the preceding two weeks. It may also be compared with 922 and 660 for the same periods last year. The

total for this year to date is 6,337. Last year, at this time, the total was only 3,843. The average weekly intake for 1967 is now just over 700. At this rate, the total for the year would be about 36,700. A statistical study by Rand and MACV shows that approximately 71 percent of all returnees last year were military. Of these, 5 percent were Main Force, 17 percent were Local Force, and 78 percent were irregulars.

E. "False Peace" Demonstrations

The Government continues to use demonstrations against "false peace" to express its opposition to a so-called "coalition" government with the Communists. The intention is evidently to alert Vietnamese public opinion to the dangers of "coalition" government and to impress foreign opinion with the extent and depth of anti-Communist feeling here.

Such demonstrations took place in Saigon on February 25, when about 5,000 Catholics conducted an orderly meeting and march in the city; on February 27, when a Government-supported youth group slightly damaged the French Consulate to express opposition to De Gaulle's policies; on March 3, when a force of about 200 cycles and three-wheel labrettas paraded through Saigon denouncing DeGaulle, pacifism, and coalition government; and on March 4, when the Ministry of Education organized an orderly demonstration by about 10,000 students. We hear that there may be another demonstration today.

Similar demonstrations have been held in the provinces and other cities throughout the country. Although Government-sanctioned and often Government-inspired, the demonstrations are accepted and in some cases actively supported by significant numbers and important groups. These include Catholic organizations, civil servants, and militant anti-Communist youth and labor factions.

Press reports this morning say that a people's committee for the struggle to demand the right of self-determination has decided to organize several anti-false peace and anti-government-in-exile demonstrations in Saigon and other main cities. The first demonstration is scheduled to take place this Saturday in the Lam Son Plaza, facing the Assembly building. The press comments that "the massive demonstration will precede the Guam Conference by one day and is expected to draw comment abroad."

F. U.S. Policy Praised

Polls in the United States about the war in Vietnam prompted the newspaper Tieng Vigh to say that "the Johnson Administration has scored a remarkable success in winning the allegiance of the American people to its Vietnamese policy;...with U.S. readiness to sustain a dragged-out war, Hanoi will surely give up out of wariness and come to the conference table in the foreseeable future." There was a consensus that the United States was moving toward a stiffer stance with the Communists.

As I look back on your decision to resume the bombing, I add one more advantage which it brought about. It is this: resumption of the bombing showed that the Hanoi world-wide propaganda campaign had failed. I believe their faith in their propaganda campaign is one of the greatest single incentives which keeps them fighting. To prove the campaign a failure is a direct step toward ending the war.

G. Striking Viet Cong Photographs

The largest operation of the war (called JUNCTION CITY) uncovered an enemy psychological warfare center in Tay Ninh province, and captured striking Viet Cong movies and still films which show, according to defector Le Xuan Chuyen, North Vietnamese Army Generals Nguyen Chi Thanh, Tran Do and Tran Van Tra with Viet Cong troops and inspecting Viet Cong installations in South Vietnam. Since this is the most convincing evidence we have of their presence in -- and of their aggression against -- South Vietnam, the Mission is preparing a statement to present at the daily press briefing in which spokesman will announce that these North Vietnam generals are presently here. We will point that Nguyen Chi Thanh still holds rank of a four star general in the North Vietnam Army and his position as a member of the Hanoi party Politburo, thus confirming Hanoi's direct control of the Viet Cong despite its denials.

H. U.S. Behavior Criticized

Indiscipline and drunkenness, according to JUSPAO, continue to tarnish the American reputation in Ba Xuyen and Bien Hoa -- tending to confirm the Viet Cong propaganda that U.S. soldiers are "cruel," "trigger-happy," merciless, "murderers." Another action which

reinforces the Viet Cong propaganda that the Government of Vietnam is a lackey of the U.S. is commented on by Fourth Corps, where in Bac Lieu the stream of American civilian and military VIPs visiting Revolutionary Development hamlets makes it look as though the U.S. were running things. The fact that they are accompanied by VIP Vietnamese tend to substantiate the lackey theory.

I. Senator Kennedy's Speech

The Saigon dailies, says JUSPAO, this week continued to hit hard at recent proposals by Senator Robert Kennedy calling for a suspension in the bombing of North Vietnam. The overwhelming editorial consensus was condemnation for any measures which would take the military pressure off the Government of North Vietnam. Xay Dung criticized both the Senators Kennedy for "stubbornly opposing President Johnson to satisfy old grudges." The newspaper charged that both Senators deserted the democratic ranks and acted alone, adopting a stand beneficial only to "the killers of GI's on the Vietnamese battlefield."

Another Catholic organ, Hoa Binh, wondered what would occur if Robert Kennedy were nominated Presidential candidate by the Democratic party. It feared that a "Kennedy-Fulbright ticket might be favored by a majority of the American people" because the majority of them would "like to see peace at the soonest date."

Tu Do charged that all measures proposed by Senator Robert Kennedy are "unrealistic" to say the least. "How could an international supervisory committee control Communist infiltration through as dense a jungle as the Vietnamese border?" The paper acknowledged Mr. Kennedy's sincerity and dismissed all allegations branding him as a "false peacemaker" but thought his comments "unwise."

Some American soldiers were puzzled by the propriety of Senators publicly giving aid and comfort to the enemy. If a Senator has an idea about the war, they asked, should he not talk it over confidentially with an appropriate official of the Executive Branch?

J. ARVN's Standing

How deeply relatively superficial acts can affect attitudes was demonstrated this week by dissimilar ARVN behavior, says JUSPAO. First Corps reports that "ARVN troops involved in the first phase of the resettlement operation along Highway One outside Danang in Hoa Vang district are being congratulated for the exemplary fashion with which they are carrying out their task." The same type of report comes from Bac Lieu, "where the near perfect conduct of the ARVN battalion in the newly cleared area has convinced villagers that the Government of Vietnam is there to stay and that soldiers can be disciplined with good leadership. During off-duty hours, ARVN soldiers carry no guns while in the hamlets."

The opposite view comes from Vung Tau, where four women and some seven children sought safety in the home of a JUSPAO local employee while ARVN troops shot-up a nearby bar. The women said they had come to Vung Tau from near Cam Gio to avoid the ARVN, rather than the Viet Cong, because ARVN fired at anything and everything and took everything not nailed down. They admitted the Viet Cong were "savage toward Government of Vietnam members. Their ways of killing are very terrible. They vary from beheading to disembowelling -- but they are very kind to the common people. They even help us with our house work." The women concluded, "We like the Viet Cong ways of treating the common people, but do not like their policy. We like the Government of Vietnam policy, but we do not like their behavior."

Ky told Lansdale that a new directive would be issued soon to promote better behavior in the ARVN. It would provide new procedures for summary courts martial with a court of three officers at regimental level. Soldiers who misbehaved would be brought to trial within 24 hours and sentences, including the death sentence, carried out within 48 hours. The death sentence would not be subject to appeal. Ky said that there would be a thorough information program carried out among all troop units before the new system went into effect. He felt that such strict disciplinary measures are needed to obtain the good troop behavior necessary to win the war with the help of the people.

K. Economic

The price of rice continues its uninterrupted rise, and in the past two weeks, the price increase has sharply accelerated. On February 27, the price of number one broken rice was 2,100 piasters per 100 kilos. On March 6, the price was 2,800 piasters, and by March 10, it was 3,400. This increase is due primarily to low Saigon stocks and fears of an acute shortage. February deliveries from the Delta were smaller than usual and Tet consumption was high. Four ships scheduled to arrive in February have not yet arrived.

In an effort to meet this near crisis, the Government has ordered shops to post the official price and a program of direct distribution was begun March 13. By noon of that day, about 500 tons had been distributed to 174 shops. We have reports that deliveries of rice from the Delta have now increased, with 16,000 tons arriving during the first eleven days of this month. This means that the Delta rice merchants are selling while the price is high. One rice boat is now discharging and another is expected to arrive today. As rice stocks increase with arrival of recent Government of Vietnam purchases from Thailand and the US, the price is expected to fall.

Other prices have been generally stable for the past two weeks, but the rice increase caused the Saigon retail price index to go up 6%. The index now stands at 273, below the high of 276 set after Tet, but 59% above the level at this time last year. The USAID Index on imported goods stands at 213. This is a decline from 230 last month and 216 last week.

JUSPAO reports that after the post-Tet lull in complaints, food prices and the scarcity of rice became prime objects of concern in the Saigon area and II Corps. Saigon papers and editorialists made much ado. Blaming the US first, and the Government of Vietnam General Supply Agency second, for the shortage. Massive imports of luxury items to the detriment of necessities like rice, were severely criticized. Reasons given for the price rise were actual shortage, speculation and black marketeering, and alleged decrease in the amount of rice provided by the US, and the inflationary salary boost given civil servants and military.

The Ministry of Labor has substantially increased family allowances for Vietnamese workers. Under a new decree, a typical manual worker in Saigon area who has a wife and four children will now receive an allowance of VN\$851 per month, an increase of VN\$266.76. According to official statistics, 49,821 families will be affected by the increase, but these figures do not reflect allowances received by workers in firms that do not report payments to the Government. It is estimated that perhaps as many as 100,000 families will benefit.

L. Governor Romney

Governor Romney told me in January that he might come to Vietnam maybe in the near future. He now writes that he will not be able to leave the US for several months and will probably not be able to visit Vietnam and Southeast Asia until next fall.

M. Guam Meeting

This telegram is much longer than usual because I thought its contents might provide a basis for asking questions and bringing your personal influence to bear at the Guam meeting.

Pres file

LIMITED OFFICIAL USE

March 15, 1967

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Birthday Greetings to the Japanese Prime Minister

Sato will celebrate his sixty-sixth birthday on March 27. On at least two previous occasions he has sent personal birthday greetings to you. He attaches great value to this personal relationship with you.

I recommend you approve the attached message.

W. W. Rostow

Approve _____

Disapprove _____

See me _____

AJenkins:mm

LIMITED OFFICIAL USE

13a

Dear Mr. Prime Minister:

~~May~~ I extend my heartiest congratulations on your birthday. Mrs. Johnson joins me in wishing you continued good health and happiness.

Lyndon B. Johnson

Page 14

Wednesday -
March 15, 1967

Mr. President:

The attached memo describes what
USIA is doing to stimulate public
awareness and interest in the Summit
in Latin America.

W. W. Rostow

Attachment

125

Since President Johnson's announcement of a possible summit conference in his speech at Mexico City last April, USIA has given the matter continuing priority attention in our planning and media output to Latin America. All developments have been fully reported through our media services. USIA pre-summit activities in support of the conference and agenda items are now being intensified. For your information, the following special materials are in preparation:

Films and TV

1. Central American Economic Integration -- TV special now nearing completion. Scheduled for distribution prior to conference.
2. Fifteen-minute television program, Prelude to the Summit, for distribution prior to conference to stimulate interest in the conference and basic agenda topics.
3. Education -- TV special on Monterrey Institute of Technology as center of educational excellence and innovation. In process and should be distributed to posts shortly after conference, possibly with some conference coverage included.
4. Agriculture -- TV special emphasizing agrarian reform and rural modernization. In process and should be distributed shortly after conference, possibly with some conference coverage included.

USIS posts have been directed to emphasize placement of Alliance for Progress TV and film materials already on hand prior to and during the conference.

Pamphlets

1. Peaceful Revolution in Action. 72-page comprehensive photo-and-text review of Alliance accomplishments during its first five years. To be distributed to Latin American posts prior to Summit.
2. Photo/drawing booklet. Collection of drawings by Staff Artist Dan Nunez, USIS Regional Service Center, Mexico, of Alliance for Progress projects in various countries. Drawings, captioned to stimulate interest in Alliance goals, will be based on available photos. This booklet will be bound in plastic for prestige distribution prior to Summit.

3. American Presidents View the Alliance -- 16-page pamphlet with quotes from American presidents in support of the Alliance. Already distributed.

4. Profiles of Progress in Central America -- 28-page pamphlet in support of economic integration. To be distributed prior to summit.

Posters

Wall posters in progress for each of three themes: Rural Development, Economic Integration and Education. Scheduled for distribution prior to summit.

Photo Murals

Sets of enlarged photos (approx. 40" x 60") on education, agriculture, health, industrialization/jobs, and housing for display in public places.

Exhibits

1. Three DUCT exhibits, three-sided exhibit units each with a sound/slide show, a continuous sound film and an animated panel demonstrating how the Alliance works and some of its projects. These will be set up at Punta del Este under the sponsorship of the OAS, then circulated in Latin America.

2. Panel Exhibit -- Five Years of the Alliance for Progress. Plan to show initially in Montevideo, then other posts.

3. Three-panel with model farm exhibit -- Modern methods of Agriculture. Now on way to Montevideo. A possibility for Punta del Este. Showing to be determined at a later date.

Books

1. Posts have been alerted to books in our regular Latin American book program that are pertinent to summit agenda items, as well as available books about the President. Posters to stimulate interest in these books are in preparation.

Radio and Press Service

The Voice of America is reporting on day-to-day events related to the summit, as well as special commentaries, features and other programs to prepare psychological climate for a successful meeting.

The ARF Wireless File is carrying full texts of important U.S. announcements related to the summit and features and special commentaries designed to stimulate interest in the conference.

Posts will report to Washington on a continuing basis foreign government and foreign press commentary favorable to the summit and agenda items for replay hemisphere-wide by our press and radio services.

Conference coverage

The OAS is handling press facilities at Punta del Este, including construction and operation of a press center, insuring adequate circuits, and providing the press with briefings and handout materials.

We have had several meetings (OAS, USIA, State, White House) to coordinate plans for the press, and there will be continuing followup on this. USIA will backstop the OAS as appropriate to insure best possible facilities for the press, both U.S. and Latin America.

USIA coverage of the summit will include: A five-man Voice of America team will provide radio coverage twice daily during the conference in English, Spanish and Portuguese. We are now trying to make arrangements to carry live the opening and closing sessions of the conference over VOA. Taped commentaries, features and major speeches will be distributed to Latin American posts directly from Punta del Este, and VOA correspondents will also file stories by teletype to Washington for broadcast over VOA.

