

THE MEDICAL OFFICERS ESTIMATE THAT OF THE WOUNDED EVACUATED 75 PERCENT TO 80 PERCENT WILL BE RETURNED TO DUTY FROM IN COUNTRY FACILITIES. SOME MEN IN THE 2ND BATTALION OF THE 503D BRIGADE WERE WOUNDED UP TO 48 HOURS BEFORE BEING EVACUATED. SOME MEN OF THE 318TH INFANTRY BATTALION WERE WOUNDED UP TO 24 HOURS BEFORE BEING EVACUATED. THIS WAS BECAUSE OF INTENSE FIRE ON THE LANDING ZONE AND IN ONE CASE THE DUST-OFF WAS HIT BY A B40 ROCKET IN THE LANDING ZONE AND EXPLODED AND BURNED. THE LANDING ZONE HAD TO COOL OFF AND BE CLEARED BEFORE EVACUATION COULD BE RESUMED. SERIOUSLY WOUNDED ARE TAKEN FROM DAK TO THE 71ST EVACUATION HOSPITAL IN PLEIKU IN A SPECIALLY FITTED AND EQUIPPED CHINOOK - MEDICAL PERSONNEL, PLASMA, WHOLE BLOOD, ETC. OF THE WOUNDED WHOSE EVACUATION WAS DELAYED ONLY 2 LATER DIED IN THE HOSPITAL.

SINCE THE 4TH OF NOVEMBER 1408 TACTICAL AIR SORTIES HAVE BEEN EXECUTED IN DIRECT SUPPORT OF THIS FIGHT. ON ONE SMALL POSITION ALONE 40 SORTIES LOADED WITH 1000 LB BOMBS WERE APPLIED. 194 B-52 SORTIES HAVE BEEN EXECUTED IN DIRECT SUPPORT OF THESE OPERATIONS.

ARTILLERY	TUBES	ROUNDS FIRED
105MM	50	77,748
155MM	17	15,784
175MM	4	2,120
8 IN	6	4,483
	-----	-----
TOTAL	77	100,135

LOGISTICS-295 TONS PER DAY BY AIR TO DAK TO. 532 TONS PER DAY BY TRUCK FROM QUI NHON TO DAK TO (246 KM). 200 TONS PER DAY BY TRUCK FROM QUI NHON TO KONTUM CITY.

THE PERSONNEL STRENGTH IN ALL UNITS IS GOOD EXCEPT THE 173D BRIGADE. THEIR BATTALIONS SHOULD HAVE A FOXHOLE STRENGTH OF 450. THE 1ST BATTALION HAS TODAY 360, THE 2ND BATTALION HAS 293 AND THE 4TH BATTALION HAS 292. THERE ARE 179 REPLACEMENTS AT AN KHE FOR 173D BRIGADE.

#### ENEMY CASUALTIES BODY COUNT

BY US	910
BY ARVN	259
TOTAL	1169

AND 19 PRISONERS

I BELIEVE THAT THE ENEMY OBJECTIVE WAS TO ATTACK DAK TO AND PROBABLY BEN NET THE NEW SITE UNDER PREPARATION FOR CIVILIAN IRREGULAR DEFENSE GROUPS. BY THIS ATTACK HE WOULD DRAW FORCES TO KONTUM WHERE HE WOULD CAUSE MAXIMUM ATTRITION TO OUR FORCES. CAPTURED DOCUMENTS INDICATE THAT EACH ENEMY REGIMENT WAS CHARGED WITH THE DESTRUCTION OF ONE US BATTALION. A PRISONER FROM A TRANSPORTATION UNIT STATED THAT FOR ALL OF OCTOBER ALL TROOPS WERE EMPLOYED CARRYING SUPPLIES AND AMMUNITION INTO KONTUM AND PREPARING POSITIONS. TODAY THERE IS NO EVIDENCE AT HAND THAT HE IS WITHDRAWING. HE MAY BE FIGHTING HARD TO GET HIS SUPPLIES AND EQUIPMENT OUT. GEN SCHWIETER FEELS THE 173D BRIGADE HAS MADE INEFFECTIVE 4 ENEMY BATTALIONS FROM THE 66TH AND 174TH REGIMENTS.

WE DEPLOYED TO DAK TO BASED ON INTELLIGENCE. WE WENT OUT FROM DAK TO TO PREPUNT HIS ATTACK AND TO FIND HIM AND DESTROY HIM. WE HAVE PRESSED OUTWARD AND BELIEVE WE ARE ASTRIDE HIS MAIN AVENUES OF WITHDRAWAL BETWEEN HIS MAIN FORCES AND THE BORDER. WE WILL CONTINUE TO PRESS HIM BRINGING THE FULL WEIGHT OF FIRE POWER TO BEAR.

THE BATTLEFIELD IN KONTUM RESEMBLES A CHESS BOARD AT PLAY. WE HAVE UNITS AND FIRE BASES ON PEAKS AND RIDGES AND THE ENEMY HAS TOO. WE SHIFT OURS BY HELICOPTER TO CHECK HIM OR GET BEHIND HIM OR ASSAULT HIM. EXTENSIVE USE IS MADE OF LONG RANGE RECONNAISSANCE PATROLS, MIKE FORCES, CIVILIAN IRREGULAR DEFENSE GROUPS, THE PEOPLE SNIFFER, AIR OBSERVERS AND ALL OTHER MEANS TO LOCATE THE ENEMY. WHEN FOUND MAXIMUM FIRE POWER IS PUT ON HIM. I BELIEVE WHEN THE ENEMY COMES FORTH FROM CAMBODIA OR LAOS WITH HIS PRINCIPAL FORMATIONS LOOKING FOR A FIGHT WE MUST GO OUT AND FIGHT HIM. THE LEADERS WE HAVE TO DO IT - PEERS, SCHWIETER, JOHNSON AND RATTAN ARE AMONG THE MOST TALENTED.

WE WILL CONTINUE OUR EFFORTS UNTIL WE HAVE SWEPT THE AREA UP TO WITHIN 3 KILOMETERS OF THE BORDER.

DTG: 221827Z NOV 67

**SECRET**

**EYES ONLY**

XEROX FROM QUICK COPY

~~TOP SECRET~~

FROM WALT ROSTOW  
FOR THE PRESIDENT

27  
Pres file  
November 22, 1967

Herewith a draft response to Prime Minister Wilson for your  
consideration.

DECLASSIFIED  
E.O. 12356, Sec. 3.4(b)  
Walt Rostow Guidelines, Feb. 24, 1983  
By rg, NARA, Date 11-26-91



27a  
/

~~TOP SECRET~~  
PERSONAL

November 22, 1967

TO THE PRIME MINISTER  
  
FROM THE PRESIDENT

DECLASSIFIED  
Authority NLT 94-479  
By sp/cb, NARA, Date 1/15/02

I have read several times your courageous message of 17 November. I think I know how hard your decision was, especially because in the first half of the year things went so well. If it is a comfort to you, I can tell you that my faith is deep that the British people have the will and the means both to pay their way and to continue to play the part they must in the world.

This faith is in my blood and in my life's experience with Britain.

As for yourself, I understand what it is to absorb the shock of all this and, at the same time, try to set your people on a sound if painful course.

Our prayers are with you and with the men and women of your land; for it is somehow just wrong for Britain to be off balance this way.

As for ourselves, we shall be helping in the IMF and elsewhere to make a success of the new sterling rate. And we shall do whatever is necessary to defend the dollar.

Immediately on hearing the news from you, I turned to the task of trying to get a tax increase and an expenditure cut from the Congress as soon as possible. ~~That will not be easy; but,~~ (unless our deficit is cut quite sharply, our borrowing requirements in the capital markets are likely to push interest rates through the ceiling with grave effects here

~~TOP SECRET~~



~~TOP SECRET~~

-2-

and elsewhere. And we shall also, of course, have to deal with the speculators already working against the dollar.

I was much heartened by the response around the world in the wake of the devaluation of the pound. There are strong currents of international understanding and good will. And there ought to be, especially for those like you and me who lived through the unnecessary tragedy of the great depression after 1929 and who also lived through that other tragedy when Britain saved us all.

It will be difficult to hold each of the major nations on a steady course but this is the only way to maintain and strengthen the international monetary system. That is clearly our duty. I shall do everything I can to fulfill it. And I know we shall be shoulder to shoulder.

As Pat Dean told you, I look forward to our taking stock together here when the time is right for you.

WWRostow:rlh

~~TOP SECRET~~

~~SECRET~~

Wednesday, November 22, 1967 28

TO THE PRESIDENT FROM WALT ROSTOW

The gold market continues to be nervous as an aftermath of sterling devaluation. Rumors are circulating that the price of gold will not be held on the London market. These rumors have been fed by leaks out of Paris on the operation of the gold pool and French withdrawal from the pool (which actually took place in June).

We expected substantial gold losses after the devaluation. The gold pool lost \$28 million Monday, \$45 million Tuesday, and \$104 million today. (We supply 60%; our European partners the other 40%) Rumors were responsible for the sudden rise.

Bill Martin is going to call the other Governors of the central banks who are partners with us in the gold pool (Germany, Italy, the Netherlands, Belgium, U.K., and Switzerland), to support us in a statement today affirming business as usual. If they won't, Bill Martin would issue a statement that U. S. intends to continue to support the market and referring again to your statement of Saturday that the U. S. will buy and sell gold at \$35 an ounce.

We expect further heavy losses this week. An unequivocal statement of our position should calm things down. We will keep you advised.

By wire -- 2:30 p.m.

~~SECRET~~

DECLASSIFIED

NSC 2-29-80  
Authority Treasury 10-27-78, ERS 7-19-79

61-23144

12-441



~~CONFIDENTIAL~~

Wednesday - November 22, 1967

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Brazilian Economic Performance and our Program Loan

*Pres. file  
sent back  
via pouch*

I looked into the status of our \$100 million program loan to Brazil for FY 1967 and believe it important that you have the whole picture. Following the disbursement of the first \$25 million in June, there has been a hold-up on the remaining \$75 million pending renegotiation of new self-help targets which is now nearing completion.

Poor performance on some of the original self-help commitments threatens the stabilization program which President Castello Branco and his Planning Minister Roberto Campos carried out with such success in 1964-66. Failure of the Costa e Silva Administration to take corrective measures could precipitate an economic crisis by mid-1968 comparable to what Peru is now undergoing. Since Brazil's performance sets the tone for our Alliance for Progress elsewhere in the hemisphere, the situation assumes added importance.

The Castello Branco Stabilization Program

Castello Branco's economic policies brought Brazil from the edge of collapse to a sound footing:

- the cash deficit was reduced from 28% of total expenditures in 1964 to 10.5% in 1966.
- the operating budget deficit which equalled 6% of expenditures in 1964 was turned into a surplus equivalent to 22.5% of expenditures in 1966.
- a realistic exchange rate led to a 32% increase in non-coffee exports.
- foreign exchange reserves went up \$600 million and Brazil's credit standing was restored.



One trouble spot remained: price stability. Castello Branco had reduced the rate of increase of the cost-of-living index from 84% in 1964 to 41% in 1966. This rate of inflation was still too high, but steps were underway to bring it down to manageable proportions.

The 1967 program loan was designed to achieve stabilization which last January was well in sight. Its key features included:

- further import liberalization to make Brazilian industry more competitive internationally.
- continuance of a realistic exchange rate.
- further reduction of the fiscal deficit.
- monetary and credit policies to dampen excess demand pressures.
- internal coffee prices which would discourage over-production and encourage diversification.

The program loan agreement was checked with then President-elect Costa e Silva and his economic team, who indicated their support.