A two-man team from the Press Service will file stories via teletype on a continuing basis during the conference for re-transmission in Washington to Latin American posts.

A USIS photo team will cover the conference and will produce and distribute sets of photos to Latin American posts directly from Punta del Este.

USIS posts will distribute as soon as possible a quick pamphlet of the President's speech(s) at Punta del Este. We will also do a glossy pamphlet of the text of resolutions stemming from the conference.

USIA will provide daily TV and film clip coverage of the proceedings to its posts throughout Latin America for local placement. We plan a wrap-up TV program for immediate distribution after the conference.

We will also produce a 10-minute color documentary film of the conference.

Other

USIA will provide the President and U.S. Delegation with a twice-daily local and world news summary using the USIS Wireless File, AP and UPI.

USIA is back-stopping the OAS with press kit materials, exhibits and on-the-spot facilitative assistance to Latin American journalists.

CONFIDENTIAL

March 15, 1967

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Sixth Meeting of the U.S. -Japan
Committee on Trade and Economic
Affairs

Attached is a memo from the Secretary of State, requesting your approval for a 2-1/2 day meeting of the Joint U.S. -Japan Committee on Trade and Economic Affairs during the week of September 10-17, and suggesting that you invite the Japanese Cabinet members to lunch during their stay.

I recommend that you approve the underlying memorandum on both counts.

▲ W. W. Rostow

~~CONFIDENTIAL~~

AJenkins:mmm

DECLASSIFIED
E.O. 12356, Sec. 3.4(b)
White House Conf. Room, Feb. 26, 1983
By sf, NARA, Date 4-22-91

~~CONFIDENTIAL~~

THE SECRETARY OF STATE

WASHINGTON

March 6, 1967

DECLASSIFIED

E.O. 12356, Sec. 3.4

NJ 91-361

By rip, NARA, Date 3-12-93

MEMORANDUM FOR THE PRESIDENT

Subject: The Sixth Meeting of the Joint United States-Japan Committee on Trade and Economic Affairs

Recommendations:

That we propose to the Japanese Government a Sixth Meeting of the Joint United States-Japan Committee on Trade and Economic Affairs for 2½ days in Washington at a mutually convenient time during the week of September 10-17.

Approve _____ Disapprove _____

That you invite the Japanese Cabinet members to lunch at the White House on a date to be set with your staff during that week.

Approve _____ Disapprove _____

Background:

The Fifth Meeting of the Joint U.S.-Japan Committee, held in Kyoto, Japan July 5-7, 1966, was attended by Secretaries Udall, Freeman, Connor, and Wirtz, Treasury Under Secretary Barr, Mr. Okun of the Council of Economic Advisers and myself. At the close of the meeting I invited the Japanese Cabinet members to the Sixth Meeting to be held in Washington this year. For planning purposes, the Cabinet members who would participate have agreed with my view that the Sixth Meeting be held during the week of September 10-17. This date would have a twofold advantage: (a) it would permit some slippage from the usual 12-month interval between meetings, which may prove useful should we subsequently want to modify the format, content or timing of these meetings, and (b) it would probably be convenient

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2.

for Foreign Minister Miki who is likely to be coming to the U.S. for the U.N. General Assembly scheduled to convene on September 19. Two possible alternatives are July, when the two previous meetings were held, or November, when the first three meetings were scheduled. July is less convenient from our viewpoint primarily because it involves no stretch out, while November would probably be considered by the Japanese as leaving too long a gap from the Fifth Meeting.

At the Sixth Meeting we would expect to follow the changed format adopted for the Fifth Meeting which permits greater emphasis on important multilateral political/economic matters, such as U.S.-Japan cooperation in your development program for Southeast Asia, and more time for informal counterpart discussions which I found particularly useful last year.

In the previous five meetings, the head of the host government has given a luncheon or dinner for the visiting Cabinet members. You hosted a luncheon during the July 1965 Washington meeting which provided opportunity for useful discussions and was regarded by the Japanese as the highlight of their visit.

Dean Rusk

Dean Rusk

~~CONFIDENTIAL~~

~~SECRET~~

March 15, 1967

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Response to President Chiang on Mainland Invasion

Attached is a proposed response from you to President Chiang concerning Chiang's request through Goldberg for U. S. support of an invasion of the mainland. I think State has produced a very appropriately phrased answer. I suppose we will get some flak from Taipei, but I think your answer should be a forthright one.

The answer, designed to be delivered orally by McCaughy, politely explains that:

- we have long sought peace in the Taiwan Strait area;
- in the situation in which we now find ourselves in Viet-nam, we do not seek or advocate any extension of the war;
- the American government and people would oppose action which would give rise to the danger of a wider war with incalculable consequences;
- at the same time we stand squarely behind our commitments made in the Mutual Defense Treaty with the GRC.

I recommend that you approve the message.

W. W. Rostow

Approve _____

Disapprove _____

See me _____

DECLASSIFIED
E.O. 12958, Sec. 3.6
NLJ 95-341
By ing, NARA Date 3-7-97

AJenkins:mm

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Amembassy TAIPEI

INFO: USUN for GOLDBERG

STATE:

NODIS

For Ambassador McConaughy

Ref: TAIPEI 2623

1. Please take early suitable opportunity to convey to President Chiang Kai-shek following oral message from the President:
2. Ambassador Goldberg has personally given the President a full report of his March 1 conversation with President Chiang. The President very much appreciates the forthrightness with which President Chiang expressed to Goldberg his views on Viet-Nam, Mainland China, and other aspects of the situation in Asia. He highly values these exchanges of views between our Governments.
3. As President Chiang had requested, Ambassador Goldberg told the President of President Chiang's belief that now is the time for the Republic of China to attack and overthrow the Chinese Communist regime on the Mainland and of the reasoning which led President Chiang to this view.
4. The President wishes to say that he has given the most serious thought to what President Chiang has said. On this subject the U. S. Government's views are known to President Chiang, and there has been no change in our

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DECLASSIFIED
E.O. 12958, Sec. 3.6
NLJ 92-212 Appeal
By cb, NARA Date 1-31-97

position. The U.S. has long sought to bring about peace in the Taiwan Strait and to this end has for many years urged the Chinese Communists to renounce the use of force there. The U.S. agrees with the Republic of China's position that its mission of restoring freedom to the population on the mainland is to be achieved mainly by political means, not military force, and was pleased to see this theme stressed in President Chiang's New Year's message to the Chinese people.

5. In the situation in which we now find ourselves in Viet-Nam, we do not seek or advocate any extension of the war. From the outset we have carefully defined our objective in Viet-Nam as limited to stopping the aggression. We have refrained from using our full military power, and we have sought to limit the war and terminate it by negotiations.

6. The course which President Chiang advocated to Ambassador Goldberg would run counter to the policies we are pursuing in Viet-Nam. Such a course would involve the Republic of China in risks and hazards and would give rise to the danger of a wider war with incalculable consequences for the peoples of Asia, the United States, and the world. The American government and people would not only disapprove such an action but would oppose it.

7. The President wants President Chiang to know how deeply grateful he is personally for the generous cooperation President Chiang's Government has extended to the United States in connection with the Viet-Nam war, for its

SECRET

3

economic and other contributions in Viet-Nam, and for the airbase facilities granted U.S. forces in Taiwan. The President is also very conscious of the threat from the mainland to which Taiwan is exposed and he wishes to assure President Chiang once again that the United States stands squarely behind the commitments made in its Mutual Defense Treaty with the Republic of China.

END

SECRET

Pres file

Wednesday - March 15, 1967

Mr. President:

In the attached memorandum Secretary Rusk asks that you receive the Inter-American Committee for the Alliance for Progress (CIAP) during their next Committee meeting in Washington March 27-30.

I strongly endorse the request. You can effectively use the meeting in the buildup for the Summit. Your schedule for these dates is now open.

W. W. Rostow

Approve appointment _____

Prefer no meeting _____

Speak to me _____

819
17a

THE SECRETARY OF STATE
WASHINGTON

March 13, 1967

MEMORANDUM FOR THE PRESIDENT

Subject: Proposed call by Members of the
Inter-American Committee on the
Alliance for Progress (CIAP)

Recommendation:

That you receive the members of the Inter-American Committee on the Alliance for Progress (CIAP), and their close advisors, during the next Committee meeting in Washington, D. C., March 27-30, 1967.

Approve _____ Disapprove _____

Discussion:

During the first meeting of the Inter-American Committee on the Alliance for Progress in Mexico City, the Members and Chairman were received by the President of Mexico. Subsequently, during the first Committee meeting in Washington, you received the group at the White House for an informal discussion and a television statement.

Since the fall of 1964, all Members of the Committee have been changed except for Roberto CAMPOS of Brazil. At the last special meeting of the Inter-American Economic and Social Council, in Buenos Aires February 13-14, 1967, Carlos SANZ de Santamaria was unanimously reelected Chairman for another three-year term.

Given the importance of this group in providing new directions to the Alliance for Progress and the requirement of United States law that the Alliance for Progress loans be made only when consistent with the findings and

recommendations of CIAP in its annual country reviews, it is believed that if you receive the Committee it will help demonstrate your continued interest in and support for the Alliance for Progress. In the light of the forthcoming meeting of Chiefs of State at Punta del Este, you would probably find it rewarding to hear the views of this important group of Latin-American leaders.

A proposed guest list is enclosed.



Dean Rusk

Enclosure:

Suggested Guest List.

Enclosure

SUGGESTED GUEST LIST

Members of the Inter-American Committee on
the Alliance for Progress

Carlos SANZ de Santamaria, Chairman

Admiral Francisco CASTRO, of Argentina, Executive Director
of the Inter-American Development Bank

Hector HURTADO, Minister of Development Planning under the
Presidency of Venezuela

Jose' ROMERO Loza, Minister of Finance of Bolivia

Alfredo NAVARRETE, a Director of Nacional Financiera
of Mexico

Bernal JIMENEZ, former Minister of Finance of Costa Rica

Ambassador Sol M. Linowitz

Roberto CAMPOS, Minister for Planning and Economic
Coordination, of Brazil

Advisors and United States officials

Felipe Herrera, President of the Inter-American
Development Bank (IDB)

Jose' Mora, Secretary General of the Organization of
American States (OAS)

Carlos Quintana, Executive Secretary of the United Nations
Economic Commission for Latin America

Jorge del Canto, Head of the Latin American Department
of the International Monetary Fund (IMF)

Orvis Schmidt, Special Assistant to the President of
the World Bank

Walter J. Sedwitz, Executive Secretary, CIAP

continued

Lincoln Gordon, Assistant Secretary of State

David Bronheim, Deputy Coordinator for the Alliance
for Progress, Agency for International Development (AID)

Robert M. Sayre, Deputy Assistant Secretary of State

Milton Barall, Deputy to the U.S. Member of CIAP

From the White House, it is suggested that
Walt W. Rostow and William Bowdler be included.

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

Wednesday, March 15, 1967
12:45 p.m.

~~CONFIDENTIAL~~

MR. PRESIDENT:

U Thant's proposal for a general standstill truce offers great possibilities. It also has serious pitfalls -- the North Vietnamese might merely be seeking alternate methods of achieving the domination of South Viet Nam.

The gut of the problem is that there must be no compromise of the legitimacy of the government of South Viet Nam, the constitutional process, or its right to extend its authority over all territory south of the 17th parallel. At the same time, the Saigon government must be willing to talk to the VC about their coming back into South Vietnamese society on the basis of the constitution.

My view would be that:

1. We should reply to U Thant that we are ready to talk with the other side about a total cease-fire. But we must avoid "negotiating with ourselves" or simply negotiating with U Thant.

2. We should immediately inform Ky and the other troop-contributing countries of this approach -- if it has not already been done. As opposed to mutual de-escalation, this approach is one in which South Viet Nam must be deeply involved, as well as those who have put their men on South Vietnamese soil.

3. During the Guam meeting we may wish to discuss this frankly and perhaps set up small joint civil-military task forces -- U.S. and Vietnamese -- to flesh out the problem. We might have a task force in Saigon and one in Washington.

Walt R.

DECLASSIFIED

E.O. 12356; Sec. 3.4

NJ 91-358

By mg NARA, Date 3-24-92

cc: LEO to Rush
McKenra

~~CONFIDENTIAL~~

19

~~Stamp~~
2 Pres. file

Tuesday, March 14, 1967 - 4:00 pm

~~CONFIDENTIAL~~

Mr. President:

In the attached, Orville Freeman, Bill Gaud, and Charlie Schultze recommend that you approve five small PL-480 programs in Africa (total value: \$21.2 million). Four of the five are expansions of earlier agreements which were kept small because our supply situation looked uncertain. Now, as our new crops approach, Agriculture has loosened up a bit on rice, sorghum and vegetable oil.

The fifth agreement is for the sale of 20,000 tons of sorghum to Senegal, as a further step in meeting the drought gap which President Senghor told you about during his visit last Fall. (This sale would bring us to 61,000 tons of the estimated short-fall of 180,000 tons.)

Charlie Schultze's memorandum at Tab A gives you a capsule rundown of each proposal. The Gaud-Freeman memoranda at Tabs B, C, D, E and F contain the full story on selfhelp, repayment terms, etc.

I recommend you approve.

W. W. Rostow

EKHamilton/vmr

~~CONFIDENTIAL~~

DECLASSIFIED
E.O. 12356, Sec. 3.4(b)
White House Guidelines, Feb. 24, 1983
By Ng, NARA, Date 4-22-91

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19a

~~CONFIDENTIAL~~

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

MAR 11 1967

MEMORANDUM FOR THE PRESIDENT

Subject: Proposed P. L. 480 Programs for Africa

Attached are five memoranda from Secretary Freeman and Administrator Gaud requesting your authorization to negotiate the following P. L. 480 sales programs:

- Congo - 15,000 tons of rice valued at \$2.5 million, to amend the \$9.3 million program now being negotiated;
- Ghana - 10,000 tons of rice valued at \$1.5 million, to amend the \$5.9 million agreement signed last Friday;
- Sudan - 200,000 tons of grain sorghums, valued at \$10.6 million, to amend the program for \$450,000 worth of tobacco now being negotiated;
- Tunisia - 20,000 tons of vegetable oil worth \$5.0 million, to amend the \$8.5 million program now in negotiation;
- Senegal - a new agreement for 20,000 tons of grain sorghums valued at \$1.6 million.