#### The Costa e Silva Administration Performance

The Castello Branco stabilization program, while successful, had worked certain hardships on lower income groups and brought a mild recession which hit business interests. Sensitive to both of these sectors, and desiring to achieve political popularity, Costa e Silva has made a special effort to help them. The stabilization program he inherited and new price control measures he instituted have worked to:

- hold the cost-of-living increase to the lowest level since 1962.
- stimulate economic activity which is expected to bring a growth rate of 5% despite the first quarter recession.

Judged on these factors alone, there is ample basis for proceeding with disbursements. But Costa e Silva has taken steps which give us

serious concern over the longer-range impact of his economic policy. By lowering interest rates, reducing or postponing taxes, increasing the coffee support price and maintaining levels of government expenditures far in excess of income, the government has brought about expansionary pressures which by mid-1968 could lead again to economic collapse. Danger signals are already clearly evident in the projected budget deficit of NCr\$1.2 billion for CY 1967 and a net loss of US \$220 million in its foreign reserves during the period June 30 - November 4, 1967.

#### The Program Loan Negotiations

After it became clear in July that the Costa e Silva was not meeting important self-help aspects of the program loan agreement, we told the Brazilians that further disbursement would have to wait until mutually agreed new targets could be worked out. Also concerned over a resurgence of demand inflation, they accepted this decision in a cooperative spirit.

A new understanding covering performance during the second half of 1967 was promptly worked out. It centered on:

- keeping the budget deficit within an established limit.
- holding net domestic credit expansion over existing levels to roughly the same magnitude as originally programmed for the second half year, and
- moving the exchange rate in the event of substantial reserve losses.

But before the new agreement was submitted to you for approval and a new disbursement made, the Brazilians were taking measures contrary to the new undertakings. So we went back to the negotiating table.

We fully recognize that many of the problems we have had with the Brazilians stem in the first place from the inexperience of the new team as well as their desire to get away from the hard political



image of the Castelo Branco Government. At the same time, our over-riding concern is to prevent serious reversal of the move toward stabilization in which we have invested so much money and effort during the past three years. Adjustment of the exchange rate is one of several measures which need to be taken. In the negotiations the Costa e Silva Government has recognized that it is necessary. The only remaining question is one of timing and on this we are flexible.

Because of our over-riding interest in preserving the momentum of stabilization we have kept pressing for a mutually acceptable program of self-help. We now think we are close to success. The Brazilian Minister of Finance is coming to Washington on December 6 for further talks. In preparation for these, Covey Oliver and Bill Gaud are preparing a memorandum defining the issues and presenting the alternatives for your decision.

The Congress has judged the success of our program lending in Brazil on the basis of progress toward decelerating inflation. The consequences to the whole Alliance for Progress budget would be serious if next year we had to tell the Congress that despite all our program lending the stabilization program has unravelled.

W. W. Rostow



Tuesday - November 21, 1967

*Rus file*

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Farewell Letter from Paraguayan Ambassador  
Plate

After nine years in Washington, Paraguayan Ambassador Plate is returning to his country. He departs December 2.

At Tab B is a warm letter of farewell to you and Mrs. Johnson.

I suggest you send him the reply at Tab A.

W. W. Rostow

Attachments

Tab A - Suggested reply to Ambassador Plate's letter

Tab B - Letter of November 6 from Ambassador Plate.

30a

November 21, 1967

Dear Mr. Ambassador:

It was most thoughtful of you to write me on the eve of your departure from Washington.

You have spent nine fruitful years here. In your ambassadorship you have skillfully combined strong advocacy of the interest of Paraguay and friendship toward the United States. I appreciate all that you have done to increase understanding and cooperation between our two countries.

As you return home, Mrs. Johnson and I send our best wishes to you and Mrs. Plate. We were glad to have you at the Ranch and are pleased that you enjoyed your visit. For us it was also a very special occasion.

Sincerely,

*/s/ Lyndon B. Johnson*

His Excellency  
Dr. Juan Plate  
Ambassador of Paraguay  
Washington, D. C.

LBJ/WGBowdler:mm

EMBAJADA DEL PARAGUAY  
WASHINGTON, D. C.

306  
19363

November 6, 1967

Dear Mr. President:

On the eve of my departure after nine years as Ambassador of Paraguay to the United States, I should like to express my deep appreciation of the cordial and generous collaboration of yourself and officials of your Government in our joint endeavors to strengthen relations between our countries.

As I look back on the decade of my stay in the United States and recall the many occasions of fruitful cooperation based on mutual understanding and appreciation of the common interest that unites our two countries, I leave with the gratifying feeling of service accomplished that will be with me all my life.

On a personal note, Mr. President, my family and I are grateful for the opportunity we have had to know the American way of life at first hand, and to experience, even though vicariously, developments of local, national and international significance in the life of this great country. My children have been privileged to complete their education in this country.

My contacts with you provided me on memorable occasions with evidence of your warm friendship outside the conventional formalities of diplomatic protocol at ideally suitable places, such as the LBJ Ranch where you and Mrs. Johnson invariable created a unique and delightful atmosphere in which Latin Americans could feel truly at home at all times. I shall always cherish the memory of this relationship.

Paraguay, Mr. President, continues to achieve gradual and constant progress towards economic and social welfare within the framework of political order and stability under the leadership of President Alfredo Stroessner. Your personal interest in Paraguay was evident to President Stroessner in your conversations with him in Punta del Este. Much remains to be done in the years ahead but

The President of the  
United States of America  
The White House  
Washington, D. C.



the course of action chartered with vision by government officials and supported by willing citizens together with the cooperation of friendly nations, in particular that of the United States, makes us all look to the future with confidence.

Mrs. Plate joins me in conveying to you and Mrs. Johnson our best wishes.

With highest regards,

A handwritten signature in dark ink, appearing to read "Juan Plate". The signature is stylized with a large, sweeping initial "J" that loops around the name. The name "Juan Plate" is written in a cursive script. Below the signature, the name "Juan Plate" and title "Ambassador of Paraguay" are printed in a serif font.

Juan Plate  
Ambassador of Paraguay

*Brooklyn* 31

Tuesday - November 21, 1967

Mr. President:

The latest edition of LIFE en Espanol (copy attached) has an eleven-page spread on the Diaz Ordaz visit.

Entitled "Two Good Neighbors Consolidate Their Friendship", the article is divided into three parts:

- the significance of the visit and decisions reached, by Dick Saltonstall;
- the fun of the social events, by Arlene Gould;
- a photographic report of the Chamizal ceremony.

Dick Saltonstall's narrative is a good interpretive job, which I am happy to say we helped him write.

W. W. Rostow

Attachment

*Pres file*

Tuesday, November 21, 1967

MEMORANDUM FOR THE PRESIDENT

You are scheduled to see Jim Lucas today at 12:30 PM. He had asked to see General Westmoreland and I would imagine he is interested in 1) your impressions following your meetings with Westy and Bunker and, 2) the relationship between Westmoreland and McNamara -- and the possibility that Westmoreland is to be replaced.

You are in the best position to know how to handle the latter question. As an outline of how to summarize the series of meetings and our current outlook, I offer the following guidance along the same line I suggested last week for your press conference:

1. These were stock-taking sessions after 6 months' experience by the new team in Saigon and after the formation of the newly elected Vietnamese government.

2. No new decisions were before us because our policy in Vietnam is firmly established; and we are making progress in the military, political, and economic fields.

3. We are examining how we can accelerate forward movement within an agreed strategy in the light of the priorities set by the South Vietnamese and in the light of our own military operations.

4. We are heartened by the steps already taken by the new South Vietnamese Government with respect to:

- corruption;
- the new responsibilities passed to elected local governments with respect to the collection and use of land taxes;
- establishment of direct relationship between province chiefs and the central government;
- the enlargement by 65,000 of the armed forces of South Vietnam;
- and the program to assist the regional and popular forces.

W. N. Rostow



Limited Official Use

Tuesday - November 21, 1967

MEMORANDUM FOR THE PRESIDENT

*Pres file*

SUBJECT: Reply to President Costa e Silva

Last Wednesday I sent you a letter from President Costa e Silva (Tab B) asking for your personal intervention in the soluble coffee problem.

I noted that the problem stems from an unfair competitive position which Brazilian coffee policy gives to its soluble producers. This permits them to undersell US soluble producers in our market by a substantial margin. The US coffee trade has indicated it will withdraw its support from the International Coffee Agreement now under negotiation in London unless Brazil changes its unfair practices. Without the trade's support, we will not be able to get Congressional support for the Agreement.

The Brazilian Minister of Commerce and Industry held talks with Secretary Rusk, Covey Oliver and Tony Solomon last Thursday and Friday. They reached an understanding on steps which Brazil might take to meet our difficulties with present Brazilian soluble coffee policy. These steps include a reduction of the national subsidy to Brazilian soluble producers and the imposition of an export tax on soluble coffee which will substantially reduce the competitive advantage which the Brazilian producers now enjoy. Success of the understanding will depend on how well Minister Soares is able to deliver on these measures when he returns to Rio. Meanwhile, last week's talks served to get the soluble coffee problem out of the Presidential channel and back to the technical level where it belongs.

The suggested reply at Tab A expresses a cautious optimism over the understanding with Macedo Soares and tactfully notes the shift back to the technical level.

I recommend that you sign the letter.

W. W. Rostow

Attachments - Tabs A and B.

33a

DECLASSIFIED  
E.O. 12356, Sec. 3.4  
NIJ 94-479  
By CL, NARA, Date 4-5-95

November 21, 1967

Dear Mr. President:

I very much appreciate the spirit of friendship and frankness in your letter of November 10, 1967, in which you expressed your concern over problems related to maritime shipping and to Brazilian exports of soluble coffee.

As regards maritime shipping, I understand fully your government's objective of ensuring a substantial participation of the Brazilian merchant marine in the transport of your exports. We have a similar policy, based on law. I believe that it is important, however, in the implementation of such a policy to ensure that good services are provided and that appropriate competition is not eliminated. In addition, I believe that full consideration must be given to the views and interests of all of the parties concerned in working out any arrangements for participation in ocean trade. I understand that efforts are being made to deal with this problem, and I am hopeful that agreement will be reached soon.

I share your view that the question of Brazilian exports of soluble coffee is a matter of high importance which bears on the future of the International Coffee Agreement. I understand your government's desire to increase the production and export of soluble coffee. I have also been informed of the attention being given this problem in many quarters in Brazil. At the same time I believe you understand the importance to the future of the International Coffee Agreement of insuring that all types of coffee exported under the Agreement are treated comparably.



I received the text of your letter on the eve of Minister Macedo Soares' arrival in the United States to discuss this problem. I sent word to him that I have received your letter and that I would be following the progress of the discussions.

I have since been informed that Minister Macedo Soares and United States representatives felt that the talks held in Washington November 15-17, which were carried out in a spirit of utmost frankness and cordiality, were most useful. I understand that the Minister also expressed the view to Secretary Rusk that a way to resolve the problem appears to have been found.

Secretary Rusk explained to Minister Macedo Soares the role of the United States Congress in the renewal of the International Coffee Agreement. The Congress will be examining the Agreement from several points of view, including the way with which the Agreement deals with the question of soluble coffee. Any solution found to the question will therefore have to stand or fall on its own merits.

I understand that Minister Macedo Soares and United States representatives are now continuing their talks in London in connection with the meetings of the International Coffee Council which has just begun.

I am sure you share the hope that these meetings will be a success, leading to a continuation of the International Coffee Agreement with benefit to both the producers and consumers of coffee.

With warm personal regards,

Sincerely,

*/s/ Lyndon B. Johnson*

His Excellency  
Arthur da Costa e Silva  
President of the Republic of Brazil  
Brasilia

LBJ/WGBowdler:mm

*I am always anxious to help with your problems  
and please always bring matters of importance to  
you to my attention*



DEPARTMENT OF STATE  
DIVISION OF LANGUAGE SERVICES

(TRANSLATION)

LS NO. 58302  
T3/T-86/R-XX  
Portuguese

33b

PRESIDENT OF THE REPUBLIC

November 10, 1967

My dear Mr. President:

In the spirit of friendship and candor established between us at our meeting at Punta del Este, where we subscribed to important commitments for the progress of the Americas, I wish to express to you my concern over two problems of particular urgency and seriousness, which may be prejudicial to our common objectives of close cooperation between the United States of America and Brazil and extensive international cooperation, particularly for the benefit of the less developed countries.