Amendments

The first four proposals--Congo, Ghana, Sudan, and Tunisia--would amend programs which you approved in January. In each case, the earlier proposals involved substantial cuts in the countries' requests. Additional commodities are proposed now that we have a better picture of their food needs and our own availabilities. The four amendments would be on the same terms and--except for Sudan, discussed below--would require the same self-help measures as the programs approved earlier. A copy of my summary of the earlier requests is attached.

The Congo and Ghana proposals reflect the slightly increased availability of rice for P. L. 480 programming, now that demands on our current crop have been established. Major AID loans for both countries will be submitted to you within the next month or so.

The edible oil for Tunisia is proposed because our own supplies have proved adequate for us to provide the full 30,000 tons she requested to help meet her critical need. Only 10,000 tons was authorized in the earlier proposal, but

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DECLASSIFIED

E.O. 12356, Sec. 3.4

NJ 91-358

By 148 NARA. Date 3-24-92

~~CONFIDENTIAL~~

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

MAR 11 1967

MEMORANDUM FOR THE PRESIDENT

Subject: Proposed P. L. 480 Programs for Africa

DECLASSIFIED

E.O. 12356, Sec. 3.4

NIJ 91-358

By W. J. P. NARA. Date 3-24-92

Attached are five memoranda from Secretary Freeman and Administrator Gaud requesting your authorization to negotiate the following P. L. 480 sales programs:

- Congo - 15,000 tons of rice valued at \$2.5 million, to amend the \$9.3 million program now being negotiated;
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- Sudan - 200,000 tons of grain sorghums, valued at \$10.6 million, to amend the program for \$450,000 worth of tobacco now being negotiated;
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Amendments

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~~CONFIDENTIAL~~

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2

we indicated that we would do more later if we could. Tunisia, one of the nine major aid recipients, has undertaken commendable self-help measures. A \$15 million program loan, the largest part of our economic aid, will be submitted for your approval shortly.

Now that Sudan's drought-stricken sorghum crop is in, we are able to assess the extent of her food deficit. Sudan has arranged to buy 50,000 tons of grain from the U. S. on commercial terms, and this proposed 200,000 tons would fill most of the remaining gap. Because this \$10.6 million amendment so far outweighs the small tobacco agreement approved earlier, additional agricultural self-help measures will be required in education and extension work, storage facilities, and private enterprise.

Senegal

Last summer's drought in Senegal led President Senghor to request 193,000 tons of sorghums. During his visit last September, you agreed to donate 36,000 tons. If you approve this 25,000 ton proposal, it would bring to 61,000 tons the amount we would have made available under P. L. 480 so far this fiscal year. Freeman and Gaud point out that they may request authority to provide additional sorghums when more is known about Senegal's crop. This P. L. 480 sale would be for dollar credit repayable over 20 years at 2 1/2% interest.

Senegal, one of the phase-out aid countries, is receiving only \$300,000 in technical assistance this year. Her self-help efforts, described in the Freeman/Gaud memo, are respectable but not spectacular. The current Four-Year Plan calls for an increase in food production from the current rate of 1 to 2% a year (which is less than the 2.3% annual population growth) to a rate which will at least keep food and population growth in balance.

Recommendation

I recommend that you approve the five requested P. L. 480 programs.

Charles L. Schultze

Charles L. Schultze
Director

Attachments

Approve package *utd 3/14/67*

Approve only: Congo
Ghana
Tunisia
Sudan
Senegal

Disapprove

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

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

DEC 28 1960

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Proposed P.L. 480 Programs

Attached are four memoranda from Secretary Freeman and AID Administrator Gaud recommending that you approve the following P.L. 480 programs:

Tunisia - a sale of wheat, barley, and vegetable oil worth \$8.5 million, of which 75% would be for local currency and 25% would begin the transition to dollar credit sales,

Ghana - a local currency sale of rice, wheat flour, tallow, and cotton worth \$5.9 million,

Congo - a dollar credit sale of \$6.2 million worth of wheat flour and cotton,

Sudan - a local currency sale for \$450,000 worth of tobacco.

Each of these programs would provide commodities needed during the remainder of FY 1967. In the case of Tunisia, Ghana, and the Congo, the amounts of wheat proposed are within the FY 1967 guidelines established by an inter-agency group last summer and confirmed in a recent mid-year review.

The proposals are summarized in the attachment.

Recommendation

I recommend that you approve the Freeman/Gaud requests for authority to negotiate these four programs. The need is particularly acute in Tunisia and Ghana, where the commodities can be provided promptly by amending existing agreements, if we are able to move before current legislation expires on December 31.

Attachments

Approve package

Approve only:

- Tunisia
- Ghana
- Congo
- Sudan

Disapprove

Charles L. Schultze

DECLASSIFIED

E.O. 12356, Sec. 3.4

NJ 91-358

By NARA. Date 3-24-92

~~CONFIDENTIAL~~

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ANNEX - SUMMARY OF PROPOSED PROGRAMS

Tunisia

As a result of drought in North Africa, Tunisia faces serious food shortages. We have provided her with 60,000 tons of wheat and 30,000 tons of barley so far this year under P.L. 480 local currency sales. But these amounts, together with 45,000 tons of normal commercial purchases, still leave a gap of 182,000 tons of foodgrains. The current proposal would provide another 60,000 tons of wheat and 30,000 tons of barley, filling slightly less than half that gap. Tunisia was a barley exporter last year. This year she has not only lost that source of foreign exchange, but must divert resources from her development effort to meet urgent food needs.

Tunisia's edible oil crop has been particularly hard hit by the drought. She has requested 30,000 tons of oil in addition to the 12,500 tons we provided under a P.L. 480 agreement of last July to help meet remaining import requirements estimated at 39,000 tons. In view of our own limited supplies, Freeman and Gaud propose to supply only 10,000 tons at this time. Most of the vegetable oils would be made available on dollar credit terms, beginning the transition called for in the Food for Freedom legislation.

Tunisia, one of AID's nine major support countries, has undertaken broad economic reforms and is mounting a major effort to improve agricultural production. These include land reform, the establishment of production cooperatives, a comprehensive water development program, and a number of other activities designed to increase yields. Tunisia's self-help activities are well described in the Freeman/Gaud memorandum.

Ghana

The proposed P.L. 480 program for Ghana would provide both needed food imports (10,000 tons each of wheat flour and rice) and raw materials for her manufacturing enterprises (tobacco, inedible tallow, and cotton). The Government requested \$20 million worth of commodities for the next year. This proposal would provide six months' supplies valued at slightly less than \$6 million. Canada is expected to furnish another 16,000-18,000 tons of wheat.

Ghana's needs spring from the general disruption of the economy as a result of the Nkrumah regime. Under a P.L. 480 agreement signed last April, we provided about \$7.5 million worth of food and tobacco, but substantial requirements remain and Ghana's foreign exchange position is extremely precarious. P.L. 480 assistance is an integral part of our efforts, in cooperation with the IMF and the World Bank, to support the re-establishment of a viable economy and a stable political system.

Although the country is only beginning to sort out its economic

By , NARA, Date

~~CONFIDENTIAL~~

DECLASSIFIED

E.O. 12356, Sec. 3.4

NLJ 91-359

By isp, NARA, Date 11-13-91

~~CONFIDENTIAL~~

difficulties and to develop with AID, World Bank, and FAO participation a self-help program in agriculture, there is evidence that the Government is willing to accord a high priority to the agricultural sector. Sixty-five percent of the local currency proceeds of this sale would be earmarked for economic development loans, largely in agriculture and closely related fields, and another 15% would be used for "Cooley loans" to private U. S. investors.

Congo (Kinshasa)

The 6-month program proposed for the Congo would provide 30,000 bales of cotton and 22,000 metric tons of wheat flour. Repayment would take place over 20 years at 2-1/2% interest, with the first payment (after two years' grace) a token \$100,000.

The Congo's agricultural production declined drastically as a result of the rebellion and the departure of Belgian farmers and technicians. Self-help plans to restore the pre-independence level of output are not yet well developed, but work is underway on a comprehensive agricultural plan as well as on general economic reforms essential to improved agricultural performance. These efforts are supported by the IMF, the EEC, and FAO as well as the United States.

Sudan

The small (200 metric tons) tobacco program requested for the Sudan would be used for the local manufacture of cigarettes by a British-American firm. A proposal for the provision of grain sorghum to help compensate for this year's drought will be forthcoming when we have a clearer picture of the country's requirements and interagency agreement on credit terms.

Although the attached description of Sudan's self-help activities in agriculture is weak, the country is in fact undertaking a high priority program of agricultural reform which has led to an average annual growth of 5% in production of several key crops. Seventy-five percent of the local currencies generated by this agreement would be used for economic development projects.

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19e

February 20 1967

To : The President

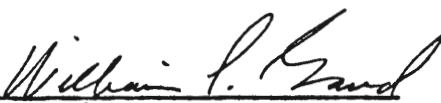
Subject: P. L. 480 sales Program with the Congo

We recommend that you authorize us to negotiate with the Government of the Democratic Republic of the Congo a \$2.5 million increase in the \$9.3 million P.L. 480 dollar credit sale approved by you early in January. The proposed increase would add 15,000 metric tons of rice to the 30,000 bales of cotton and 22,000 metric tons of wheat flour already approved. The same credit terms will apply, that is 20 years credit, two-year grace, first payment of principal \$100,000; the balance in 18 equal annual installments, interest at 1% during the grace period and $2\frac{1}{2}\%$ thereafter. The Department of State has endorsed this proposal.


The Congo asked for 50,000 tons of rice for the current fiscal year and 15,000 was supplied under the October 3, 1966 Agreement. Additional quantities have become available for limited programming under P.L. 480 to several countries including the Congo.

In our memorandum of December 23, 1966 (attached), in which we recommended the current P.L. 480 sale, we outlined the Congo requirements for agricultural commodities, the U.S. interest in the Congo, the AID program there, and self-help efforts to improve that country's agriculture.

Recommendation: That you authorize us to negotiate with the Congo the sale of 15,000 metric tons of rice valued at \$2.5 million.



Administrator
Agency for International Development



Secretary
Department of Agriculture

Approve: _____

Disapprove: _____

~~CONFIDENTIAL~~

828
19f

MAR 2 1967

To: The President

Subject: Amendment to P. L. 480 sales agreement with Ghana

We recommend that you authorize us to negotiate with the Government of Ghana, an amendment to a P. L. 480 local currency sale approved by you early in January. The proposed amendment would add 10,000 metric tons of rice to the sales agreement which now provides for 10,000 tons of rice in addition to wheat flour, tallow, cotton and tobacco. These commodities, together with the proposed additional rice, valued at \$1.5 million, amount to \$7.4 million in value. The same terms will apply to the amendment as to the original agreement. Sixty-five percent of the local currency proceeds are intended for development loans. Another 15 percent is designated for Cooley loans and 20 percent for U. S. uses. The Department of State has endorsed this proposal.

Although Ghana had sought 20,000 tons of rice, it was not thought possible when the current approved program was developed to offer more than 10,000 tons for the period ending next June 30. Subsequently, it was determined that the U. S. Government could program under P. L. 480 relatively small additional quantities to several countries including Ghana.

In our memorandum of December 22, 1966 (attached), in which we recommended the current P. L. 480 sales agreement, we outlined the Ghana requirements for agricultural commodities, the U. S. interest in Ghana and the AID program there, and Ghana's self-help efforts to improve that country's agriculture. The background information supplied in our memorandum is still applicable.

Recommendation: That you authorize us to begin negotiations with Ghana to amend the FY 1967 sales agreement to add 10,000 metric tons of rice valued at \$1.5 million.

William L. Sand
Administrator
Agency for International Development

James A. Schmitt
Secretary
Department of Agriculture

Approve: _____

Disapprove: _____

DECLASSIFIED

Authority E.O. 12356, Sec. 3.3, Agriculture
By isp, NARA, Date 11-13-91 letter 10-28-82

~~CONFIDENTIAL~~

DECLASSIFIED
E.O. 12356, Sec. 3.4
NJ 91-359
By isp, NARA, Date 11-13-91

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~~CONFIDENTIAL~~

MAR 2 1967

MEMORANDUM FOR THE PRESIDENT

Subject: Amendment to P. L. 480 sales agreement with Sudan

We recommend that you authorize us to negotiate with the Government of Sudan, an amendment to a P. L. 480 local currency sale approved by you early in January. The proposed amendment would add 200,000 metric tons of grain sorghum worth \$10.6 million to the sales agreement which now provides for 200 tons of tobacco, worth \$450,000, bringing the total value of the sales agreement, as amended, to \$11.1 million. The same terms would apply to the amendment as to the original agreement. Seventy-five percent of the local currency proceeds are intended for development loans. Another 5 percent is designated for Cooley loans and 20 percent for U. S. uses. The Department of State has endorsed this proposal.

Sudan's need for sorghums is related to a severe drought which reduced the 1966 crop to less than one million tons from a normal 1.4 million tons which usually provides an exportable surplus. Exports have been banned this year. To fill the gap between domestic production and consumption needs, Sudan has arranged to buy from the U. S. under three-year dollar credit terms approximately 50,000 tons of sorghums and has requested P. L. 480 sorghums to meet most of its remaining requirements. The P. L. 480 sales arrangement recommended here would provide that sorghums available under the dollar credit terms would be shipped before purchases would be authorized on local currency terms.

In our memorandum of December 22, 1966 (attached), in which we recommended a P. L. 480 sales agreement for tobacco, we outlined U. S. objectives in Sudan and the U. S. assistance program there, and touched upon Sudan's self-help efforts to improve that country's agriculture. While the background information supplied in our memorandum is still applicable, we would now add that the self-help provisions of the proposed amendment would include agreement by Sudan to expand food production in both irrigated and rainland areas; to provide training in improved agricultural techniques at specified educational institutions and strengthen agricultural extension services to carry technical know-how to farmers; to construct storage facilities to support agricultural production and marketing; to encourage private enterprise in food marketing and distribution; and to undertake such other measures as may be mutually agreed upon for purposes specified in Section 109(a) of the Food For Peace Act of 1966.

DECLASSIFIED

Authority E.O. 12356, Sec. 3.3, Agriculture
letter 10-28-82
By isp, NARA, Date 11-13-91

DECLASSIFIED

E.O. 12356, Sec. 3.4
NLJ 91-359
By isp, NARA, Date 11-13-91

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

Recommendation: That you authorize us to begin negotiations with Sudan to amend the FY 1967 sales agreement to add 200,000 metric tons of grain sorghums valued at \$10.6 million.

William L. Gaud
Administrator
Agency for International Development

Donald H. Furman
Secretary
Department of Agriculture

Approve: _____

Disapprove: _____

~~CONFIDENTIAL~~

828
192
MAR 2 1967

To: The President

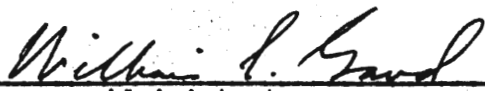
Subject: P.L. 480 Sales Program with Tunisia

We recommend that you authorize us to negotiate with the Government of Tunisia, a \$5.0 million increase in the \$8.5 million P.L. 480 dollar credit and local currency sale approved by you early in January. The proposed increase would add 20,000 metric tons of soybean/cottonseed oil to the soybean/cottonseed oil, wheat and barley already approved. The same payment terms will apply, that is: under the dollar credit terms, 20 years credit, two-year grace, interest at 1 percent during the grace period and $2\frac{1}{2}$ percent thereafter; and under the local currency terms, 70 percent of local currency proceeds are intended for development loans, 20 percent for U.S. uses and 10 percent for Cooley loans. The Department of State has endorsed this proposal.

Although Tunisia had asked for 30,000 tons of edible oil for the current fiscal year, it was not thought possible when the current approved program was developed to offer more than 10,000 tons. Subsequently, additional quantities have become available for programing under P.L. 480 to several countries including Tunisia. This addition will fulfill the amount requested.

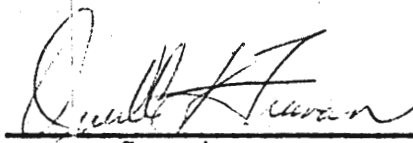
In our memorandum of December 23, 1966 (attached), in which we recommended the current P.L. 480 sale, we outlined the Tunisia requirements for agricultural commodities, the U.S. interest in Tunisia and self-help efforts to improve that country's agriculture.

Recommendation: That you authorize us to negotiate with Tunisia the sale of 20,000 metric tons of soybean/cottonseed oil valued at \$5.0 million.



Administrator

Agency for International Development



Secretary

Department of Agriculture

Approve: _____

Disapprove: _____

FEB 24 1967

To: The President

Subject: Public Law 480 Program with Senegal

We recommend that you authorize us to negotiate with Senegal a PL 480 sales agreement for 25,000 tons of grain sorghums on dollar credit. The export market value is \$1,564,000. This would be payable in 20 years at 2 $\frac{1}{2}$ % interest. The Department of State concurs in this recommendation.

Senegal's Food Situation

Senegal is faced with a serious food shortage resulting from a severe drought this past summer. The decrease in production of millet and sorghums will greatly increase the shortage that Senegal has even in a normal year, in spite of self-help measures in agriculture. In 1966, the latest estimates indicate a production of 368,000 metric tons and a need to import approximately 180,000 metric tons to maintain consumption at last year's level.

President Senghor, by letter to you September 3 and during his visit with you in September requested 193,000 tons of sorghums. In reply you informed Senghor that the U.S. would donate 36,000 tons (value: \$3.0 million) immediately and would give careful and sympathetic study to his request. Shipment has begun on this 36,000 tons and will be completed by March 1967.

We recommend that another 25,000 metric tons of grain sorghums be made available for delivery in 1967. More sorghums may need to be programed when more complete information is available on last year's short harvest.

U.S. Interest in Senegal

We support Senegal's moderate, pro-Western government.

- 2 -

Of the total \$23.6 million U.S. assistance to Senegal since 1961, \$19.4 million has been in the form of food assistance.

Senegal's Self-Help Efforts

The Government of Senegal has taken several measures to increase per capita food production and to improve the means for storage and distribution of agricultural commodities:

1. Senegal's 4-year development plan calls for an increase in sorghum cultivation from 2,140,000 acres to 2,370,000 and in corn cultivation from 75,000 acres to 110,000. A program is nearing successful completion to increase by 2% the production of peanuts, which account for 75% of export earnings. Further, the Government of Senegal is planning a large-scale project with AID assistance over the next five years to develop the potentially rich Casamance region, which will substantially increase production of rice, sorghum, corn and vegetables.
2. Fertilizer consumption was 42,000 tons in 1965 and is expected to double by 1975. A new plant will produce 60,000 tons by the end of 1968 from locally-mined calcium phosphates.
3. The Government of Senegal maintains 92 Rural Extension Centers to train individual farmers throughout Senegal in the practical use of animal-drawn equipment, fertilizer, and cultivating techniques.
4. Metal storage warehouses have been built throughout Senegal and are also used for the distribution of PL 480 commodities.
5. The Government of Senegal has recognized the need for improving the present marketing system to guarantee peasants and fishermen adequate price incentives for their production of cereals, vegetables, cattle and fish and is studying needed measures to be implemented during the balance of the present 4-year development plan.

Recommendation

That you authorize us to begin negotiations with Senegal for a PL 480 sales agreement for 25,000 metric tons of sorghums.

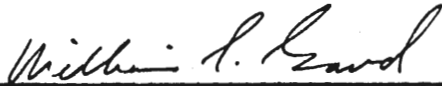
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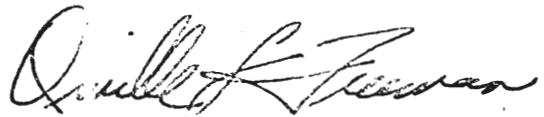
In negotiating, we will insist that at least 50% of the funds accruing to the GOS under this agreement be used for development projects which will either directly or indirectly help increase food production.

Approve: _____

Disapprove: _____



Administrator
Agency for International Development



Secretary
Department of Agriculture

"LIMITED - OFFICIAL USE"

~~1. L...~~
2. Pres file

Tuesday, March 14, 1967
9:40 p. m.

Mr. President:

Herewith a draft message to Prime Minister Holyoake. The third full paragraph is designed to deal with the uneasiness that he and our other fighting allies will undoubtedly feel about Guam.

If you prefer, we could postpone this and include a response to Holyoake in a series of messages to the heads of government of our fighting allies, after Guam, which we will undoubtedly wish to send.

W. W. Rostow

Dispatch promptly_____

Hold post-Guam_____

WWRostow:rln

260
March 14, 1967

Message from the President to Prime Minister Holyoake

Your message of March 8 was heartening.

All of us engaged in Viet Nam will welcome your infantry force as well as the military medical team for Bin Dinh Province. In terms of the total scale of the effort, this may not be a statistically large increment; but the policy, commitment, and courage that lie behind it are a major contribution to building the kind of life in Asia and the Pacific that our children deserve.

As you know, I shall be going out to Guam in a few days. You can rest assured that we shall follow through in the spirit of partnership developed at Manila. The Troop Contributors meeting scheduled for 20-21 April will be, in our view, the occasion for a common review of where we are and where we shall go together.

Let me say again, your message to me of March 8 and the substance it conveyed were a source of strength and satisfaction.

DECLASSIFIED
E.O. 12356, Sec. 3.4
NLJ 91-358
By ing NARA. Date 3-24-92

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resp

Friday, March 10, 1967

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Message from Prime Minister Holyoake of New Zealand

We have just received the attached personal message from New Zealand's Prime Minister Holyoake. He is planning to announce shortly his Government's decision to send an infantry force of about 210 men to South Viet-Nam that will serve with the 150 man artillery battery as part of the Australian task force.

New Zealand also plans to send a military medical team to work in Binh Dinh province.

I will submit a suggested reply in the next few days.

W. W. Rostow

Att.

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TEXT OF MESSAGE TO PRESIDENT JOHNSON FROM
RT. HON. KEITH HOLYOAKE, PRIME MINISTER
OF NEW ZEALAND
DATED 8 MARCH 1967

My dear President,

DECLASSIFIED
E.O. 12356, Sec. 3.4
NJ 91-358
By 48 NARA. Date 3-24-92

In my message at the beginning of February I told you that my colleagues and I were examining the possibility of increasing New Zealand's contribution to the collective effort in Vietnam by redeploying elements of the forces we maintain in Malaysia as part of the Commonwealth Strategic Reserve. As I said then, we do have a continuing obligation to our Commonwealth partners to keep up our contributions to the Reserve. In the light of the compelling demands of the situation in Vietnam, however, we have decided that an additional effort by New Zealand is called for. I shall therefore be announcing shortly our intention to deploy an infantry force of about 210 men to South Vietnam. Most of the men will come from the New Zealand battalion in Malaysia and will serve, together with our artillery battery, as part of the Australian Task Force.

We have also decided to send another medical team, this time of military personnel, to work among the people in Binh Dinh Province.

I am acutely aware of the disparity between the need and our capacity to help. All of us in New Zealand have cause to admire the resolution and restraint with which the United States is turning back the challenge

/of aggression

2.

of aggression in South Vietnam. We, for our part, are prepared to support with action our belief that small nations throughout the world have the right to choose their own way of life, and to preserve their freedom. These further steps we have decided to take are an expression of our conviction that aggression in Vietnam must be halted and its victims sustained.

Yours sincerely,

KEITH HOLYOAKE

~~SECRET~~

SEND VIA CAS CHANNELS
TO KATMANDU, NEPAL

March 14, 1967

LITERALLY EYES ONLY FOR AMBASSADOR BUNKER FROM WALT ROSTOW

Because of leak in Saigon the President will be announcing tomorrow.

We all regret shortness of time.

Give the other Ambassador a hug from me.

We envisage Locke's joining you and coming on your plane if that
is acceptable.

DECLASSIFIED

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

White House Guidelines, Feb. 24, 1983

By ly, NARA, Date 4-22-91

Tuesday, March 14, 1967
10:55 p. m.

Mr. President:

Attached to this draft (p. 13) is an insert on the bombing pauses.

Attached to page 15 is an insert on Bunker et al.

On pp. 17-18 I have struck the vaguer paragraphs on the bombing pauses.

W. W. Rostow

WWRostow:rlh

THE WHITE HOUSE
WASHINGTON

March 14, 1967

Mr. President:

I have not had a chance to go over it, but herewith Ed Hamilton's first draft for the Tennessee State Legislature. I am sending a copy, as requested, to Harry McPherson.

Walt
W. W. Rostow

PRESIDENT'S REMARKS TO
A JOINT SESSION OF THE TENNESSEE STATE LEGISLATURE

Ladies and Gentlemen:

It is always a special pleasure for me to visit Tennessee.

I have many fond memories of your hospitality, and of the warmth and wisdom of the distinguished Senators and Representatives you have sent to Washington. I am delighted to have this opportunity to share my thoughts with you.

This morning I visited The Hermitage, the historic home of Andrew Jackson. Two centuries have passed since that most American of Americans caught his first glimpse of the Tennessee countryside. The world has changed much since that day. But the qualities which sustain men and nations in positions of leadership have not changed.

In our time as in Jackson's, freedom has its price.

In our time as in his, history conspires to test the American will.

In our time as in his, success will reward courage, vision, and willingness to sacrifice where events leave no other honorable course.

This generation of Americans is making its imprint on history in the sweltering jungles of Vietnam. After a long and, on the whole, constructive debate, I think most of our citizens have reached a common understanding on the broad meaning and objectives of that struggle.

Before I discuss the more specific questions still very much at issue, let me review the points of widespread agreement.

Two years ago we were forced to choose between major troop commitments in defense of Vietnam, and the collapse of a gallant people's valiant effort to withstand the onslaught of an aggressive neighbor.

Andrew Jackson would not have been surprised at our choice.

We elected a course in keeping with our tradition, with the foreign policy of three Administrations, with the expressed will of Congress, with our solemn obligations under the Southeast Asian Treaty, and with the interests of sixteen million South Vietnamese who had no wish to live under communist domination.

We elected to stand our ground, and to supply whatever forces proved necessary to help the Government of South Vietnam repel the invader. We carefully restricted our statements and actions to that limited purpose.

As our commitment in Vietnam required more men and equipment, a few voices were raised in opposition to fulfillment of our obligations. The Administration was urged to disengage, to find an excuse to abandon the effort.

These cries came despite growing evidence that the defense of Vietnam held the key to the political and economic future of free Asia. The stakes of the struggle grew correspondingly. As the military situation improved, political and economic progress within South Vietnam became practical. As the stability of South Vietnam seemed more assured, new departures in all aspects of Asia-wide cooperation grew by leaps and bounds.

In short, it became clear that if we were prepared to stay the course in Vietnam, we could help to lay the cornerstone for a diverse and independent Asia, alive with promise and resolute in the cause of peaceful economic development for her long-suffering peoples.

On the other hand, if we faltered, the forces of chaos would scent victory and decades of strife and aggression would stretch endlessly before us.

The choice was clear. We would stay the course.

I think most Americans support this fundamental decision. Most of us remember the fearful cost of ignoring aggression until it multiplies. Most of us have cast aside the illusion that we can live in an affluent fortress while the world slides into chaos. I know of no official in a position of leadership in either party who now favors unilateral withdrawal of American forces.

I think we have also reached broad agreement on our basic objectives in Vietnam.

First, an honorable peace.

To be honorable, peace must leave the people of South Vietnam free to fashion their own political and economic institutions without fear of terror or intimidation from the North.

Second, ~~we strive toward~~ a Southeast Asia in which all countries -- including a peaceful North Vietnam -- apply their scarce resources to the real problems of their people, to combat hunger, ignorance, and disease. As I have said many times, nothing would give us greater pleasure than to

invest our own resources in the constructive works of peace rather than the futile destruction of war.