I refer to maritime transport and the exportation of soluble coffee by Brazil. In regard to the first problem, my Government's objective is to ensure that the Brazilian merchant fleet participates to a substantial extent in the transportation of our exportable products and to equip it adequately for that purpose.

The second problem is of special importance to the relations between our two countries, with the future of the International Coffee Agreement depending to a considerable extent on our understanding of this problem. Furthermore, my Government has sought, in the spirit of Punta del Este, to provide incentives for the production and exportation of manufactured products since it is understandable that young industries in my country need some protection. The industrial coffee sectors of the United States of America have raised objections to Brazilian soluble coffee exports, which are of infinitesimal value on the world coffee market, and this is creating a certain atmosphere of crisis in the renegotiation

of the Agreement governing the world market. From the standpoint of your country's economy as a whole, these exports represent relatively little, but, again relatively, they are of great importance to the Brazilian economy as a whole. Although I am convinced of the legitimacy of the Brazilian marketing policy, I recognize the existence of the political problem that has been created and its significance in the relations between our countries and in the decisions to be taken with respect to the Agreement.

Like Your Excellency, I wish to do everything possible to maintain and strengthen the Agreement and to make the relations between our two Governments more fruitful. Consequently, my delegates have sought to reach an understanding with representatives of your Government and have submitted reasonable formulas for the solution of the problem; this has not yet succeeded. I have the impression that the position (which I might say is inflexible) of the United States Government is due to a certain failure to understand our efforts and our desire to maintain international cooperation in this sector without, at the same time, sacrificing my country's budding export industry.

Therefore, I am addressing Your Excellency in order to request your personal intervention for the purpose of solving the problem, which will persist if the two principal parties are not willing to reconcile their positions as, for my part, I have attempted to do. The feeling about Brazil's problem is too keen for both of us to permit it to be prejudicial to our relations in other fields also. Furthermore, the fact that the economy of so many countries of this Hemisphere depends to a substantial extent on their coffee exports, even more than the economy of Brazil itself, is a circumstance that Your Excellency will certainly bear in mind, just as I do, with respect to the survival of the Agreement.

I am confident of your understanding and practical spirit of conciliation

Faithfully yours,

[Signed]

A. Costa e Silva

INFORMATION

34

~~SECRET~~

Tuesday, November 21, 1967  
4:25 p.m.

*for file*

Mr. President:

Herewith Andy Goodpaster's  
account of the discussion at Walter Reed  
Hospital yesterday with Gen. Eisenhower.

As indicated, I am already working  
with Bill Leonhart on the possibility of  
pre-empting rice buying in Cambodia.

W. W. Rostow

~~SECRET~~

WWRostow:rlh

DECLASSIFIED  
E.O. 13526, Sec. 2.4(b)  
White House, OGC, PRA, 12-14-98  
By rg, NADA, Date 12-5-91





~~SECRET~~  
DEPARTMENT OF DEFENSE  
THE NATIONAL WAR COLLEGE  
OFFICE OF THE COMMANDANT  
WASHINGTON, D.C. 20315

21 November 1967

MEMORANDUM FOR THE PRESIDENT:

Undoubtedly you have already had a report on much of the attached, reflecting the visit to General Eisenhower at Walter Reed yesterday of Ambassador Bunker, General Westmoreland, General Wheeler and myself. However, it may be useful to have this record of the principal points raised and discussed.

1 Att  
as

  
A. J. GOODPASTER  
Lieutenant General, USA

EXEMPTED TO BE AN  
ADMINISTRATIVE MATTER  
NOT NAT'L SECURITY  
INFORMATION, E. O. 12812,  
SEC. 1.1(a)

BY hg ON 12-5-91

~~SECRET~~



~~SECRET~~  
DEPARTMENT OF DEFENSE  
THE NATIONAL WAR COLLEGE  
OFFICE OF THE COMMANDANT  
WASHINGTON, D.C. 20315

346  
21 November 1967

MEMORANDUM FOR RECORD

SUBJECT: Meeting with General Eisenhower, 20 November 1967

A meeting was held with General Eisenhower at Walter Reed Hospital beginning at 4 P.M., on 20 November 1967. It lasted just over an hour and a half. Those visiting him were Ambassador Bunker, General Westmoreland, General Wheeler and myself.

Prior to the arrival of the others, I spent a few minutes with General Eisenhower giving him the answers that had been developed to several questions posed by him at the end of a meeting in Gettysburg on November 9. These were: How good are the SVN units; is economic life and commerce improving in SVN; and does General Westmoreland have the troops he needs to keep the initiative and react quickly? I provided the information as a preliminary response, noting that General Westmoreland and Ambassador Bunker would be able to give their impressions derived from on-the-spot experience. In addition, I left with General Eisenhower a brief chronology of principal steps in the development of our present operation and commitment in South Vietnam, extending back to 1950.

When General Wheeler, Ambassador Bunker and General Westmoreland arrived, the discussion took the form of responses and comments by Ambassador Bunker and General Westmoreland on questions and topics raised by General Eisenhower. The principal points follow:

First was how good the SVN units are. On the premise that the units reflect their commanders, General Westmoreland indicated that between 40 and 50% would be rated first-class, another 40 to 50% satisfactory, and the remaining 8 to 10% unsatisfactory. Six ARVN battalions have been awarded the U.S. Presidential Unit Citation. These can be taken to be outstanding units in anyone's Army. On the question how the ARVN units are doing in the revolutionary

~~SECRET~~

DECLASSIFIED

Authority NLE MR 77-148 #2

By eg/ldk, NARA, Date 12-5-91

~~SECRET~~

development role, General Westmoreland said that progress is being made through training and orientation, though much remains to be done.

General Eisenhower next asked whether public enthusiasm and support is developing for our cause in South Vietnam. Ambassador Bunker and General Westmoreland answered, indicating that there has been a rise by very realistic standards--including the turnout for the election, and the amount of intelligence being forwarded to ARVN, U.S. and allied troops by the Vietnamese people.

General Eisenhower next asked General Westmoreland if he feels he has the troops that he needs, and specifically whether he ought not have a "corps of maneuver". General Westmoreland answered at length reviewing the buildup of U.S. forces from two years ago when combat elements had to go into an area lacking in ports, roads and logistic forces, enabled simply to keep the enemy off balance and denying him further gains, to the present time when our forces are taking the offensive, destroying the enemy and denying him effective results on the battlefield. Sometime next year, General Westmoreland foresees that he will be able to use the 1st Cavalry Division as an uncommitted reserve in the northern two corps, and the 101st in the southern two corps.

General Eisenhower expressed his concern over the existence of sanctuaries for the enemy in the Cambodia, Laos and north of the DMZ. He said he would see merit in an operation, possibly an amphibious operation, just north of the DMZ to sweep through the area and destroy the enemy forces there, including the enemy artillery. General Westmoreland said he has given study to such an operation, although no decisions have been made, and no authority sought to date. In further discussion of the fact that the Viet Cong and NVA seem to be obtaining a considerable portion of the food to support themselves through purchases of rice from Chinese merchants in Cambodia, General Eisenhower suggested that the possibility of preemptive buying ought to be examined. All present thought this was a suggestion that should be pursued. (I have phoned Mr. Rostow about this, and he has undertaken to look into it.)

There was a good deal of discussion of the problem of informing U.S. public opinion about the war and of problems relating to the TV and the press. During this discussion Ambassador Bunker and General Westmoreland referred to their comments on this matter

~~SECRET~~




~~SECRET~~

during their TV appearance last Sunday.

General Westmoreland showed General Eisenhower a series of data cards and graphs, covering indicators relating to various aspects of the war in Vietnam. General Eisenhower found these highly impressive, taking particular note of the chart on weapons losses, the significance of which was emphasized by General Westmoreland.

Also brought out during the discussion was the progress that has been made in opening up roads, railroads, and waterways, over which greatly increased commerce is now flowing. General Eisenhower found these statistics gratifying and encouraging.

  
A. J. GOODPASTER  
Lieutenant General, U.S. Army

~~SECRET~~

INFORMATION

~~CONFIDENTIAL~~

Tuesday, November 21, 1967  
4:25 p.m.

Mr. President:

The attached situation report on  
Thai troop training is encouraging, so  
far as the Thai mood is concerned.

I shall have a check on our equip-  
ment arrival schedules.

W. W. Rostow

WWRostow:rln

copy sent to Wm. Jorden: to follow thru.

DECLASSIFIED

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

White House Guidelines, Feb. 24, 1983

By 128, NARA, Date 12-29-1

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

November 21, 1967

~~CONFIDENTIAL~~

MEMORANDUM FOR MR. ROSTOW

SUBJECT: Thai Troop Contribution

35a  
DECLASSIFIED  
E.O. 12356, Sec. 3.4  
NIJ 94-479  
By cl, NARA, Date 4-5-95

Ambassador Unger met today with Foreign Minister Thanat in Bangkok.

In the course of the talk, Thanat volunteered that Unger could tell Washington that the departure date of the first new Thai units was contingent only on the date of receipt of the necessary arms to begin training. He said:

"The Royal Thai Army has every intention of proceeding as rapidly as possible in getting the new Thai forces in place and into action in South Vietnam, and the U. S. Government need have no concern about any procrastination on the Thai side."

This indication of the Thai mood is encouraging.

Bill  
William J. Jorden

~~CONFIDENTIAL~~



SECRET

Tuesday, November 21, 1967  
3:50 p.m.*Profile*

Mr. President:

Late on Monday, November 20, 1967, I had an hour's session alone with Amb. Bunker. I took him through exactly the same questions I took Westy, derived from Bob McNamara's memorandum. The results were as follows.

1. A bombing standdown in North Viet Nam except in the tactical area across the DMZ if they continue to press at the DMZ. Ellsworth talked speculatively about the problem around these three points:

-- He sees no reason to believe that a bombing stand down now would lead to serious negotiations, and he does not think we should trade bombing simply for talk;

-- He is, however, interested in the barrier and in SOUTHPAW (harassment on the ground in Laos) because he would like to put us in a position where we might put Hanoi to a test in the future with a bombing pause. Therefore, he feels it important that we get as good a grasp as we can on infiltration of Laos so that the costs of a pause designed to test Hanoi would be minimized.

2. Announce that our present U. S. troop ceilings are the limit of our commitment. Bunker is rather drawn to this proposition if we make it clear that an announced troop ceiling would assume that no one else would expand the war. He says that we are fighting a limited war for limited objectives and believes that we will not need more than 525,000 U. S. forces. He was not dogmatic on this point but, I would say, mildly favorable.

3. Forego ground operations in North Vietnam; Laos; and Cambodia. Bunker would make no statement committing us against such ground operations. His advice: keep them guessing. As for Laos, as indicated above, he actively supports SOUTHPAW.

4. No mining of Haiphong. Bunker is against mining the harbors. We are doing almost as well by hitting transport around Haiphong. The international complications are worth avoiding.

5. No attack on dikes. Bunker is against the attack on dikes because of the international political repercussions.

DECLASSIFIED

Authority MLG 85-316  
By rg/af, NARA, Date 12-4-91

SECRET

~~SECRET~~

-2-

6. Maintain progress with lesser U. S. casualties and destruction inside South Vietnam. Under this heading Bunker is worried about future operations in the Delta. He is afraid that an additional massive flow of refugees could turn the people of South Vietnam against us. He is skeptical of Komer's view that the refugees are churned up by enemy operations. He believes they are mainly trying to get away from our bombing. It is true that of 2 million refugees generated by the war, 638,000 have already gone back to their villages and another 600,000 have been resettled elsewhere. But he would like to see the total refugee number decline in 1968 and not increase. (I told Bunker that I had raised this question with the President and with Westy, so you would get a feel for it. I urged him to set down with Westy and make sure that the actual tactical plan Westy proposes to follow in the Delta would not generate excessive refugees, pointing out that Westy himself seemed sensitive on this point as well as on the need not to induce a decline in Delta rice production by his military operations.