Third, we seek to demonstrate that aggression across international frontiers is no longer an acceptable means of political change. This does not mean that the United States will undertake to intervene in every confrontation around the world. It does mean that the mantle of legitimacy has forever slipped from the shoulders of nations which confuse might with right.

Further, I believe there is pretty general agreement on the things we do not want in Vietnam.

We do not want permanent bases. We will begin withdrawal of our troops on a reasonable schedule whenever reciprocal concessions are forthcoming from our adversary.

Neither do we want special economic privileges. We are prepared to offer our goods and services in a free market with the products of any other nation. We need no subsidies.

Finally, we do not seek to impose our political beliefs upon South Vietnam. Our republic rests upon a brisk commerce in ideas. We are happy to see free competition in the intellectual marketplace whenever North Vietnam is willing to reduce the conflict to that level.

These, then are the broad principles of the Vietnam situation on which most Americans can agree. I don't mean for a moment to imply that we have achieved unanimity. Unanimity on the great issues of public policy

is neither likely nor healthy. But I do suggest that a very broad cross-section of Americans has closely followed the public debate and emerged with these basic convictions.

On a less general level, however, the events and frustrations of these past few difficult weeks have inspired a number of questions about our Vietnam policy in the minds and hearts of many of our citizens. Today, if I am any, I want to deal with some of those which figure most prominently in the press and the many letters which reach my desk.

I. The Military Situation

Many Americans are confused by the barrage of information about main-unit military engagements. They become lost between the casualty figures and Operation Junction City, between "War Zone C" and the Iron Triangle. They long for the capsule summary which has kept tabs on previous wars, a line on the map dividing friend from foe.

Precisely what, they ask, is our military situation, and what are the prospects for victory?

But Vietnam is aggression in a new guise, as far removed from trench warfare as the rifle from the longbow. This is a war of infiltration, of subversion, of ambush. Pitched battles are rare, and even more rarely decisive.

Precise statements are impossible in this kind of war. Beware the man with pat answers. All the legitimate analyst can do is watch the trends

in the more dependable indicators. I shall try to present what we know as objectively as possible.

Taking the present allied order of battle, the United States doubled its forces in Vietnam in 1966 to a total of more than 400,000 men. They were joined during the year by a second division from the Republic of Korea, which now has 47,000 men in Vietnam. The Australian contingent of 4600 is being increased to 6300. An artillery battery from New Zealand has been integrated with the Australian unit. Thailand, despite a serious subversion problem at home, has announced it will send a reinforced infantry battallion to Vietnam. The Phillipines have sent an engineer/civic action group of 2,000 men. In addition, the regular armed forces of Vietnam increased to 320,000 men, with another 300,000 serving in local and regional forces which bear much of the brunt of the battle.

Altogether, more than 1 million men from seven nations are fighting for South Vietnam.

Despite massive increases in North Vietnam infiltration, this strengthening of Allied Forces in 1966 was instrumental in reversing the trend of every major indicator of military progress. For example:

- We estimate that 55,000 North Vietnamese and Viet Cong were killed in 1966, compared with _____ the previous year. Many more were wounded, and more than 20,000 defected.
- By contrast, 9,500 South Vietnamese, 5,000 Americans, and 600 from other Allied Forces were killed in action.

- The Vietnamese army achieved a 1966 average of 2 weapons captured from the Viet Cong to every one lost, a dramatic turn around from the previous two years.
- Viet Cong defectors averaged 240 per week for 1966, compared to 182 in 1965, and 37 in 1964. The first two months in 1967 are even more encouraging.
- Allied search and destroy operations captured large stocks of Viet Cong supplies. For example, almost 19,500 tons of rice were captured in 1966 -- enough to feed about 78,000 men for a full year. Captured goods also included large stocks of ammunition, bombs, grenades, and land mines.
- Allied forces have made several successful sweeps through territories that were considered Viet Cong sanctuaries only a short time ago. Such operations not only cost the enemy large numbers of men and weapons, but are very damaging to morale.

Many of you are probably ^{Wusing} ~~surprised~~ that this is all very interesting, but what does it mean? Will the North Vietnamese change tactics? Will there be less infiltration of main units and more guerrilla warfare?

The truth is we don't know.

Main-unit action has certainly become more expensive to the North Vietnamese. But we have no hard evidence of a serious drop in infiltration of North Vietnamese regulars. (?) We know that a shift in strategy away

from the main-unit tactic would cause some morale problems among North Vietnamese officers and men who have been led to believe that it cannot fail. But we have no way of knowing what factors will control Hanoi's response.

What we do know is that our strategy has produced results, that our military position has substantially improved, and that our military success has permitted ground work to be laid for a pacification program which is the long-run key to an independent South Vietnam.

On the whole, it is an entirely different picture than ^{we} faced ~~us~~ last year, and the most hopeful outlook since 1963.

II. Bombing of the North

Since February, 1965, our military operations have included selective bombing of military targets in North Vietnam. Our purposes are three:

- to back our fighting men by denying the enemy a sanctuary;
- to exact a penalty against North Vietnam for her flagrant violation of the Geneva Accords of 1954 and 1962;
- to limit the flow, or substantially increase the cost of, infiltration of men and materiel from North Vietnam.

Our intelligence confirms that we have been successful in all three cases.

Yet, many particularly object to this facet of our policy. Must we bomb, they ask. Does it do any military good? Is it consistent with our limited objectives? Is it an inhuman act aimed at civilians?

On the question of military utility, I can only report the firm belief of the Secretary of Defense, the Joint Chiefs of Staff, the Central Intelligence Agency, and all the sources of information and advice at my command that the bombing is causing serious disruption and added expense to the North Vietnamese infiltration effort. ⁴ We know, for example, that half a million people are kept busy just repairing bomb damage to bridges, roads, railroads, and other strategic facilities. Suppose half the civilian employees of our Defense Department were so employed. ^{yet} ~~And~~ we are much better prepared to deal with a massive disruption of the labor force.

I also want to say categorically, however, that it is not the position of your government that the bombing will be decisive in determining the course of North Vietnam. At best, it is a substantial annoyance. I think the best indication of how substantial is the fact that they are working so hard to get us to stop.

Further, I believe that the bombing is entirely consistent with our limited objectives in South Vietnam. The entire main-unit phase of the war is a result of infiltration from the North. No effective defense is possible in the South without making that infiltration as difficult as we can manage. It is simply unfair to American soldiers to ask them face more enemy personnel and fire power they must now deal with when there is a means -- short of invasion -- by which infiltration can be harassed.

To those who argue that bombing must stop because we are bombing civilians, I would reply that we are making an effort unprecedented in the

history of warfare to be sure that we do not. It is our policy, and it will remain our policy to bomb military targets only.

We have never deliberately bombed cities.

We have never attacked any target with the purpose of inflicting civilian casualties, nor have our efforts ever been directed at the people of North Vietnam.

We recognize, of course, that there has been loss of life in the North. We know that some people living and working in the vicinity of military targets have suffered.

We also are all too aware that men and machines are not infallible, and that some mistakes have occurred. We are constantly working to perfect our target control systems.

On the whole, our record on this account is, in my opinion, highly defensible.

And let's look for a moment at the record of the other side.

Any civilian casualties that result from our operations are inadvertent, in stark contrast to the calculated Viet Cong policy of systematic terror.

Tens of thousands of innocent Vietnamese civilians have been killed, tortured and kidnapped by the Viet Cong. There is no doubt about the deliberate nature of this program. One need only note the frequency with which Viet Cong victims are village leaders, teachers, health workers and others trying to carry out a constructive program.

Yet the deeds of the Viet Cong go largely unremarked in the public debate. It is this double standard which makes us weary of some of our critics.

Nevertheless, we understand our responsibility. We will continue to restrict the bombing to military targets. We will continue to warn the North Vietnamese to keep civilians away from such targets. We will continue to make every effort to safeguard civilian life so far as is humanly possible.

But the bombing will continue until we have some agreement on equivalent concessions from both sides. Our obligation to our fighting men demands no less.

Walt: On balance, I decided not to try to deal with the steel plant/escalation problem. If you want to get into it, we will also have to say whether there are more "steel plants" in the immediate future.7

III. The Other War

The tragedy of South Vietnam is not limited to casualty lists.

There is much tragedy in the story of a nation at war for nearly a generation. It is the story of slow social disorganization of economic stagnation. It is the story of a generation of young men -- the flower of the labor force -- pressed into military service on one side or the other.

Many serious-minded people have given up on any possibility that these trends can be reversed while the war continues. How can we hope

for an improvement, they ask, until the roads are secure, until the Viet Cong tax collector is prevented from holding up farmers for their harvest, until the economy returns to normal after the huge stresses created by war-time conditions.

And yet, no one denies that the survival of South Vietnam is heavily dependent upon early economic progress.

Therefore, we are actively engaged with the Vietnamese Government in a comprehensive program to pacify newly-secure areas and restore order to the economy.

My most recent and hopeful report of progress in this area came from an old friend of the Tennessee Valley -- David Lilienthal. We have been able to get Mr. Lilienthal and his Development Resources Corporation to undertake a three-year contract with the Government of South Vietnam to help them with economic planning. He went out to Vietnam to start setting up relations with the counterpart Vietnamese planning group Premier Ky has named. He reported that the project is shaping up very well.

But to me the most stimulating thing about Mr. Lilienthal's report was his enthusiasm for the spirit and dedication of the people of South Vietnam.

He reported -- with some surprise, I might add -- that he discovered an extraordinary air of confidence among farmers, village leaders, trade unionists, and industrialists. He concluded that their economic behavior suggests (and I quote) " that they think they know how this all going to come out. "

Mr. Lilienthal also remarked that the South Vietnamese were among the hardest-working people he had seen in developing countries around the world. They learn to run machinery very quickly. He was dumbfounded to find a 75-year old farmer who had bought a tractor a week before and learned to run it in three days. His general assessment of the South Vietnamese prospects was that "to have been through 20 years of war and still have this amount of 'zip' almost ensures their long-term economic development."

Coming from David Lilienthal, that is heartening news. But it is not really news to those of us who have travelled to Vietnam and talked to the people. If I lived in a country which had been at war for 20 years and were asked to invest part of my subsistence income in the hope that the next few years would see the hammering of weapons into plowshares, quite frankly I'm not quite sure how I would react.

But I know how these people react. They invest, they work, they produce, and they invest some more. Given any kind of reasonable security, they will quickly return South Vietnam to the ranks of the rice exporters and expand every other economic sector as well.

I would not maintain that we have yet reached an acceptable security plateau in the countryside. But we have set out to support the Vietnamese Government in as serious a way as we know how in their efforts to mount a sensible and comprehensive pacification program.

The size of the problem is obvious in the statistics of Viet Cong terror.

In 1966, alone, for example:

- 170 local officials were assassinated and 176 abducted.
- More than 1400 ordinary civilians were killed by acts of planned terrorism, such as mining bridges and roads and throwing grenades into marketplaces.
- 3,600 additional civilians were kidnapped, often for service for the Viet Cong.

At the same time, there is progress to report:

- 552 hamlets and one million people were moved from Viet Cong control to Government of Vietnam security in 1966.
- More than 25,000 revolutionary development cadres have been trained and put into the field. They are assigned to their native provinces to restore order, ferret out any Viet Cong, and bring educational, health, agricultural and other services to the people in the village and hamlet.
- By the end of this year, more than 700 59-member pacification teams will be operating in as many hamlets, each covering as many as three hamlets a year.
- Vietnam's national and local police have been expanded from 21,000 to 59,000 in two years and their effectiveness is improving^{rapidly}.

Better security conditions are matched by progress in the economy.

The Government of Vietnam dealt a heavy blow to inflation in mid-1966 through a courageous de-valuation which greatly increased the counter-inflationary impact of commercial imports. The Government is now moving to speed the handling of cargo in the overburdened Saigon port, to increase tax revenues, and to raise agricultural production. If these difficult measures can be carried out, we are confident that the social and economic chaos that threatened in the early months of 1966 will be averted.

Our AID programs are also supporting the drive toward a sound economy. With 1966 AID funds, for example:

- More than 3,000 new school rooms were built.
- 4,300 new teachers were trained.
- About 2 1/2 million textbooks were distributed.
- More than 2.7 million were immunized against cholera, smallpox, plague and other diseases.
- 2 1/2 million acres of crops were sprayed with insecticides.
- 115,000 agricultural acres were brought under irrigation.

None of these economic accomplishments will be decisive in itself. And no economic achievement can substitute for a strong social and political structure.

But economic progress can certainly help. We are determined that this, the long-run future of Vietnam, will be as carefully and energetically ~~was~~ ^{was} nurtured as the problem of short-term security. It is fully as urgent.

IV. The Road to the Conference Table

We have just lived through another flurry of "peace feelers."

Like every American, I fervently hoped that something would come of this one.

But our years of dealing with this problem have taught us that peace will not come easily.

Yet many people cannot understand why are we not at the conference table now.

The answer is quite simple: Hanoi refuses.

I don't believe that our own position on peace negotiations can be stated any more clearly than I have stated it in the past -- or than Secretary Rusk, Ambassador Goldberg, and any number of other officials have stated it in every forum we could find. I repeat the essentials now lest there be any doubts.

- United States representatives will go anywhere at any time for discussions of the Vietnam problem or any related matter with any government or governments if there is any reason to believe it will advance the cause of peace.
- I will participate if it would be useful.
- We are prepared to go more than halfway and to use any avenue possible to encourage such discussion.

This position is identical with that of the South Vietnamese Government. As recently as January 3, Prime Minister Ky responded to a proposal for discussions by the British Foreign Secretary by promising to cooperate "in any discussions, any time and anywhere, so that the burden of war can be lifted from the peoples of North and South Vietnam."

We believe that the Geneva Accords of 1954 and 1962 could serve as the central elements of a peaceful settlement. These accords provide, in essence, that both South and North Vietnam should be free from external interference, while at the same time they would be free independently to determine their positions on the question of reunification.

North Vietnam continues to invoke these agreements. But it also continues to insist on the third of its four points -- the National Liberation Front, which is just that, a front -- must have a dominant role in South Vietnam. The Geneva agreements provide no basis for this position. Its acceptance would probably lead to communist political takeover in the South in short order. The North Vietnamese are staging an obvious play to avoid the conference table.