7. Transfer functions to the ARVN. Bunker, is, of course, all for this; but he says we must go slow and steady. We should not shove at them more than they can absorb at any one time. Like Westy, he regards the build up of the political and military capacity of the South Vietnamese as a central task.

Coming back to Bob McNamara's two basic propositions -- about a new announced policy of stabilization and a bombing halt -- Bunker said in general we should refuse to put the war in a time frame. He has carefully separated his own language in this matter from Westy's. In any policy announcement it would be good to indicate that we expect the GVN to take over increasing military and nation building responsibility, but we must avoid giving them the feeling that we are pulling out and leaving them alone, or that we are relaxing in our effort to bring the war to a conclusion as rapidly as possible. In general, we must keep flexible and try to conduct the war with maximum imagination within accepted limits. Bunker's position on bombing is set out in paragraph 1, above.

W. W. Rostow

WWRostow:rlh

~~SECRET~~



37

~~SECRET~~

Tuesday, November 21, 1967  
3:35 p.m.

*Pres file*

Mr. President:

Herewith Kosygin's latest letter,  
plus Kohler's memorandum of conversation.

We shall have a suggested reply to  
you by the time you arrive at the Ranch.

W. W. Rostow

~~SECRET~~

DECLASSIFIED

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

White House Guidelines, Feb. 24, 1983

By 189, NARA, Date 12-2-91

WWRostow:rlh

37a

DECLASSIFIED  
E.O. 12356, Sec. 3.4  
NJ 94-479  
By CG, NARA, Date 4-5-95

*Reid 11/21/67*

TRANSLATION

Dear Mr. President:

We have received your letter of 19 November and have studied it attentively. I wish to remind you that in your preceding letter of 23 October it was stated in the name of the Government of the United States of America that the position of the United States on the Middle East had not undergone change in comparison with that which had been set forth at the end of the extraordinary session of the General Assembly of the United Nations.

If your last reply does not mean a change in your position to the detriment of the victims of aggression - the Arab States - then evidently it is necessary to reach a mutual understanding, above all on two questions:

A. The immediate withdrawal of Israeli forces from the territories of the Arab States seized by them, that is, to the lines which they occupied before 5 June of this year should be in fact ensured.

B. Israel should not make territorial claims on the other side and exploit the situation which has developed as



the result of the war unleashed by them in order to take possession of foreign territories and change for its own benefit boundaries which actually existed before the conflict.

Without resolution of these problems there can be no permanent peace in the region of the Middle East in which both our countries should be interested.

It is understood that together with this there should be decided the question of immediate recognition of the rights of all states of this region to independent national existence in conditions of peace and security.

In the presence of such understanding we would not oppose the acceptance of the British Draft if, of course, it is acceptable to the Arabs.

We would like to receive from you an urgent reply.

Respectfully,

A. Kosygin

DEPARTMENT OF STATE

Memorandum of Conversation

376

DATE: November 21, 1967  
2:15 p.m.

SUBJECT: Middle East

PARTICIPANTS: Ambassador Anatoliy Dobrynin, USSR

Deputy Under Secretary Foy D. Kohler

*FDK*

COPIES TO:

DECLASSIFIED  
E.O. 12356, Sec. 3.4  
NJ 94-450  
By cb, NARA, Date 1-17-95

Not long after he had returned to his Embassy from our discussion this morning, Ambassador Dobrynin called for an urgent appointment in the early afternoon. He came in at 2:15 p.m. He handed me an undated reply from Chairman Kosygin to the President's letter of November 19, relating to the Middle East crisis (original attached together with unofficial translation). The Ambassador said if it were at all possible for the American side to reply to this message today, this would enable the Soviet Government to get appropriate instructions to Deputy Foreign Minister Kuznetsov in New York prior to tomorrow's session of the UNSC.

I said that I would bring the letter immediately to the attention of the President and that we would do our best to have a quick response. I could not, however, make any commitment in this respect.

In a relatively brief discussion of this general subject, I cited the acceptance of the British resolution by the Arab States and wondered why the Soviets were trying to be more Arab than the Arabs themselves. Dobrynin replied that he did not question that the

NODIS

~~SECRET~~

-2-

Jordanians had accepted the British resolution, but he was not so sure that the Egyptians had. However, he said that he was personally sure that if the Arabs really did accept the British resolution, the Soviets would not vote against it.

SECRET

NODIS



4416 38a

CENTRAL INTELLIGENCE AGENCY

OFFICE OF THE DIRECTOR

21 November 1967

MEMORANDUM FOR: The President

1. Per your request, I forward herewith a memorandum describing talks about Radio Free Europe and Radio Liberty with congressional leaders on the Appropriations Committees. You will note that I sent this memorandum to Secretary Rusk for his review since this problem of the radios falls within his sphere of responsibility.

2. When Secretary Rusk is ready, I would like to try to reach a resolution among us as to how we should proceed.

*Dick*  
Richard Helms  
Director

Attachment

~~SECRET~~  
~~CONFIDENTIAL~~  
DECLASSIFIED  
E.O. 12356, Sec. 3.4  
NEJ 94-482  
By 48, NARA, Date 4-7-95

INFORMATION

~~SECRET~~

Tuesday, November 21, 1967  
2:15 p.m.

*Pres file*

Mr. President:

Herewith Dick Helms reports the active support of Representatives Mahon, Bow, Lipscomb, as well as Senators Russell and Milton Young, for continuing CIA support for RFE and Radio Liberty.

That still leaves us with the problem of a *public* formula to which we ought to address ourselves soon.

You will note that Dick has fully informed and consulted with Sec. Rusk.

W. W. Rostow

~~SECRET~~

DECLASSIFIED  
E.O. 12356, Sec. 3.4  
NEJ 94-481  
By ig, NARA, Date 1-24-96

WWRostow:rlh

386

DEPARTMENT OF STATE  
Office of THE SECRETARY

November 18, 1967

Mr. Helms -

The Secretary has asked me to tell you that the attached memorandum is completely satisfactory to him.

  
Andrew L. Steigman

Attachment:

Memorandum for the President  
re Radio Free Europe and Radio  
Liberty dated 14 November 1967.

NOV 20 1967  
U.S. DEPARTMENT OF STATE  
WASHINGTON, D.C.





**CENTRAL INTELLIGENCE AGENCY**  
WASHINGTON, D. C. 20505  
**OFFICE OF THE DIRECTOR**

14 November 1967

4416  
38c  
**DECLASSIFIED**  
**E.O. 12356, Sec. 3.4**  
**NEJ 94-482**  
**By ig, NARA, Date 4-7-95**

MEMORANDUM FOR: The President

1. You will recall that at lunch on 17 October we discussed the future of Radio Free Europe and Radio Liberty. At that time, you expressed a willingness for me to consult those leaders of Congress having to do with appropriations in an effort to establish whether or not they would be willing to continue appropriating money for these radios on the understanding that this would not constitute a request by you for this money or a charge against your congressional program.

2. As a result, I visited individually with five members of Congress: Representatives Mahon of Texas, Bow of Ohio, Lipscomb of California, and Senators Russell of Georgia and Milton Young of North Dakota. All five of these individuals expressed a willingness to support the radios financially in the round amount of \$30,000,000 per annum for at least the next fiscal year and possibly longer.

3. At my visit with each of these five individuals, I explained in detail the problem we have had in finding alternative means of financing these radios. I made it clear that a public relations problem still exists in terms of how the Administration explains the

continuation of the present financial arrangements. On the other hand, if there is no firm assurance of congressional support for the radios, there is no need to waste time on devising the right tactical approach to the press. I carefully underlined that I was there on my own since you wanted it clearly understood that you did not want to make a personal appeal for the money involved nor did you feel that you should be asked to plead for these radios as against other projects which you felt to be more essential. It was my distinct impression that each individual understood the terms of the discussion quite clearly.

4. ~~Congressman Mahon reacted to my presentation by saying that he had felt it had been a mistake to include the radios in the Katzenbach report and that he had always preferred to have them continue to operate as they had in the past.~~ He recognized the public relations problems but stated that it did not concern him unduly even if there were some criticism. (At this point, he made a disparaging reference to the influence of THE NEW YORK TIMES and told me "I never read Reston.") He then remarked that he thought the radios should be continued and that ~~he was prepared to help provide the necessary funds.~~ He pointed out, however, that Mr. Bow would have to agree and asked me to see both Mr. Bow and Mr. Lipscomb, the two Republican members of ~~his CIA Appropriations Subcommittee.~~

5. Representative Bow told me that he thought the radios were doing a good job and that they should be continued. He promised to help provide the money. In the course of our conversation, he pointed out that he was on the Appropriations Subcommittee which deals with USIA and that in his opinion it would make no sense to try to meld Radio Free Europe and/or Radio Liberty into the Voice of America organization. He indicated that he clearly understood the difference in the program content of the Voice of America on the one hand and the two "private" radios on the other. He concluded by opining that this was no time in history to reduce our efforts to bring about change behind the Iron Curtain.

6. Representative Lipscomb said that he was in favor of the radios and did not want to see them terminated. He volunteered to do what he could to have the money appropriated and asked a few questions about the amounts involved and how they were allocated. He accepted the fact that some admission of government support might have to be made. He stated that this would present "a tricky problem" in dealing with the press but did not anticipate widespread newspaper criticism.

7. Senator Russell expressed his support of the radios and said that he thought they ought to be continued at least for a time. He repeated what he has said before that he never could understand



what all the ruckus had been about. He pointed out that criticism over these subsidies had died out quickly after the initial flurry last winter. He indicated his willingness to help secure the money involved and ~~asked me to go see Senator Young and put the matter to him.~~ He authorized me to tell Senator Young that he favored continuing the radios.

8. When I met with Senator Young, ~~I told him that Senator Russell had asked me to see him, but I did not attempt to influence his decision by telling him in advance what Senator Russell's position was. He did not even inquire. He simply stated that he thought the radios should continue to operate and that he would do what he could to help as far as appropriations are concerned.~~ He expressed the opinion that the state of the world being what it was, ~~no useful efforts to deal with Communism or Communist ideology should be reduced.~~ He voiced concern that possibly not enough was being done in this area.

9. I have reported the above to Secretary Rusk. We will again raise with you shortly how we should proceed on this problem of handling Radio Free Europe and Radio Liberty.

*Dick*

Richard Helms  
Director

November 21, 1967

39  
sent LDX to Ben Reed  
S/S

To be inserted before last paragraph of reply to Kosygin:

see file

I am sure that we should not try to negotiate the details of a Middle East settlement ~~in the corridors and meeting halls of the United Nations.~~ *thousands of miles from the scene*  
What we urgently need is a well-balanced resolution that would permit a United Nations representative to go to the area, listen to those directly concerned, reason with them, and find on the spot fair and equitable agreements with which these nations can live in peace and dignity.

DECLASSIFIED

E.O. 12356, Sec. 3.4

NLJ 94-479

By CL, NARA, Date 4-5-95

ACTION

392

Tuesday, November 21, 1967  
5:10 p.m.

Mr. President:

*Pres*

Sec. Rusk's draft reply does not answer the two Soviet questions; but then Kosygin had no right to put them.

The basic draft is Amb. Goldberg's who is, therefore, fully aboard.

W. W. Rostow

WWRostow:rlh



396

SUGGESTED LETTER

Dear Mr. Chairman:

Thank you very much for your prompt reply to my letter of November 19. I, too, am responding promptly since the Security Council is scheduled to meet tomorrow afternoon to vote on the United Kingdom draft resolution. It is imperative in the interests of early progress toward peace that a constructive result be achieved at that meeting. The United States position on the Middle East has been consistent throughout. I explained our policy directly to you at Glassboro and I subsequently set it forth publicly in my statement of June 19. This statement continues to be the policy of the U.S.

Ambassador Goldberg set forth yesterday in the Security Council the United States position on the United Kingdom resolution. This resolution deals, in a balanced way, with essential ingredients for a just and lasting peace in the area, including withdrawal of Israeli armed forces. We consider the United Kingdom draft to be consistent with my statement of June 19 and will vote for it.

Moreover, we have been informed that the key Arab States principally concerned and Israel are willing to receive a United Nations representative on the basis of the United Kingdom draft. I am sure you will agree, Mr. Chairman, that the special representative is entitled not only to cooperation from the parties but to the full support of all the members of the Security Council, permanent and elected, as he undertakes his arduous and difficult peacemaking tasks. We are prepared to extend our diplomatic and political support to the efforts of the United Nations representative under the United Kingdom resolution

to achieve a fair and equitable settlement so that all in the area can live in peace, security, and tranquility. I hope that your government will be prepared to do the same.

It is my considered view that we ~~ourselves~~ not let pass this opportunity to initiate the peacemaking process. I therefore express the hope that you can join the broad consensus of the Security Council by voting for the United Kingdom resolution tomorrow.

Sincerely yours,

INFORMATION

40

*Pres file*

~~SECRET~~

Tuesday, November 21, 1967  
11:50 a.m.

Mr. President:

Here is the log on your message to  
Amb. Ed Clark (attached.)

I have not been able to ascertain the  
exact time but the Australian announcement  
that it would hold fast came after delivery of  
your message.

I dictated message at about 8:20 p.m.

State transmitted it at 8:30 p.m.

Received at Canberra approximately  
8:40 p.m.

Delivered to Prime Minister at 9:30 pm

W. W. Rostow

WWRostow:rlh

DECLASSIFIED  
E.O. 12356, Sec. 3.4  
NLJ 94-479  
By CL, NARA, Date 4-5-95



## OUTGOING TELEGRAM Department of State

INDICATE: ☐ COLLECT  
☐ CHARGE TO~~SECRET~~

071853

Origin

ACTION: AmEmbassy: CANBERRA FLASH **DECLASSIFIED**

20 NOV 67 01 24z

Info:

STATE 71853**E.O. 12356, Sec. 3.4****NIJ 94-479**By cb, NARA, Date 4-5-95

NODIS

Rostow

FROM THE PRESIDENT FOR AMBASSADOR ED CLARK

The de-evaluation of the pound could spread elsewhere. It is of the highest importance to our common cause that Australia stand fast. I talked personally about this with Sato when he was here and the Japanese are holding steady. Malaysia and Singapore are holding as well. It is, therefore, all the more important that Australia not break the line.

Communicate immediately with Prime Minister Holt and tell him from me please to stand fast. Stop look and listen and count ten before moving. I know in my ~~XXXXXXXX~~ heart and mind that it would be most unwise for Australia to budge from the present ~~XXXXXX~~ position.

END

RUSK

Drafted by: White <del>XXXXXXXX</del> House:WWRostow	Tel. Ext.	Telegraphic transmission and classification approved by: S/S - Mr. <del>W</del> Walsh
Clearances:		

~~SECRET~~

INFORMATION

41

Tuesday, November 21, 1967  
11:40 a.m.

*Pres file*

Mr. President:

Herewith for your diary are  
Ed Fried's clear, terse notes on  
your November 18 leadership meeting  
on the sterling devaluation and tax  
increase.

W. W. Rostow

WWRostow:rlh

DECLASSIFIED

Authority AL 84-323  
By sgldch, NARA, Date 12-4-91

412

~~CONFIDENTIAL~~

Sunday, November 19, 1967

NOTES ON THE PRESIDENT'S MEETING WITH THE LEADERSHIP

SUBJECT: Sterling Devaluation and the Need for Tax Increase --  
November 18, 4:30 to 7:00 P.M.

PRESENT:

The President	Senator Mansfield	Speaker McCormack
Secretary Fowler	Senator Long	Representative Boggs
Chairman Martin	Senator Anderson	Representative Ullman
Under Secretary Barr		
Under Secretary Deming		
Budget Director Schultze		
Walt Rostow		
Joe Califano		
Ernest Goldstein		
Art Okun		
Ed Fried		

Secretary Fowler -- Discussed actions to be taken in defense of the dollar during present crisis.

- The President's statement -- designed to remove any uncertainty regarding U.S. intention to stand firm.
- Financial diplomacy -- getting all other major countries to hold their rates with us and prevent a chain reaction.
- Building confidence in the dollar through demonstrating fiscal responsibility and other constructive measures to improve the balance-of-payments position. Read concluding portion of statement he made at November 16 press conference announcing programs to strengthen U.S. balance of payments. Stressed that enactment of President's tax increase program at this Session of the Congress was the single most important and indispensable step the nation can take now to protect the dollar, safeguard the international monetary system, and stop the interest rate escalation that threatened our domestic and international position. The devaluation of the pound now brought the requirements for fiscal action and the tax increase into even sharper and more critical focus.

~~CONFIDENTIAL~~



Chairman Martin -- Stressed the great uncertainty that currently plagues the securities market and the cost it is exacting in higher interest rates. He cited recent examples: a Nova Scotia bond that required a 7 1/4% yield; postponement of the U.S. steel issue when financing was not obtainable at 6 3/8%; a Treasury 5 3/4% that sold below par.

Essential to stop and reverse the trend of accelerating deficits or inflation would get out of hand. Sterling devaluation complicated the situation and made it all the more important to restore a position of confidence -- which required evidence of fiscal responsibility.

Under Secretary Deming (The President said Deming had been sent to meetings in Paris during the week in an effort to mobilize a multilateral support operation to save the pound.)

Deming noted two points:

1. Situation in London was black; nobody wanted to see the pound go, but in the end they could not see any feasible alternative.
2. U.S. last year, in its financing operations, paid back \$11 billion to the market in the second half of the year. This year, we would only be able to put back 2 1/2 billion -- even with a tax increase. This tremendous swing from last year would greatly tighten credit conditions.

Under Secretary Barr -- In the credit crunch, the big fellows would manage to meet their requirements but the smaller borrowers, the institutions, and housing will get squeezed and suffer.

Director Schultze -- Discussed possible expenditure reductions totalling \$4 billion:

- \$1 3/4 billion Congress had already made or would make in the 14 appropriation bills (of which 12 already completed);
- \$2 1/4 billion Administration could make in withholding expenditures if Congress prepared to stand the pressure.

The President -- Prepared to cut actual expenditures by one dollar for each dollar of tax increase. Secretary Fowler had been ready to offer 4 different proposals to achieve this end to the Ways and Means Committee, but the Committee acted without giving him the opportunity to put these proposals before it.

We will rue the day if we fail to face up to these critical responsibilities. If we don't act now it will not be possible to undo the harm that will result. Every day's delay is costly.

He had had nine discussions with Chairman Mills.

He was trying to convince those members of the leadership he could -- but the President cannot act for the Congress. He was prepared to accommodate his views to theirs and to this end advance proposals for a cut of \$4 billion in expenditures.

Secretary Fowler -- Senator Williams had written him a letter on November 7, which he has not yet answered. The letter is essentially a campaign document designed to hurt the Democrats if it were answered under present circumstances. (Fowler read letter which made two central points.)

1. A tax increase bill has not been introduced in either House.
2. Uncertainty is causing financial disruption with serious consequences for the economy and our international position.

Senator Mansfield -- Williams' argument is spurious. There is no indecision on the part of the Administration -- it had constantly advanced its tax increase proposals.

Rep. Boggs -- Normal to work from proposals. Was willing, ready, able and happy to introduce bill.

Speaker McCormack -- Need for tax increase. In his view President not asking for big enough tax increase.

Secretary Fowler -- Read his proposed answer to Senator Williams with stress on concluding portion outlining Administration's new proposal to break deadlock between spending and tax powers of the Congress.

Package would:

- reduce administrative budget deficit by \$11 billion in Fiscal '68, and relieve credit market to this extent;
- increase income taxes of individuals by \$3.9 billion;
- reduce actual expenditures (counting actions taken by Congress on appropriation bills) by about \$4 billion;
- increase corporate tax receipts by \$3.1 billion (\$2.3 billion surtax -- \$.8 tax collection speedup).

Extending excise taxes could add \$.3 billion.

Stressed again that expert opinion overwhelmingly supported need for tax increase. Same with major organizations -- the Chamber of Commerce has now come around in support.

The President -- He had reviewed the answer to Williams and the new proposal yesterday with Mills in light of the pending sterling devaluation and its serious potential consequences. He told Mills he wanted to review it with other members of the leadership. (He noted other members who had been invited to today's meeting, but were not available.) Mills had been unable to stay in Washington over the weekend.

The President summarized the situation. He said the President cannot impose reductions on the Congress. He is prepared to act and to share responsibility with the Congress if the Congress is prepared to accept its share. He does not want to cut expenditures, but each day of inaction brings increased costs and makes the situation worse. It will lead to some slippage in revenues and to automatic increases in expenditures (higher interest costs, more farm loans, etc.).

The Mills-Ford line is hard to break. Of course the public does not favor tax increases. Nobody likes them. But the leadership must accept its responsibilities or face far more serious difficulties. If reductions in appropriations are not adequate and there is no tax increase, then it will be necessary to impound expenditures -- notably for highways, public works and other areas where the Congress will immediately feel repercussions. (He noted highway expenditures now were a billion dollars over any previous figure and were feeding inflation.)

But do we start or not? The President doesn't want to make the decision alone. Last year the leadership accepted the responsibility of impounding expenditures. If we have to make reductions they will be drastic and they will have to be made soon. This should be done with the full knowledge and approval of the leadership.

If we don't act soon, we will wreck the Republic. The President can't spend what the Congress does not appropriate. The Congress has now acted on appropriations, and now the President must act. He then reiterated the need for the proposed package of expenditure reductions and tax increases.

Rep. Ullman -- Said he favors a tax increase, but a tax increase could not solve the situation alone. When Schultze testified before the Ways and Means there were ambiguities in expenditure reduction proposals.



The President -- Cited instances where he had made clear the Administration was prepared to match tax increases and expenditure reductions dollar for dollar. He referred again to the Committee's unwillingness to hear Fowler's four alternative proposals to achieve this objective. He set the record straight on Schultze's testimony.

Rep. Ullman -- Sterling devaluation made this a new ball game. There is no point in recriminations. Said he believed there would be widespread repercussions on Monday throughout the economy. Repeated that he did not believe expenditure reductions had been adequately spelled out. But we should now try the new formula.

Secretary Fowler -- Reviewed formula again, together with proposal for President to set up special group to go over programs and prospective expenditure cuts.

The President -- Pointed to need for clearance from Government Operations Committee on \$4 billion expenditure reductions.

Rep. Ullman -- Important to try to put package together in next few days -- before Thanksgiving. The sterling crisis should be a vehicle for getting it done.

The President -- Asked for the views of the leadership on the proposal and on any alternatives they had to deal with the situation.

Senator Long -- Asked Rep. Ullman whether the Committee would report favorably on the tax bill without Mills' support. Answer -- probably not. Senator Long then said that Senator Talmadge doubted that the bill could be passed either in the House or the Senate. Said it would be even more difficult in the House, because the members had to run next year.

The President -- Said any action taken would be unpopular but it would have to be done.

Rep. Ullman -- The situation would be worse if we don't pass the tax bill. Unable to know the outcome beforehand.