Alternatively, we stand ready to advance toward peace toward reduction of hostilities without prior agreement. The road to peace could go from deeds to discussions, or it could start with discussions and move to deeds. We are ready to talk about the kind of action that each side would undertake to produce a fair basis for ending the fighting. Or each side might undertake certain actions which would help create a favorable atmosphere for later discussions.

We are ready to take either route or to move on both.

In this connection, it has been suggested that we test the tensions of North Vietnam by agreeing to a unilateral cessation of the bombing in the North. We would stop the bombing for an unlimited period of time, in the hope that the North Vietnamese would break their silence and propose talks.

I am not persuaded that this is a wise course.

We have ordered pauses in the bombing twice -- once early in 1966 and again during the recent New Year's celebration. In neither instance has there been a flicker of indication that Hanoi was even considering the possibility of talks. In both cases there were massive buildups of North Vietnamese supplies which cost us heavily in military and human terms.

So far, the only value of bombing pauses has been to the enemy.

More important, however, reciprocity must be the fundamental principle of any reduction in hostilities. The United States cannot and will not reduce its activities unless and until there is an equivalent reduction on the other side. To follow any other rule would be a breach of the sacred trust in which we enter when we ask a man to risk his life for his country.

We will negotiate a reduction of the bombing whenever the Government of North Vietnam is ready. We will not make any unilateral reduction.

Hanoi's attitude toward peace plans has not been limited to our proposals. Serious and responsible efforts were undertaken in June of last year by the Canadian Government. Prime Minister Gandhi of India made a detailed peace proposal in July. In early August the Foreign Minister of Thailand speaking on behalf of Malaysia and the Philippines called for all Asian nations

to appeal for a peace conference. These and many other initiatives have been rejected and denounced by Hanoi and Peking.

Nevertheless, we must keep trying. As I speak to you today, Secretary Rusk and our representatives throughout the world are on constant alert. Hundreds of quiet diplomatic conversations have been held and will be held on the possibilities of bringing peace to Vietnam.

Governor Harriman with 25 years of experience of trouble-shooting on the toughest problems of international politics is carrying out my standing instructions that every lead, however slight it may first appear, from any source, public or private, shall be followed up.

The gates to peace are open on our side of the table. There is no failure of communications. There simply are no communications from the other side.

V. The View from Hanoi

The most perplexing issue before us is how to explain Hanoi's behavior.

Does the North Vietnamese regime remain fully confident that their methods of warfare and terror will be successful? Do they believe that, despite serious military reserves, their subversive apparatus can maintain a reign of terror that will eventually destroy the fabric of life in the South?

If these are their beliefs, the key to peace can only lie in continued and unrelenting military pressure, increasingly effective pacification, and of successful completion of the bold and courageous political reforms of the South Vietnamese people.

Or do the North Vietnamese mistrust us and consider their national survival at stake?

If this is their fear, I can only repeat that the Geneva Accords provide that we must recognize the territorial integrity of North Vietnam and South Vietnam alike. We would observe them. Moreover, in conditions of peace, we would be prepared to see North Vietnam take a full role in programs for development of Southeast Asia, programs that have progressed rapidly in the past two years and to which we stand ready to make an increasing contribution.

Or does Hanoi still labor under the impression that we will give up on Vietnam? Do they believe, with Tocqueville, that the American democracy

finds it difficult to "persevere in a fixed design?" Is it their hope that sooner or later the United States will desert South Vietnam and her other Allies and return to pre-War isolation?

I cannot imagine a more serious misreading of the American people.

The United States is committed to the cause of freedom in South Vietnam; it will keep that commitment until an honorable peace is achieved. I am confident that this is a bipartisan commitment which would be kept regardless of which party were in office.

I would hope that Ho Chi Minh and his colleagues would take note of the elements of the American character which had their origin in the Daniel Boones and the Davy Crocketts who roamed your own lovely hills before the advance of civilization.

We don't scare easily. We don't give up. And we never desert our friends.

* * * * *

It is an axiom in politics that every speech must end with a promise.

I am afraid I must break that rule today.

For my promises deal with only one side of the ^{equation} ~~question~~. The other side is wrapped in mystery. For our part, we will persevere come what may. Upon this rock is built not only our own hopes and interests in Asia, but the future of _____ people in _____ free nations. These nations have learned to rely upon the solemn word of the United States. We shall not take a backward step.

I wish it were within my power to assure that every man of authority in Hanoi heard one simple message loud and clear.

We are committed to the defense of South Vietnam until an honorable peace can be negotiated.

We shall provide our forces with whatever is necessary to repel the aggression.

We are prepared to move from the battlefield to the conference table at a moment's notice.

If this one communication gets through and rational implications are drawn, we should be at the table tomorrow. It would be none too soon.

Thank you for your kind invitation and your attention.

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Tuesday, March 14, 1967
9:08 p.m.

Mr. President:

I think this memorandum of
John Leddy's to Sec. Rusk on the
French election will interest you.

W. W. Rostow

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

White House Guidelines, Feb. 24, 1983

By ag, NARA, Date 4-17-91

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DEPARTMENT OF STATE

ASSISTANT SECRETARY

EUR

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TO: The Secretary

MAR 13 1967

THROUGH: S/S

FROM: EUR - John M. Leddy

SUBJECT: The French Elections - INFORMATION MEMORANDUM

The results of yesterday's French elections confounded the pollsters and disregarded first round trends. Among the paradoxes of this election are: the French voters endorsed foreign policies but disavowed the Foreign Minister, protested against economic and social policies but returned the ministers most concerned with them, and, in making these policies an important issue, failed to register any major work stoppages or farmer demonstrations. French politics are built on contradictions and nuances--like the 400 cheeses.

Some of the details of what happened yesterday and why, and what will happen next, are set forth in the following pages. I should like first to draw certain general conclusions:

1. De Gaulle wanted a popular referendum and got it, though not the results he anticipated. He, his policies and his way of governing were the only real issues. A majority voted against.
2. Despite the U.S. press interpretation, there was no Communist tidal wave. The Communist share of the vote (22%) is slowly improving but has not yet climbed back to the pre-1958 25%.
3. The Gaullists have a bare majority of their own and will pick up some allies. Thus, they will continue to run things.
4. No short-run major policy changes should be expected.
5. Over the long run, as the succession question becomes more pressing, the Gaullist coalition may have trouble holding together. Until that happens, it will probably be more cohesive.

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By ylip, NARA, Date 4/22/91

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than its opponents, despite their improved organization, leadership and spirit.

What Happened

Below is a lineup of the new National Assembly as compared with the old. (Figures taken from press roundups and may vary slightly.)

	<u>New</u>	<u>Old</u>	<u>Gain/Loss</u>
Gaullists	244	282	-38
Communists	73	41	+32
Mitterrand's Left Federation	116	96	+20
Lecanuet's Democratic Center	27	41	-14
Mendes-France's PSU	5	1	+4
Other Left	5	6	-1
Other	15	15	

Three are missing from the above: (1) Polynesia will not vote until next Sunday; (2) Djibouti may or may not vote, depending on next week's plebiscite. The Gaullist total also includes one seat in Corsica, where the results are vehemently challenged on grounds of fraud by the Left Federation.

The parties shared the popular vote as follows:

	<u>1967</u>	<u>1962 (estimates)</u>
Gaullists	43%	48%
Communists	22%	21%
Federation	24%	22%
Democratic Center	9%	9%
Others	2.5%	

Because of the peculiarities of the French voting system, the gains and losses of Assembly seats are out of proportion to the changes in votes. Many races were decided by less than 1,000 votes. Couve, for example, lost by 279 votes out of 43,000. Veterans Minister Sanguinetti lost by 266 out of 40,000, and Minister of State Joxe won by some 400.

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- 3 -

How It Happened

Pompidou complained that too many voters stayed home but in fact participation yesterday remained at approximately the same unusually high level scored on March 5--80%.

It is a tradition in French politics that on the first ballot one votes for someone. On the second ballot, he votes against his enemies. This is a good description of the present elections. Many people who voted for Center and Moderate candidates on the first round yesterday voted against the Gaullists. There was also a smaller and contradictory shift against the Communists who, alone among the major parties, actually received a smaller share of votes yesterday than it did on March 5.

Had this last shift not taken place, the Communist gains would have been even greater. Its 22% of the votes today compare with 21% in 1962 and 20% in 1958. The reason for this gain is that the party today is less militant, more bourgeois, and less subservient to Moscow. Its leaders have become respectable. Its foreign policies are in many ways close to those of de Gaulle, whose courtship with Moscow has verged on the ostentatious. People are no longer afraid of it: a 1966 poll showed that 61% of those asked either approved or were unconcerned at the prospect of Communist participation in a French cabinet. In many ways, the PCF has de Gaulle to thank for this new-found respectability. Although he has twice recently warned of the Communist danger, he has also, by his policies, helped the Communist Party become his principal adversary.

Another reason for Gaullist losses must be cited--the electoral alliance between the PCF and the Left Federation. Because of this arrangement, both Sanguinetti and Messmer were defeated as members of these groups dutifully followed their leaders' instructions on how to vote.

Why It Happened

Gaullism was the only real point of dispute and, for the first time, national issues were as important as local ones. The General's manner of governing, the sacrosanctity of government actions, the heavy and sometimes heavy-handed support given official candidates, the arbitrary allocation of TV time, and

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- 4 -

de Gaulle's partisan speech after the campaign closed, probably all hurt government candidates by bringing home to many voters the reverse of the coin they had been paying for political stability.

The labor unions and farmer organizations were not particularly active in the campaign and calls for strikes and demonstrations during the winter were poorly followed. This shows the great improvement in economic conditions in France during the past five years. However, economic and social dissatisfaction remains and was registered in yesterday's vote. The crux is the allocation of resources, and the cry is not the classic "bread and sous", but "better roads, better schools, more hospitals, and better housing".

What Next?

Parliament reconvenes April 3. If past practice governs, Pompidou will resign and a new Prime Minister will be asked to form a new government. It could well be Pompidou again. If not, Edgar Faure, Michel Debré, and Louis Joxe would be among the contenders.

The first item of business will be to bolster the government's minimum majority of one seat. It should be able to do so from among the less-committed Centrists, and government leaders today express confidence that their actual voting strength will be 252, for a working margin of eight.

The new Prime Minister may or may not decide to seek the Assembly's investiture of the new government. In 1962 he did; in 1966 he did not. The election of Assembly officers will also pose itself as an early hurdle, but the government should be able to invoke its majority for this and other similar problems.

These organizational questions do not, at this stage, look like the kind of issue that opposition groups could rally around, and so we anticipate no early crise de régime. With the presentation of the budget next fall and the general debate that usually accompanies it, the situation could change, but if the Gaullists have a disciplined majority in the spring session, we would not expect it to fade in the fall. Moreover, as a general rule, the government can count on Democratic Center support for its domestic policies and on that of the Left for its foreign policies. This could go on indefinitely.

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- 5 -

Even though, for these reasons, we anticipate no early crises, no changes in policy and no lessening of our own problems with France, there is in many ways a new ball game. De Gaulle's opposition on the Left is better organized and better led than in the past, and it has the wind up. His followers are now in the minority. He can therefore no longer be sure how a real referendum would come out in, say, a revision of the constitution to downgrade the Senate or provide for a successor to himself, and only at his peril can he dissolve the Assembly in the hope of obtaining a larger majority. In some areas he may therefore have to proceed with greater caution in the future than in the past. The least we can say is that the domestic scene in France promises to be more interesting than it has been. Politics has returned to France.

*P.S. At Walt Rostow's request I have
sent him a copy of this. Maybe he will
show it to the President.*

~~CONFIDENTIAL~~

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March 14, 1967

Pres file

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Cable to Prime Minister Chung

Attached is a proposed cable from you to Prime Minister Il Kwon Chung, to be sent upon Chung's departure from the United States.

I recommend that you approve this message.

W. W. Rostow

Approve _____

Disapprove _____

See me _____

AJenkins:mm

UNCLASSIFIED

His Excellency
H Kwon Chung
Prime Minister of Korea
c/o Chief of Protocol
Century Plaza Hotel
Los Angeles, California

Dear Mr. Prime Minister:

As you leave the United States, you carry with you our best wishes for a safe and pleasant homeward journey. Your visit has given me the special pleasure of renewing our personal acquaintance and of reaffirming the ties of friendship which unite our two countries. I feel that the discussions we have had have contributed a great deal to a deeper understanding of the problems we face together in striving to create a peaceful, more prosperous world.

Mrs. Johnson regrets that she was not able to be in Washington during your visit, but she has asked me to convey her very best wishes to you and your party. For both of us a visit from Korea brings back cherished memories of our sojourn in your beautiful, ^{and initial} ~~and~~ fascinating land. Our warmest wishes for a bright future for the Korean people go with you on your return journey.

Lyndon B. Johnson

LOU

Tuesday
March 14, 1967
1:00 p.m.

Mr. President:

Ambassador Freeman delivered your message to ex-President Lopez Mateos.

In the attached telegram, Ambassador Freeman relays Lopez Mateos' deep appreciation and describes his physical condition.

W. W. Rostow

Attachment

LOU

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Limited Official Use

Message from Ambassador Freeman in Mexico (no. 5058),
dated March 14, 1967

1. During a three-quarter hour friendly call on ex-President Lopez Mateos on March 11, I orally delivered President Johnson's message. Lopez Mateos appeared sincerely touched both by President Johnson's thoughtfulness and by my personal visit, and he asked me to send his warmest and affectionate regards and his deep appreciation to both President and Mrs. Johnson.
2. Lopez Mateos apologized for remaining seated both on my arrival and my departure, but said it was "a terrible job" for him to get up unaided. He said he was trying to follow Dr. Poppen's course of exercises religiously, but he intimated he didn't expect much change for the better. His left eye is completely closed, and his right arm and leg are apparently totally paralyzed. But his brain, his speech, his memory and his keen sense of humor remain unimpaired, although he is not sanguine over the possibility of physical improvement.
3. Lopez Mateos cordially invited me to call on him with frequency for similar chats on the state of US-Mexican relations, and I intend to do so.