Secretary Fowler -- Said it is essential to report out the bill and put it in the glare of domestic and international publicity. Then vote it up or down so everyone would know where each stood.

Rep. Ullman -- Said he would give every support he could.

The Speaker -- Made following points:

1. No tax bill is popular.

2. We are faced with desperate situation and the Congress is on trial.
3. He had personally taken public position in favor of tax bill.
4. It should be possible to get bipartisan support and to begin through action by Mills and Mahon.

Senator Long -- Reserved judgment on his own position but suggested following procedure to break impasse:

1. Sit down with as few people as possible.
2. Heart-to-heart talk between the President and Mills.
3. If the House sent the tax bill over, the Senate would take a look but he was not in favor of the expenditure reductions part of the package.

The President -- Said this was not facing facts and pointed again to the consequences of sterling devaluation.

Senator Long -- Repeated that it was important to get together with Mills, but said Mills could not lay down conditions on which he can't deliver.

Director Schultze -- Pointed out that the tax increase bill provided for \$7 billion during the remainder of this fiscal year, and \$12 billion over the next fiscal year. It was essential to keep the latter in mind.

The President -- Pointed out that the Defense budget for Fiscal '69 that had now been received came to \$98 billion. If Congress did not act on a tax increase, then it would be necessary to start thinking not about a \$4 billion expenditure cuts, but about cuts of many billions of dollars.

Rep. Boggs -- He had given thoughtful consideration to the possibilities of the bill. He pointed out that the Poverty Program had come out much better than anyone had guessed three weeks ago. His judgment is that if the Chairman supports the bill, it would be passed in the House.

Rep. Ullman -- If was necessary to talk to Mills not only about the situation this year, but next year as well, and the consequences of a \$98 billion Defense budget. Also said that Ways and Means cannot originate action on the bill where other Committees have jurisdiction. It's different when the President proposes the bill, and next year's situation is clearly critical. In his view, if the bill gets to the Floor, it will have bipartisan support, but Mills' approval is essential. Mills is critical of a tax

increase and his speech on Monday is in that vein but the speech does not close the door on action on a tax bill.

The President -- Asked when can we get the Committee to act.

Rep. Mahon -- The House voted by continuing resolution to cut expenditures by \$7 billion which was equivalent to a cut of \$14 billion in appropriations. In his view, expenditure cuts were worse than a tax increase.

The way to get a tax increase was for the President to stick his neck out and cut expenditures by \$4 billion -- even without a tax bill. The cuts should include programs which he considers among his best programs, e. g., Federal Aid to Education.

Mahon would then try to get his Committee to endorse those specific cuts.

He recognized the risk -- that the President would make cuts on his own and then end up without a tax bill.

Secretary Fowler -- Reviewed the formula proposal for making cuts under which responsibility would in fact be shared. (Use of either of the following, whichever is lower: (a) a cut of 2% in personnel and 10% in program; or (b) the difference between the original appropriation request for each program and what Congress appropriated.)

The President -- Stressed the need to work from the package proposal: the tax bill, the expenditure cuts (with the formula) and a review group. The need was to get the Committee to move now.

The consensus that emerged was to organize a meeting with the President Tuesday morning -- which was the earliest it would be possible to get Chairman Mills back to Washington. Speaker McCormack and Secretary Fowler would try to get in touch with Mills. Others at the meeting might include the Speaker, Representative Mahon, Senator Mansfield and Senator Long.

W. W. Rostow



INFORMATION

42

Tuesday, November 21, 1967  
11:35 a.m.

*Free file*

Mr. President:

Credit WWR's account with  
one nickel.

W. W. Rostow

WWRostow:rlh

42a

WILLIAM S. WHITE

5264 Loughboro Road, NW  
Washington, D. C.

November 20, 1967

Hon. Walt Rostow  
The White House  
Washington, D. C.

My dear Walt:

I appreciated your tip about the Sato speech and I thank you for sending me a copy of it. The enclosed column (this one clip from the Philadelphia Inquirer) was one result of it.

Ever your friend,

*W*

William S. White

# Japanese Premier Dissolves Last Alibi of War Dissenters

426

WASHINGTON.

THE main myths of the professional anti-Vietnam war faction are falling one by one, like the leaves of November, and one of the hardest of them all has now been sent fluttering down to earth by the Japanese Prime Minister, Eisaku Sato.

The new isolationists have long pushed as the central of all their arguments the claim that even if the visible aggression of Communist North Vietnam upon South Vietnam must be acknowledged to be what it plainly is, the United States is, nevertheless, supported out there only by these Asian nations that are its "client," or stooge, states.

This legend has, of course, always ignored the towering realities that such indisputably independent powers as Australia and New Zealand are among our fighting Allies. Still, there has been some mileage in it because other fighting Allies, like the Republics of Korea and of the Philippines, are indeed, "tied" to the United States in the sense that the American Government has dared to guarantee their safety from Communist encroachment.

The claim that such as these, plus Thailand, were only American "clients" could find some house room among those Americans willing to buy most any bill of goods if thereby it would promote their hopes for peace at any price in Vietnam.

## Strips the Trump

But the trump card always played by the antiwar people has been Japan. Look, they have said over and over, at this, the only truly powerful industrial democracy in all Asia—look how Japan wisely rejects the American doctrine that if aggression is to be allowed to win in Vietnam it will win other and even more costly victories in Southeast Asia.

The fiction of a Japan not really concerned with this logic, and not really afraid of this threat, in a word, has been the last, best alibi of those who wish to find some means for American withdrawal from Vietnam under some kind of double-think formula by which surrender could be masked under other words.

But Sato, who presumably knows rather better how Japan

feels, has now given an answer which will compel the peaceniks to find yet other escape hatches, as so often they have done when other myths have been exploded in the cold, factual air of the world as it really is.

Having widely traveled in Asia before coming here, Prime Minister Sato publicly declares he found that "the United States' efforts in Vietnam were well understood and appreciated by the governments and peoples of the other Asian countries."

## Calling the Roll

Having so long offered Japan as their arch model of the "independent," unconcerned, unthreatened, non-"client" state, can the peaceniks now consign it to the stooge category in which they are pleased to put the active Allies of this country in Vietnam?

One would hardly think so; and surely not in light of the fact that the distinctly liberal Sato has now joined the unarguably leftist, notably unbossed Socialist Prime Minister Lee of Singapore.

Lee in a recent visit here said much the same thing; but the Vietnicks shrugged him off as anyhow only the representative of a not very important Asian state.

So now let the roll be called honestly. Who in Asia accepts the heart of the American policy that Communist aggression is a real and present danger in Asia and must be checked, however hard and painful the effort? Well, Thailand does. South Vietnam—which really ought to know, considering the scores of thousands of its civilians who have been murdered by Communist infiltrators—does. The Republic of Korea does. The Republic of the Philippines does. Australia does. New Zealand does. Japan does. Indonesia does. Singapore does. Malaysia does.

Who doesn't? Communist North Vietnam doesn't. Red China doesn't. And India, then? Well, India for decades has clung to neutralism as though to holy writ; but even there the ablest of American correspondents report that India knows and feels what India does not dare say officially with a glowering Red China standing at its very gates.



## Who imperils peace?

By Roscoe Drummond

### Washington

It seems almost inconceivable that the Secretary of State of the United States, an influential Soviet commentator, a sharp American critic of the Vietnam war, the Prime Minister of Singapore, and the President of Tunisia should be saying the same thing on the same subject at almost the same time.

But they are.

Their remarkable consensus should do much to make convincingly clear why we are in Vietnam and to illumine the overriding reason.

These five world figures of otherwise diverse views — Dean Rusk, the late Ilya Ehrenberg, Lt. Gen. James M. Gavin, Prime Minister Lee Kuan Yew, and President Habib Bourguiba — showed in separate public declarations over the past few months that they were in agreement on something profoundly crucial and revealing.

They were in agreement that the greatest threat to the peace of the world today is Red China.

When Secretary Rusk first began talking about the danger of the expansionist Chinese, who had already conquered Tibet and seized thousands of square miles of Indian territory, he noted that in the near future there would be "a billion Chinese armed with nuclear weapons."

The instant retort of the automatic Rusk critics, wary of his persuasiveness, was to try to immobilize him with the accusation that the Secretary of State was being racist. James Reston, Washington columnist of the New York Times, led the pack with the assertion that Rusk was recklessly invoking "the yellow peril." But this untrue and unfair accusation fell of its own lack of weight, and a few days later Mr. Reston publicly withdrew his comment.

But Ilya Ehrenburg, long one of the most influential and authoritative of the Soviet authors and journalists, did not deem it wise or safe to ignore the expansive nationalism of Red China under any circumstances. When he was interviewed by Harrison E. Salisbury of the New York Times in Moscow this summer, he used almost exactly the same words to describe exactly the same danger as Secretary Rusk.

"The root of the problem," Ehrenburg said, "is their population. They have so many people and the population continues to grow. The larger China gets, the greater the danger."

Mr. Salisbury found that many other highly placed Soviets took the same view and even "spoke of the danger of actual war between Russia and China."

And these words from retired General Gavin: "The real enemy in Southeast Asia

is Communist China. China is the power that is providing the means for Ho Chi Minh to fight."

President Bourguiba, speaking as the moderate leader of a North African Arab nation, is even more explicit.

"By inciting Hanoi to intransigence," he said, "China seeks nothing less than to confound its opposing Soviet brother, and to prove that guerrilla warfare can get the better of the American Army."

"The world would be in danger the day that . . . America decided to go back to her former isolationism. China would seize control of all the countries in the region and would wrest leadership of the Communist world from Moscow. And that would be the end of world peace."

"The North Vietnamese are mistaken about who their enemies are: those who incite them to fight the Americans are the very ones waiting for the moment to enslave them—the Chinese."

This is why Prime Minister Lee of Singapore joins in warning that unchecked Chinese expansionism imperils the independence of all the nations of Southeast Asia.

And this is why the United States is acting to halt Asian Communist expansion-by-force at the Vietnamese gate—to defeat aggression at its start in order to avert worse war under worse conditions with worse casualties.

*Pres file*~~SECRET~~

Tuesday, November 21, 1967 -- 8:15 a.m.

Mr. President:

You may wish to go over this list of issues we shall confront in the weeks ahead, although decision is not required today:

- response to NLF proposal for longer cease-fires at Christmas, New Years, and Tet;
- Southpaw: ARVN operations inside Laos against enemy bases.
- What we do about Cambodian bases -- now surfaced.
- How we present order of battle statistics:
  - MACV is completing retrospective estimate, including previous underestimate of guerilla forces;
  - intelligence community in Washington has not done retrospective estimate;
  - danger is press will latch on to previous underestimate and revive credibility gap talk.

(My recommendation is that Gen. Westmoreland present new order of battle statistics in context of year-end review in Saigon of changing course of the war in 1967 as opposed to 1966 -- removing emphasis from statistics themselves.)

W. W. Rostow

DECLASSIFIED

Authority NLS-CBS 19  
By iss, NARS, Date 6-22-84

WWRostow:rlh

~~SECRET~~



44

ACTION

Monday - November 20, 1967

*Pres file*

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Appointment for Salvadorean President's Son

Stuart Morrison, Director of the privately operated (Copley Newspapers) exchange program "Operation Amigo", has sent us the attached letter from President Sanchez from El Salvador. President Sanchez informs you that his 15-year old son, Manuel Vicente, is in the United States travelling under the "Operation Amigo" program.

Morrison's ploy is to have you invite Manuel Sanchez to stop by as you did President Frei's son when he toured the US under "Operation Amigo" auspices earlier this year.

Would you be willing to see the boy for a few minutes when he passes through Washington? If you prefer not to, we can make polite excuses without injuring sensibilities.