Limited Official Use

Tuesday, March 14, 1967
3:35 p.m.

Mr. President:

Herewith McCloy's report on the British legal office job.

The nut of it is that:

-- Joe Fowler will probably have to put in something of the German "over-hang";

-- McCloy has properly narrowed the amount although we don't know by how much;

-- But the whole deal hinges on how forthcoming the Germans are at their Cabinet meeting tomorrow, Wednesday, March 15.

W. W. Rostow

London 7391, 2 sections

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NATUS

EXDIS

SUBJ: TRIPARTITE TALKS

1. DURING THE COURSE OF MARCH 13 MCCLOY MET SEPARATELY IN A.M. WITH THOMSON AND THEN WITH DUCKWITZ WHO HAD COME TO LONDON AT US INVITATION. AT 6P.M. THREE DELEGATIONS MET TRIPARTITELY, AFTER WHICH MCCLOY AGAIN MET BILATERALLY WITH THOMSON, FIGGURES AND OTHER UK OFFICIALS AND FINALLY WITH THOMSON AND BARNES WITH NO NON-FONOFF BRITISH OFFICIALS PRESENT.

2. DURING MORNING MEETINGS WITH THOMSON AND DUCKWITZ MCCLOY EXPLAINED DECISIONS WHICH HAD BEEN MADE IN WASH

PAGE 2 RUDICR 7391C/1 ~~SECRET~~

MEETINGS SINCE HIS VISIT LONDON FOR LAST TRIPARTITE DISCUSSIONS. HE EXPLAINED US INABILITY TO REPEAT ANYTHING IN THE NATURE OF NEW \$35 M DEAL; THAT IN OUR VIEW THE POUNDS 7M (\$20 M) WHICH WAS FX ACCRUAL TO UK OF US FORCES RELOCATED IN UK FROM FRANCE SHOULD BE COUNTED BY BRITISH, AS WELL AS POUNDS 12.5 M (\$35 M) US HAD MADE AVAILABLE TO BRITS LAST DEC. HE SUGGESTED THAT IF BRITISH WOULD RECOGNIZE THE ADDITIONAL POUNDS 7 M FLOWING FROM TRANSFER OF TROOPS FROM FRANCE US WOULD ACCELERATE ORDERS UNDER F-111 \$325 MILLION AGREEMENT AND ADOPT A PROGRAM OF ADVANCE PAYMENTS TO HELP GET UK "OVER THE HUMP." EMPHASIZING THAT DETAILS OF CONCEPT WOULD HAVE TO BE WORKED OUT ON MILITARY LEVEL, HE ALSO EXPLAINED CONCEPT OF ONE DIVISION-THREE AIR WING ROTATION WHICH WAS NOW PART OF US APPROACH TO TRIPARTITE PROBLEM,

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Roston

ASSUMING UK LIMITATION TO ONE BRIGADE WITHDRAWAL. ONE BRIGADE, DIVISION HQ, AND THREE AIR SQUADRONS (ONE FROM EACH WING) WOULD REMAIN ON THE GROUND AT ALL TIMES, WITH FREQUENT EXERCISES AND PERIODIC ROTATION SO THAT DIVISION AND AIR SQUADRON ELEMENTS IN CONUS WOULD BE FAMILIAR WITH TERRAIN, ETC.

~~PAGE 3 RUDTOR 73910/1 SECRET~~

3. PRIOR TO 6 P.M. TRIPARTITE MEETING FONOFF OFFICIALS CALLED EMBASSY TO STATE UK (WHO HAD SUGGESTED MEETING) WISHED TO MAKE NO REFERENCE TO US-UK BILATERAL ASPECTS OF PROBLEM WHICH HAD BEEN DISCUSSED BETWEEN MCCLOY AND THOMSON, BUT TO CONCENTRATE INSTEAD ON GERMAN POSITION IN ANTICIPATION MARCH 15 CABINET MEETING IN BONN. FONOFF EXPLAINED THAT MATTERS DISCUSSED IN MCCLOY-THOMSON TALKS WERE STILL UNDER ACTIVE CONSIDERATION IN WHITEHALL, ALTHOUGH HE MADE CLEAR THAT REACTION WAS ONE OF EXTREME DISAPPOINTMENT. ACCORDINGLY 6 P.M. TRILATERAL MEETING LASTED ONLY 20 MINUTES. THOMSON NOTED WE WERE AT CRUCIAL STAGE IN TRIPARTITE TALKS AND THAT HE WAS HOPEFUL THAT OUT OF MARCH 15 MEETING IN BONN WOULD COME A CHANGE OF DECISION WHICH WOULD MAKE A SUCCESS OUT OF WASH TALKS SCHEDULED FOR MARCH 20. MCCLOY AGREED THAT GERMAN CABINET MEETING WAS CRITICAL. HE THOUGHT IT WAS IMPORTANT FOR HIM TO HAVE COME ONCE MORE TO LONDON FOR PRESENT DISCUSSION ORDER TO INSURE NO STONE HAD BEEN LEFT UNTURNED. HE STRESSED THAT PRESENCE AND QUANTITY OF UK TROOPS IN FRG WOULD HAVE A DIRECT BEARING ON PRESENCE AND QUANTITY OF US

~~PAGE 4 RUDTOR 73910/1 SECRET~~

FORCES KEPT THERE. WE HAD VERY SHORT TIME AFTER 20TH TO GET OUR DECISIONS INTO NATO CONTEXT. MCCLOY SAID PRESIDENT HAD COMMUNICATED WITH KIESINGER, EXPRESSING US VIEW RE PRESENT SITUATION. THOMSON SAID UK WAS CONSIDERING WITH DUCKWITZ WHETHER IT WOULD BE HELPFUL TO HAVE SIMILAR COMMUNICATION FROM PM BEFORE WED MEETING. (COMMENT: WE HAVE BEEN ADVISED SUCH A LETTER WENT FORWARD THIS MORNING TO BONN, AFTER MCCLOY HAD OFFERED TO REVIEW IT TO ENSURE IT NOT INCONSISTENT WITH US MESSAGE. AS DEPT AWARE, BRITS HAD BEEN PRESSING US TO SEE AT LEAST PARAPHRASE OF RELEVANT SECTIONS OF PRESIDENT'S MESSAGE IN ORDER THAT THEIR OWN WOULD TRACK.) DUCKWITZ INDICATED IT EXTREMELY DIFFICULT TO TELL HOW MEETING WILL COME OUT. IT WAS TOO MUCH TO SAY HE WAS OPTIMISTIC, "BUT THERE IS A CERTAIN HOPE." IN ANY EVENT, AFTER WED, WE WILL KNOW WHAT WE HAVE TO DEAL WITH. THOMSON SAID IT WOULD BE HELPFUL TO HAVE RESULTS OF CABINET MEETING AS QUICKLY AS POSSIBLE IN ORDER TO GET POSITIONS PREPARED FOR MARCH 20 WASH SESSION. HE HOPED RESULTS COULD BE COMMUNICATED DIRECTLY TO BRITISH AND US THROUGH EMBASSIES IN BONN AS EARLY AS POSSIBLE WED OR THURSDAY. FIGGURES

~~PAGE 5 RUDTOR 73910/1 S E C R E T~~

SUGGESTED, AND IT WAS AGREED, NOT TO HVE SEPARATE MEETING OF FINANCE WORKING GROUP THIS THURSDAY AND FRIDAY, BUT RATHER TO HAVE MEMBERS OF GROUP PRESENT IN WASH ON 20TH. THEY COULD THEN MEET QUICKLY SUBSEQUENT TO PRINCIPAL'S MEETING TO IMPLEMENT DECISIONS. IT WAS AGREED THAT WASH MEETING OF PRINCIPALS WOULD BEGIN ON MORNING OF MARCH 20. FIGGURES REPORTED BRIEFLY ON LAST FINANCE GROUP MEETING AND ON FOUR LISTS WHICH HAD BEEN TABLED COVERING VARIOUS CATEGORIES POSSIBLE FRG PURCHASES FROM UK.

4. IN SUBSEQUENT BILATERAL SESSION FIGGURES OUTLINED HMG REACTION TO FIGURES THAT MCCLOY HAD PUT FORWARD IN HIS PRIOR DISCUSSION. FOLLOWING ARE POINTS HE MADE:

A. MCCLOY HAD STARTED WITH POUNDS 80 M FX COSTS FOR BAOR. WHILE UK DOES NOT KNOW PRECISELY HOW THESE COSTS WILL FINALLY COME OUT, HE EXPECTED THIS WAS ON "LOW SIDE." IT MIGHT BE AS HIGH AS POUNDS 85 M.

B. FRG OFFSET. FIGGURES STRESSED THAT WHAT MATTERED MOST WAS NOT TOTAL FIGURE (I.E. POUNDS 41 M OR POUNDS 45 M) BUT "HARD CORE" AMOUNT GERMANS WERE WILLING TO BUY IN MILITARY FIELD: "IT IS THE TARGET WITHIN THE TARGET WHICH IS THE MOST

~~PAGE 6 RUDTOR 73910/1 S E C R E T~~

SIGNIFICANT." IF GERMANS COULD COME THROUGH WITH DM 200-225 M IN MILITARY PURCHASES, OVERALL FIGURES COULD BE HANDLED IN ORDER TO MAKE MOST RESPECTABLE POSSIBLE PRESENTATION SINCE "SOFT" ITEMS OF OFFSET (LANDER PURCHASES OF TYPEWRITERS, PETROL, ETC.) WILL PROBABLY BE INCREASING.

C. THERE WAS NO REASON TO QUESTION US FIGURE OF POUNDS 7 M (\$20 M) FOR INCOME RESULTING FROM RELOCATION OF FORCES TO UK FROM FRANCE. ALTHOUGH TREASURY HAD PREVIOUSLY TAKEN A DIFFERENT VIEW IT NOW PREPARED TO ACCEPT THE REASONABLENESS OF CREDITING THIS FIGURE AS A FACTOR IN THE OFFSET PROBLEM. (COMMENT: AS DEPT AWARE, THIS IS REVERSAL OF POSITION TAKEN BY UK LAST YEAR.) KAISER

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5. FIGURES THEN NOTED THAT WE WERE DEALING ONLY WITH SHORT-TERM, AD HOC, ELEMENTS OF PROBLEM, I.E. HOW DO WE GET OURSELVES THROUGH NEXT 12 MONTHS? BOTH US AND UK ARRANGEMENTS

~~PAGE 3 RUDTGR 73916/2 S E C R E T~~

WITH BUNDESBANK COULD ONLY BE HELPFUL OVER SHORT TERM, AND GERMANS CANNOT KEEP STERILIZING A TOTAL OF POUNDS 600-700 M EVERY YEAR IN PERPETUITY. MATTER CAN ONLY BE HANDLED BY DECISIONS OF FRG, NOT BY BUNDESBANK. FRG DECISIONS, AND PARLIAMENTARY ACTION, WILL BE REQUIRED IF WE WERE TO HAVE ANYTHING MORE THAN A TEMPORARY PALLIATIVE. MCCLOY SAID THESE MATTERS WERE OF CONCERN IN WASH ALSO AND HE FULLY AGREED THAT THEY REQUIRED CONCENTRATED ATTENTION AFTER PRESENT EMERGENCY SITUATION HAD BEEN DEALT WITH. THOMSON PROPOSED THAT TRIPARTITE TALKS BE CONTINUED IN ORDER TO CONCENTRATE ON THESE LONGER-RANGE ASPECTS OF FINANCIAL PROBLEMS, PUTTING DISCUSSIONS OF FORCE LEVELS AND STRATEGY BACK IN NATO "WHERE THEY BELONG" AS SOON AS WE GET THROUGH PRESENT SITUATION.

6. IN LATER SESSION WITH THOMSON AND BARNES, THOMSON REPORTED THAT THERE HAD BEEN A SESSION OF CABINET DEFENSE COMMITTEE WITH PM IN CHAIR TO CONSIDER POINTS PUT BY MCCLOY IN HIS MORNING TALK WITH THOMSON. THE CABINET MEMBERS HAD BEEN GREATLY DISAPPOINTED. ONE POINT OF CONCERN WAS THAT WHAT WAS NOW BEING CONSIDERED WAS AN AD HOC SOLUTION WHICH WOULD TIDE

~~PAGE 4 RUDTGR 73916/2 S E C R E T~~

THINGS OVER THE NEXT 12 MONTHS WITHOUT SOLVING ANY OF BASIC ISSUES. THERE WAS ALSO DISAPPOINTMENT AT NEGATIVE US POSITION RE POSSIBILITY OF DIVERSION OF SOME "OVERHANG" (FRG ADVANCE PAYMENTS ON DEPOSIT IN US) SO THAT GERMANS COULD USE SOME OF THESE FUNDS FOR ITEMS THEY NOW WANTED TO PURCHASE IN UK. THIS WOULD WOLVE THE IMPASSE RESULTING FROM PRESENT LACK OF ANY FRG BUDGETARY FUNDS FOR SUCH PURCHASES. HE WONDERED WHETHER THERE WAS ANY POSSIBILITY OF REOPENING THIS QUESTION IN WASH. MCCLOY TOOK NEGATIVE STAND ON THIS POSSIBILITY, NOTING THAT GERMANS HAD DEFERRED PAYMENT ON SOME \$40 M DUE TO LACK OF FUNDS AND THAT THEREFORE THIS WAS NOT AVAILABLE TO DIVERT TO PURCHASES IN UK. IF DIVERSION WERE TO BE MADE, THEREFORE, IT WOULD HAVE TO BE MADE OUT OF DEPOSITIS WHICH WERE ALREADY TAKEN INTO ACCOUNT IN US BP FIGURES. THOMSON SAID THAT IF FRG WENT BACK TO "PETERSBURG PLUS" OFFER (PRESUMABLY POUNDS 41 M9 AND THERE WAS SOME POUNDS 15 M IN "NEW MONEY" (INCLUDING POUNDS 6 M REMAINING FROM DEC PAYMENT OF \$35 M) FROM THE US, A SOLUTION COULD BE FOUND. WITHOUT THIS ANY SOLUTION WAS BERY DIFFICULT. THOMSON SAID THAT TODAY HAD SEEN A VERY

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NATUS

EXDIS

SUBJ: TRIPARTITE TALKS

D. MCCLOY'S POUNDS 12.5 M (\$35 M) OF LAST DEC WAS "VERY MUCH MORE TRICKY TO BRING IN." THIS MONEY HAD BEEN USED TO BUY "ADJOURNMENT OF DECISION OF 1 JAN TO 1 JULY." UK NEEDED AT LEAST THREE MONTHS LEAD TIME TO GET INTO POSITION TO MAKE WITHDRAWALS AND THEREFORE IT NOW IMPOSSIBLE TO DO SO BY BEGINNING OF NEXT FISCAL YEAR. ACCORDINGLY UK FEELS THAT THEY HAVE LOST BENEFIT OF EARLIER WITHDRAWALS AND ONLY ONE-HALF OF POUNDS 12.5 M FIGURE SHOULD NOW BE BROUGHT INTO EQUATION, I.E. ONE-HALF THAT FALLS IN

PAGE 2 ~~RUBTCR 73910/2~~

COMING FY. ACCORDINGLY UK PREPARED TO COUNT POUNDS 6 M, BUT COULD NOT PUBLICLY OR INTERNALLY JUSTIFY MORE.