W. W. Rostow

Attachment

Letter of October 25, 1967 from El Salvadorean President

Will see him \_\_\_\_\_

Prefer not to \_\_\_\_\_

See me \_\_\_\_\_

*11/22/67  
Jim Jones telephoned  
Mr. Rostow & said  
Pres. will see  
Pres. Sanchez's son.  
Wm. Bowden to  
arrange time with  
Jim Jones*



44a

Translation  
of  
Letter to President from Salvadorean President Fidel Sanchez Hernandez

( S E A L )

President  
of the  
Republic of El Salvador

San Salvador, October 25, 1967

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

Through Mr. Stuart Morrison, Director of "Operation Amigo", I have the honor of informing Your Excellency that my son, Manuel Vicente, will form part of a group of 25 students who under the sponsorship of "Operation Amigo" will travel to San Diego, California, on November 7, by invitation of "Copley Newspapers".

I am very pleased that my son is a part of this program which has made possible for 400 Salvadorean youths to visit different places in the United States of America under the sponsorship of this magnificent operation which promotes the ties of friendship between our people.

With personal regards, I am

Sincerely,

/s/ Fidel Sanchez Hernandez  
President of El Salvador



Limited Official Use

Monday - November 20, 1967

45  
ACTION

Pres. file

11/21/67

Mr. Bowdler  
telephoned  
S/S

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Issues Raised by Jamaican Prime Minister Shearer

During Prime Minister Shearer's visit last month he raised two matters:

Jim Jones  
telephoned  
okay to Mr. Roston  
Mr. Roston notes  
on Bowdler

- more AID concessionary lending to Jamaica.
- continuation of PL 480 assistance.

You asked that we look into what we might do to help.

This is where we come out after careful review:

AID Concessionary Lending

In recent years Jamaica has been a member of the club of countries -- along with West Germany, Japan, Israel and Mexico which have maintained a high level of economic growth: over 7% per annum. It has done so largely through substantial private domestic and foreign investment. Jamaica's problem is, therefore, not to achieve a high growth rate but to maintain the current level.

The two weak spots in the Jamaican economy are unemployment and low agricultural production. To help in these areas, AID has programmed \$3 million for FY 1968 and \$6 million in FY 1969, in development loans, technical assistance and PL 480.

Jamaica's political stability, the rate of domestic and foreign private investment and generally favorable economic position, does not justify AID putting a lot of "soft" money into the island. With the cuts in foreign aid, other countries will have a higher claim on scarce resources.

Nevertheless, AID is prepared to consider, subject to the availability of funds, loans which will enable or induce Jamaica to undertake reforms of real significance, particularly in education and agriculture. These loans would be on terms concessionary enough to make the reforms attractive but also tailored to Jamaica's economic capacity.



While this is not as forthcoming as the Jamaicans might wish, it is the only position appropriate to AID's status as a lender of last resort and to Jamaica's economic position.

PL 480 Assistance

Prime Minister Shearer left the impression that we were drastically cutting back on PL 480 assistance. This is not the case. (See Tab B for amount and value figures). What has taken place over the past 18 months is a shift away from dole-type feeding of adult indigents to maternal and child feeding. This is in line with your letter to Prime Minister Bustamante in August 1966 (Tab C).

The shift was for two reasons:

- a policy decision last year to give a higher priority to productive food programs like child-maternal feeding.
- the determination of the voluntary agencies in Jamaica to get out of indigent feeding because of the serious difficulties in administering the program.

The phase-down on indigent feeding will be completed by June 30, 1968. It was done over a two-year period to cushion the effect. The Jamaican Government knows of the target date.

While AID is not prepared to resume the indigent feeding program, because of the unhappy past experience, it is willing to expand child-maternal welfare feeding if the Jamaican Government requests it.

I recommend that the response to Prime Minister Shearer be handled by State along the lines of the proposed telegram at Tab A.

W. W. Rostow

Telegram OK \_\_\_\_\_

Hold up, see me \_\_\_\_\_.

Attachments - Tabs A, B & C.



A 45a  
Limited Official Use

Proposed Joint State/AID Message to American Embassy Kingston

SUBJECT: Matters raised by Prime Minister Shearer in Washington  
on October 13, 1967

1. As reported earlier, Shearer raised two matters in Washington:
  - a. AID concessionary loans for Jamaica.
  - b. the level of PL 480 assistance.
2. Informing Prime Minister Shearer that you are acting upon Washington instructions, Embassy/USAID should discuss items a and b with him along the following lines:
  - a. Within availability of AID funds and taking into account the fact that AID is by statute lender of last resort, AID is prepared to discuss with Jamaican Government limited number of developments loans which could have the effect of enabling Jamaica to take high priority actions having significant effect in accelerating Jamaican development. Terms of such loans, while concessionary, would be negotiated in light of particular purposes and in light of Jamaica's favorable economic situation.

- b. Given compelling reasons which lead US to assign highest priority to school, child, and maternal feeding on world-wide basis we are not prepared to abandon plans for orderly phaseout of dole-type feeding of adult indigents. US is, however, prepared consider further enlargement of child-maternal welfare feeding programs if requested by Jamaican Government.
3. Please reiterate to Prime Minister Shearer that President Johnson was pleased to have had an opportunity to talk with Shearer and that President Johnson renews his best wishes to Shearer and to Jamaican people.
4. For your guidance: In discussing paragraph 2-a, above, with Jamaicans, please be careful to convey to them a clear sense that AID cannot necessarily be expected make any loan in any particular year. Furthermore, AID must be highly selective with regard to projects proposed and would be unwilling to consider particular proposals which in AID's opinion have only minimal development significance.

B  
456PL 480 ProgramsJAMAICA

FY 1966 (Title III)	Supplied	16,970,000 lbs.
	CCC Value	\$1,559,000

Recipients:

Maternal and child feeding	202,900
Other	<u>70,245</u>

Total	273,145
-------	---------

FY 1967 (Title III)	Approved	16,137,000 lbs.
	CCC Value	\$1,504,000

Recipients:

Maternal and child feeding	201,860
Other	<u>46,880</u>

Total	248,740
-------	---------

FY 1968 (Title III)	Approved	4,932,000 lbs.
	CCC Value	\$331,000

(Title II)	Approved	9,050,000 lbs.
	CCC Value	\$1,545,000

Totals	Approved	13,982,000 lbs.
	CCC Value	\$1,876,000

Recipients:

Maternal and child feeding	231,200
Other	<u>26,950</u>

Total	258,150
-------	---------



THE WHITE HOUSE  
WASHINGTON

August 18, 1966

DECLASSIFIED  
E.O. 12356, Sec. 3.4  
NIJ 94-479  
By cl, NARA, Date 4-5-95

Dear Mr. Prime Minister:

I appreciate the frankness with which you have written me concerning our Food for Peace Program in Jamaica.

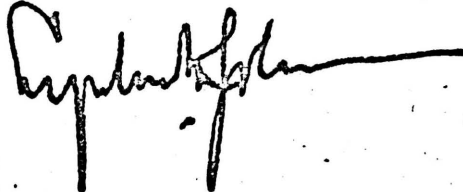
As was explained to your Acting Prime Minister when he was in Washington last month, increasing world demands for food have sharply reduced our existing food surplus. In order that adequate assistance may be made available to programs benefiting the children of the world, the group most vulnerable to malnutrition and most dependent on the help of others, we have made a decision to give lowest priority to family feeding type programs. This policy is being applied world-wide. As you point out in your letter, the shift from a family feeding program to assistance to children in Jamaica will take place gradually so as not to cause undue hardships.

I understand that representatives of our two countries have already discussed the possibility of expanding the school luncheon and maternal child welfare programs. We would be pleased to consider proposals for additional commodity assistance for programs of this type. If we can agree on such proposals, there is no reason why the existing level of food commodity assistance to Jamaica cannot continue and possibly expand.

Again, Mr. Prime Minister, I thank you for the confidence with which you have written me. It is a measure of the deep and long-standing good-will which exists between our two countries.

I send you best wishes for your continued good health and happiness.

Sincerely,



The Right Honorable  
Sir William Alexander Bustamante  
Prime Minister and Minister of External Affairs  
of Jamaica  
Kingston.



DECLASSIFIED

Authority 769 85-316  
By ng/wsp, NARA, Date 12-4-91

SECRET

Monday, November 20, 1967

*Free file*

Mr. President:

I could not get Westmoreland and Bunker together because of Bunker's schedule today, but I had a good lunch in my office with Westy and put to him the key propositions in Bob McNamara's memorandum.

1. A bombing stand down in North Viet Nam except in the tactical area across the DMZ if they continue to press at the DMZ. He was against such a policy. Effective bombing operations against the logistical system requires pressure throughout that system, from the Chinese Communist border all the way south. He wants to keep the northeast railway lines cut or harassed; he wants to continue complicated shipments out of Haiphong to Hanoi and south. He wants to keep destroying the temporary bridges which they put in.

When I pressed him on the question of Hanoi-Haiphong area, he said: bombing south of the 20th parallel is "absolutely essential." He would prefer to see bombing continued all the way to the Chinese Communist border.

2. Announce that our present U.S. troop ceilings are the limit of our commitment. He said that in one sense the issue is academic because they will not all be there for a year; although he is satisfied that the present troop shipment schedule is as tight as it can be. On television he said he would pass judgment on the adequacy of the troop level at the time when the 525,000 are in place. He believes it would be "foolish" to announce now that 525,000 is our limit, although obviously we hope that it will prove to be the maximum requirement.

3. Forego ground operations in North Vietnam; Laos; and Cambodia. With respect to North Vietnam, he would like for us to have the capability to raid North Vietnam in force above the DMZ in May-June of next year -- the earliest time that might be technically possible. He is not now recommending such an operation; but he thinks it important that we have such an option if our DMZ position requires it at that time.

With respect to Laos, he has been discussing with Bob McNamara some very limited operations by South Vietnamese forces, which would get at certain critical base areas now being used in Laos to support operations against us in the highlands. In addition, there is an area in southeast Laos which is used as a rocket storage base which he would like to get at come next March, again with South Vietnamese troops. These would be raid operations designed to make the enemy uncertain of his sanctuary. Therefore, although a formal recommendation

—SECRET—



~~SECRET~~

-2-

has not yet come to us from him, he would not like us flatly to rule out the possibility of some limited raiding operations in Laos.

With respect to Cambodia, he is sensitive, of course, to the political problem. He believes there are "dozens even hundreds" of VC bases of the kind just discovered by the press inside Cambodia. Again, he is not now recommending any Cambodian operations but he does not wish to see them flatly ruled out.

4. No mining of Haiphong. He thinks we ought to make a maximum effort to throttle the flow of supplies from Haiphong into the country, but believes our present efforts to harass and isolate Haiphong are quite effective; and he understands well that they involve less risk than mining or attacking Soviet ships. Therefore, he is not recommending an attack on Haiphong harbor.

5. No attack on dikes. He is not at all sure the Air Force has a realistic capability for destroying the dikes; and the effort to destroy them would raise tremendous political problems. He does not recommend, therefore, an attack on the dikes.

6. Maintain progress with lesser U.S. casualties and destruction inside South Vietnam. Westy's reply to this point was, simply, that is his "constant endeavor." Every operation is undertaken with a view to minimizing our own and South Vietnamese civil casualties. On the other hand, he cannot permit his tactical operations to be controlled by these criteria. In this context, he noted that certain technical devices now coming into use would tend to make our bombing attacks in South Vietnam more accurate and otherwise help to limit casualties.

7. Transfer functions to the ARVN. Over the next two years this is Westy's central purpose. Elements in a program have been studied; but a mature operational program to transfer functions does not yet exist. One reason for his statements in the U.S. about the ARVN and the U.S. phase down within two years is to give him leverage, when he goes back, to both elevate the South Vietnamese -- by recalling the confidence he showed in them in the U.S. -- and to pressure them in the direction of better performance and more responsibility. He is extremely conscious that one of our tasks is not merely to achieve our immediate purpose in Vietnam but to leave behind a military establishment capable of looking after itself increasingly.