E. IDEA OF ADVANCE PAYMENT ON F-111 NOT APPEALING AS A SUBSTITUTE FOR THEIR CRITICAL NEED OF NEW MONEY. THIS WOULD AMOUNT TO A SPECIAL LOAN TO BE PAID OFF IN BRITISH EQUIPMENT. HOWEVER THIS MONEY HAS ALREADY BEEN BROUGHT INTO UK BALANCE IN RESPECT OF ANOTHER OBLIGATION. THEREFORE IF ADVANCE PAYMENTS WERE MADE ONLY FACTOR WHICH COULD BE BROUGHT INTO PRESENT CALCULATIONS WOULD BE INTEREST ON MONEY, WHICH MIGHT AMOUNT TO POUNDS 1/2 MILLION AT MOST. THIS REPRESENTS "SLIGHT REPHASING" NOT A NEW ELEMENT IN SITUATION.

F. MCCLOY HAD USED POUNDS 5 M AS BRITISH SAVINGS FOR REDUCTIONS OF ONE BRIGADE. HOWEVER SINCE IT WAS NOW TOO LATE TO EFFECT SUCH SAVINGS BEGINNING WITH NEXT FY (OCT 1) WOULD BE EARLIEST REDUCTION COULD BE IMPLEMENTED IF DECISIONS PUT OFF UNTIL JULY 1), A SAVINGS OF PERHAPS ONLY ONE-HALF OF THIS FIGURE WAS IN PROSPECT.

PRESERVATION COPY

~~PAGE 5 RUDTCR 73916/2 SECRET~~

CONSIDERABLE VICTORY OVER UK TREASURY SINCE NOW UK WAS WILLING TO CONSIDER POUNDS 7 M FROM US FORCES AS PART OF EQUATION. HERETOFORE THEY HAD BEEN UNWILLING TO TAKE THESE ACCRUALS INTO ACCOUNT. MCCLOY SUGGESTIONS ON ACCELERATION OF F-111 OFFSET HAD RECEIVED A "DUSTY" RECEPTION IN BOTH TREASURY AND DEFENSE. CABINET ATTENTION HAD THEREFORE FOCUSED ON "OVERHANG" SINCE IT WAS FELT THIS WAS SO LARGE THAT THE VERY LITTLE IT WOULD TAKE TO SOLVE UK PROBLEM WOULD HARDLY BE MISSED.

7. THOMSON SAID THAT CABINET CONSENSUS HAD BEEN TO ACCEPT POUNDS 13 M AS VALID (I.E. POUNDS 7 M FOR RELOCATION AND POUNDS 6 M REPRESENTING ONE-HALF OF \$35 MILLION). IN ORDER TO LEAVE A GAP WHICH "WAS MANAGEABLE FOR US TO BEAR" THERE WOULD HAVE TO BE ANOTHER POUNDS 11-12 M IN NEW MONEY RECAPITULATING HE SAID THAT OF FIGURES MCCLOY HAS USED POUNDS 7 M "HAD BEEN DISPUTED UP TILL TODAY," UK WAS NOW WILLING TO COUNT POUNDS 6 M OUT OF POUNDS 12.5 M, BUT POUNDS 5 M (WHICH WAS THOMSON FIGURE FOR F-111 ADVANCE PAYMENTS) WAS COMPLETELY DISPUTED. HE STRESSED THAT EVEN THIS OUTCOME HAD BEEN LARGELY DUE TO BATTLE BROWN HAD WAGED DURING THE DAYS'S DISCUSSIONS.

8. COMMENT: BRITISH MATHEMATICS OF SITUATION, AS SUMMARIZED BY THOMSON AT END OF DAY, ARE AS FOLLOWS:

~~PAGE 6 RUDTCR 73916/2 SECRET~~

POUNDS 94 M - STARTING FX COSTS FOR BAOR

POUNDS 10 M - ADMINISTRATIVE ECONOMIES IN PROCESS OF BEING MADE

POUNDS 41 M - FRG OFFSET (HOPEFULLY) FROM MARCH 15 CABINET MEETING

POUNDS 2-5 M 1 SAVINGS FROM REDUCTION OF ONE UK BRIGADE, DEPENDING
DEPENDING ON WHEN IMPLEMENTED

POUNDS 7 M - RELOCATION US TROOPS FROM FRANCE

POUNDS 6 M - ONE-HALF OF \$35 M

POUNDS 13.5 M - "MANAGEABLE GAP FOR UK TO CARRY

POUNDS 11-14.5 M - TO BE FOUND

CLEARLY UK DOES NOT FEEL THAT IT CAN HANDLE ENTIRE GAP OF POUNDS 25 M OR MORE AND THOMSON'S PLEAS WAS FOR US TO CONSIDER ANEW WHETHER SOME DIVERSION FROM OVERHANG COULD BE MADE TO COVER THE POUNDS 11 TO 14.5 M. MCCLOY SAID HE WOULD CANVASS SUBJECT AGAIN WHEN HE RETURNED TO WASH BUT COULD OFFER NO HOPE THAT US "COULD FIND NEW MONEY" IN QUANTITY SUFFICIENT TO MAKE UP SUCH A DIFFERENCE. MCCLOY SAW THOMSON ALONE THIS MORNING AND CAME VERY CLOSE TO AGREEMENT WITH HIM ON AMOUNT OF "OVERDRAFT," WHICH IS CONSIDERABLY LESS THAN "TO BE FOUND" FIGURE CITED IN EIGHT ABOVE. HE WILL REPORT IMMEDIATELY ON ARRIVAL. KAISER
BT

~~CONFIDENTIAL~~

Tuesday - March 14, 1967
9:15 a.m.

Mr. President:

President Belaunde has decided to attend the Summit.

The Peruvian Foreign Minister called in Ambassador Jones yesterday to inform him officially.

Belaunde needs Congressional authorization to leave the country and will have to convene a special session of Congress to get it.

He is nervous about the Ecuadorean President raising the border problem at the Summit and asks that we help insure against this. This is a delicate point, but we shall do what we can.

W. W. Rostow

Attachment

DECLASSIFIED
E.O. 12958, Sec. 3.5
NSC Memo, 1/30/95, State Dept. Guidelines
By ja, NARA, Date 10-9-03

~~CONFIDENTIAL~~

DECLASSIFIED
E.O. 12958, Sec. 3.6

NLJ 99-57

~~CONFIDENTIAL~~

By is, NARA Date 1-24-00

Message from Ambassador Jones in Lima, Peru (no. 4267, dated
March 13, 1967

SUBJECT: Summit Preparations

1. The Foreign Minister asked to see me urgently this morning to inform me officially, but in confidence, that President Belaunde would attend the Presidents' Meeting at Punta del Este next month. He said that in view of the timely and "generous" statement made by the Department of State on Friday past, the way was now clear for Belaunde's participation. The President's decision was still confidential because he must have the permission of the Peruvian Congress to leave the country and the executive branch hopes to work this out quietly with Congressional leaders before committing Belaunde publicly. In response to my question, he said that it would be necessary to call a special session of Congress, now in adjournment, for this purpose.

2. Now that the Peruvian President had decided to attend, the Foreign Minister had two worries:

a. that the Ecuadorean President would in some manner or other succeed in raising the border issue with Peru. The Minister foresaw him doing this through reference to the OAS Charter Amendments on peaceful settlement of disputes (although the modification Ecuador had supported had been defeated and disposed of) or by direct reference to Ecuador's border claims. In such events, there would be three courses open to the Peruvian President, all equally undesirable:

1. remain silent;
2. reply;
3. leave the conference.

Consequently Vasquez Salas hoped that the United States Government, through its ambassadors and good offices, could assure that President Arosemena did not touch on this issue which would destroy harmony at the Summit.

b. a protocol matter, but which had potential importance. The Minister assumed there would be three main speeches:

1. a welcome by the President of Uruguay;
2. a reply to this from one of the visiting Presidents; and
3. a final speech of thanks to the host government by another visiting President.

How would these two latter be chosen and, if by chance, what if the lot fell to the Ecuadorean President? Obviously Vasquez added, if the lot should fall to Belaunde, we could be assured that no controversial or bilateral issue would be touched upon, but we must avoid at all costs that Arosemena be given this opportunity to raise a bilateral problem such as the territorial sea or frontier dispute. Vasquez Salas recalled that in Buenos Aires, the OAS was left with the responsibility of appointing a committee to work out protocolary details of the Summit. He assumed that this committee was functioning in Washington and asked that his concern on this issue be brought to the attention of our representative on it.

3. On leaving, the Foreign Minister again expressed his appreciation of the Department's quick response to his suggestion and generous and comprehensive nature of its latest public statement. He was obviously delighted with the unanimous reaction of the Peruvian press which has assumed that there is now no obstacle to Belaunde's attendance at the Summit. On the substance of the fishing problem, he said that consultations with Ecuador and Chile would be necessary; that this would take a few weeks, but agreed that this was a problem which should not be further neglected and he was optimistic about reaching a mutually acceptable solution.

Tuesday, March 14, 1967
11:30 a.m.

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MR. PRESIDENT:

Here is a draft of the memorandum to Secretary Rusk that you asked me to prepare. When you have revised it to your satisfaction, I will forward.

W. W. R.

Eyes only draft.

29a

DRAFT

March 14, 1967

LITERALLY EYES ONLY

MEMORANDUM TO: Secretary of State

The President wishes you to organize, in greatest confidence, a visit of the Vice President to Europe. He envisages his touching down for a couple of days in Germany (including Berlin), Rome, London and Paris. All in all, the trip might be 8 or 9 days.

The time would be between the President's return from Guam and his trip to Punta del Este.

He would like the Vice President to give a major speech at a conservative German university where there is the least possibility of Viet Nam demonstrations.

You may wish to sound out George McGhee, through the most discreet channel, to establish the optimum location for such an address by the Vice President.

We would wish the Vice President to be briefed not only in all dimensions of European policy, but also with the best answers we have to the kinds of questions being raised in Europe on Viet Nam.

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Page 10

~~CONFIDENTIAL~~

Tuesday, March 14, 1967
9:15 p. m.

Mr. President:

Henry Owen's impressions of
mid-West opinion may interest you.

W. W. Rostow

~~CONFIDENTIAL~~

DECLASSIFIED
E.O. 12356, Sec. 3.4(b)
White House Guidelines, Feb. 24, 1983
By ry, NARA, Date 4-17-91

WWRostow:rlh

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~~CONFIDENTIAL~~

MEMORANDUM

SUBJECT: Midwest Opinion

Before and after speaking to a Chicago meeting of about 500 publishers of daily newspapers in Midwestern towns and smaller cities, I tried to sound out their views in private talks. Here are some impressions, based on a very small sample - largely drawn from publishers in Ohio, Michigan, Illinois, Wisconsin, Minnesota, and Indiana.

1. Vietnam. There was less concern than I had expected. People are unhappy and frustrated, the publishers said, but can't see any alternative. Support for what we're doing is, therefore, the rule: "Everyone supports the flag."

On the other hand, I was told, the war is just beginning to come home to their communities, via local casualties. As it does, they said, pressures will mount for either some face-saving "out" or stepping up the war. Most of those I talked to thought the latter would be more popular; the one woman who spoke said there was more desire for a graceful exit than the others realized.

There were complaints about past handling of war information: "First, we were told one thing; then another..."

Several praised the State of the Union Message and said that this was just the right line.

2. Race and Rhodesia. All agreed that the issue in the Midwest, overshadowing everything else, is the race question. This spilled over into foreign policy: I got more questions about Rhodesia than anything else. Existing policy, they suggested, was shaped largely by big city votes. The general view was: "Let the whites run Rhodesia the way they want."

3. Other Foreign. These points were made in lower key:

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ADMINISTRATIVE MARKING
NOT NAT'L SECURITY
INFORMATION, E. O. 12358
SEC. 1.1(a)

BY hcy ON 4-7-91

(a) USSR: Skepticism that there's been much constructive change in Soviet policy. "Might not their ABM construction be the prelude to another attempt at missile blackmail?"

(b) Foreign Aid: Hostility, based partly on misunderstanding of what we're about: "It's clear you can't buy friends." When I suggested that the object wasn't to buy friends but to create conditions of greater stability in developing areas, so that these areas wouldn't erupt into crises which might bring the greater powers into conflict with each other, this seemed to go over reasonably well.

4. Non-Isolationism: This was a first-rate group, well-informed, anxious to learn more, willing to give the Department a fair hearing.

Brief exposure to them moves me to question, on the basis of wholly inadequate evidence, the cliché that an "internationalist" foreign policy has less support in the Midwest than on both coasts: These publishers agreed that there is increasing interest in world affairs, and support for an active US role abroad, in the Midwest, as the area moves toward ever greater urbanization and industrialization. This makes an interesting contrast with the evident movement of the new "Left" in the East and California toward a more sophisticated version of isolationism.

to
Henry Owen

March 14, 1967