With respect to Bob McNamara's two central propositions, then:

-- Westy is against a new announced program of stabilization, although he does not now envisage more U.S. troops and actively wishes to

~~SECRET~~

~~SECRET~~

- 3 -

see the ARVN take over more functions;

-- He is flatly against a bombing stand down for reasons set out in paragraph 1, above.

W. W. Rostow

WWRostow:rlh

~~SECRET~~

INFORMATION

47

Monday, November 20, 1967  
7:00 p. m.

Mr. President:

Herewith Gen. Wheeler thanks  
you on behalf of the JCS over the  
Veterans Day week end.

W. W. Rostow

W. W. Rostow:rlh



48  
*Profile*

Monday,  
November 20, 1967

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Letter to Thai Prime Minister

Following up on your instructions, we have redone the proposed letter to the Thai Prime Minister. The note of urgency which you suggested is contained in the new second paragraph. This, I think, should do it. State has approved this text.

W. W. Rostow

Att.

Text approved \_\_\_\_\_

Text disapproved \_\_\_\_\_

See me \_\_\_\_\_

November 20, 1967

48a

Dear Mr. Prime Minister:

I have learned with great satisfaction of your Government's decision to send a division of Thai troops to Viet-Nam. In your letter to me of September 21, you noted that Thailand had never felt more conscious of its responsibilities for the maintenance of peace and stability in Southeast Asia. I congratulate you on your Government's present action, which demonstrates to the world how seriously Thailand regards its responsibilities. It also shows that Thailand recognizes the aggression against South Viet-Nam as a threat to Thailand and to the entire region of Southeast Asia.

As you know, in response to General Westmoreland's request, we have raised the level of United States forces in Viet-Nam to 525,000 men and are making every effort to deploy these troops to the field as rapidly as possible. I hope that for your part, it would be possible to dispatch your most welcome contribution to Viet-Nam at the earliest possible date. Ambassador Unger and General McCown are prepared to render any necessary assistance in this connection.

I am aware of your concern over the threat to your security from Communist activities within your borders. As you know, we are continuing to seek ways to assist you in meeting this problem.

Sincerely,

*J. Lyndon B. Johnson*

His Excellency  
Field Marshal Thanom Kittikachorn  
Prime Minister of Thailand  
Government House  
Bangkok

DECLASSIFIED  
E.O. 12356, Sec. 3.4  
NLJ 94-479  
By 06, NARA, Date 4-5-95

LBJ:WJJorden:pas:11/20/67



49  
ACTION

Monday - November 20, 1967

*Pres file*

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Reply to Telegram from President Leoni of Venezuela

On November 1 President Leoni sent you a cable (Tab B) expressing concern over the protectionist bills pending in the Congress and complaining that we had not done enough, pursuant to the Punta del Este talks, to help Venezuela on petroleum exports.

We do not know whether President Leoni's complaint reflects unawareness of what we have done on Venezuelan oil since Punta del Este or simply continued unhappiness that we do not give Venezuela the preferential treatment he wants.

The steps we have taken in recent years to assure Venezuela participation in the growth of our market are:

1. made the Canadians limit their oil exports to the US through 1971, which assures a small increase for off-shore suppliers but more importantly protects them from a reduction which was inevitable from the unchecked Canadian exports.
2. established a high level for petroleum product purchases by our defense establishment from Caribbean sources.
3. required Puerto Rican refineries and petro-chemical facilities to use crude and feedstocks produced in this hemisphere.
4. removed import restrictions on residual, including no. four fuel oil.
5. placed no restrictions on imports of bonded jet fuel.

Of these five steps, the two producing the greatest benefit for Venezuela (nos. 1 and 4) were taken following your talks with President Leoni at Punta del Este.

At Punta del Este you also mentioned our willingness to help on desulfurization and to increase asphalt imports. We are doing the former. On the latter, Secretary Udall has run into difficulties, but the amount of the possible increase is so small that the Venezuelans have lost interest in it.



State has prepared the proposed reply at Tab A, which lists the five steps mentioned above and notes the technical level talks now underway on a limited Western Hemisphere preference which Tony Solomon advanced two years ago and the Venezuelans at that time turned down as inadequate. They are now interested in reviving the proposal.

I recommend you sign the letter. (Tab A).

W. W. Rostow

Attachments

Tab A - Proposed letter to President Leoni.

Tab B - Telegram from President Leoni, November 3, 1967.

Approve \_\_\_\_\_

Disapprove \_\_\_\_\_

See me \_\_\_\_\_.



49a

**DECLASSIFIED**  
**E.O. 12356, Sec. 3.4**  
**NLJ 74-479**  
**By CB, NARA, Date 4-5-95**

NOV 21 1967

Dear Mr. President:

Thank you for the telegram of November 1 in which you expressed your concern over the possibility of action by the United States Congress to restrict imports into this country. As you know, I have publicly expressed my opposition to these legislative proposals because of the unfortunate effects they will have on the vital interest of my country in foreign trade, as well as our interest in the welfare of our trading partners.

Concerning the specific problem of the petroleum trade between our countries, I am happy that we have made real progress toward the goals we discussed at Punta del Este. Since my letter to you of August 8, we have advanced to an understanding with the Government of Canada by which it has agreed to limit its oil exports to the United States through 1971. On the question of what follows 1971, the Government of Canada is aware of our intention to re-examine our understanding with them at that time. Thus, despite the difficulties of negotiation, I believe that we have obtained a reasonable understanding with Canada which will assure participation by Venezuela and other off-shore suppliers in the growth of our market, as we undertook to do at Punta del Este.

In addition to the measures we discussed at Punta del Este, my government has found other ways of improving Venezuela's opportunity to share in United States market growth whenever it is politically and economically feasible. Taking the picture as a whole, a considerable number of measures have been taken of benefit to Venezuela. The Department of Defense has established a



high level for petroleum product purchases from Caribbean sources. The petroleum refineries and petrochemical facilities in Puerto Rico have been required to utilize crude oil and feedstocks produced in this hemisphere. You are aware of our action to grant freely licenses for the import of residual fuel oil, including number four fuel oil. Our imports of bonded jet fuel, which represent an expanding market for Venezuela, are not restricted by the import program. We will continue these and other efforts, and although it may not be possible fully to satisfy Venezuela's aspirations, our information is that the outlook for overall Venezuelan oil exports in 1967, and exports to the United States in 1968, is excellent.

The meetings between my Secretaries of State and Interior and your Minister of Mines and Hydrocarbons at the end of October, and the technical talks between their staffs which have followed, were welcomed by my government as in the spirit of these efforts. I am confident that through these frank and friendly discussions we will continue to seek ways and means within the context of our oil imports program toward strengthening the Venezuelan position in the United States market and the traditionally close relations between our two countries.

With my personal best wishes,

Sincerely,

His Excellency  
Raul Leoni Otero  
President of the Republic of Venezuela

LBJ/WGBowdler:mm  
11/20/67



50

ACTION

*Pres file*

Monday, November 20, 1967

Mr. President:

Attached, for your signature, is a warm congratulatory message to the President of Finland on the occasion of the 50th anniversary of Finnish independence on December 6. The message will accompany a map case which State feels will be an appropriate U.S. gift.

W. W. Rostow

*RHU*  
RHU:em

50a

November 21, 1967

Dear Mr. President:

As Finland enters its second half-century of independence, the American nation joins with me in extending to you and to the people of Finland our warm congratulations.

Our two countries share national goals of liberty, peace, and economic and social justice. We share a common dedication to free and democratic government as a means of achieving these goals. These are strong bonds, and they will, I know, serve in the future, as they have in the past, to strengthen the friendship which has so happily characterized our relations.

Sincerely,

/s/ Lyndon B. Johnson

His Excellency  
Urho Kekkonen  
President of the  
Republic of Finland

LBJ:RHU:em (11/21/67)

*RM*

Monday, November 20, 1967--4:00pm

51

Mr. President:

Attached, for your signature, is a proposed letter to Pakistani President Ayub on the Mangla Dam dedication (November 23).

*For file*

Each delegation will be carrying a congratulatory message from its head of state. Governor Harriman would like to read your letter during his remarks at the dedication, and then hand the signed original to Ayub. This will give us much more mileage than a routine message sent by telegram.

Harriman and his delegation leave tomorrow morning.

W. W. Rostow



ww R  
51a  
/

NOV 20 1967

Dear Mr. President:

There are many monuments to the energy, imagination and hard work of the people of Pakistan. But none is greater than the achievement you celebrate today. The dam at Mangla fulfills man's oldest and most noble dream: to harness nature for the lasting benefit of all.

Mangla has been called -- and justly so -- a model of development projects. It is a triumph of human skill and humane purpose. Its one million kilowatts of light and power will brighten the lives of tens of millions. Its vast irrigation waters will enrich countless fields and farms. In the building, Mangla has become a model of organization and management which will be followed wherever man seeks to cast out the darkness of poverty and despair.

Yet, Mr. President, you dedicate today something even greater than a feat of engineering and good planning. For Mangla is also an inspiring example of international cooperation. It is the work of many nations -- impressive proof that our common purpose is best served by common action.

I know this is an immensely proud and joyous day for you and for the people of Pakistan. The United States is proud to have had a part in your achievement. All Americans share your joy.

With hearty congratulations and warmest personal regards,

Sincerely,

*Lyndon B. Johnson*

*Lady Bird & I often think of you and wish for you the best in life.*

His Excellency

Mohammad Ayub Khan, H. Pk., H. J.

President of the Islamic Republic of Pakistan

Rawalpindi

LBJ/EKH/RPM/vmr

11/20/67

57c

LIMITED OFFICIAL USE

Embassy Lima's 2212, November 12, 1967

Subject: Military Aircraft

1. Washington Star correspondent Jerry O'Leary has informed Embassy officers of his November 10 interview with Peruvian War Minister Doig. According to O'Leary, Doig appears far less emotional and more reasonable in his approach to problems arising from the Mirage purchase by the Government of Peru. O'Leary gained the impression that Doig believed there might still be room for negotiation. Surprisingly, Doig referred to a previous instance in which the Peruvians had backtracked on contracts with the French. Doig recalled that Peru had switched to US helicopters after an earlier commitment to the French once the United States had reversed its policy on helicopter sales. Doig also went out of his way to praise General Harold K. Johnson, United States Army Chief of Staff, who, Doig said, is a firm and understanding friend. In this connection, Doig recalled General Johnson's assistance in helping the Peruvian Army to obtain 105 mm. howitzers. O'Leary, although unsure as to how much effective influence Doig could exercise over Peruvian Air Force Chief General Gagliardi, believes that with Doig, there is still room for maneuver on the Mirage/F-5 question while he gained the opposite impression from his conversation with General Gagliardi.
2. Doig mentioned his concern (or unspecified reasons) over the Ecuadorian threat to Peru.
3. O'Leary also reports that at the conclusion of the interview he queried Doig directly on published accounts that Doig is being singled out as the most probable leader of a military coup should the internal situation in Peru continue to deteriorate. Doig treated the question with humor and made the point that the Peruvian Military is now a professional institution unlike the situation existing previously when "twenty or thirty" military interventions had occurred.

INFORMATION

52

Tuesday, November 21, 1967  
2:10 p.m.

*Pres file*

Mr. President:

You will wish to see this dignified  
and gracious response to your letter  
to Mrs. Gustav Hertz.

W. W. Rostow



53

~~SECRET~~

Monday, November 20, 1967  
2:10 p.m.

Mr. President:

I have done the agenda this time  
as far as possible guide to your handling  
tomorrow's breakfast.

W. W. Rostow

P.S. The attached summary of  
everyone's priority lists may interest  
you.

W. W. R.

DECLASSIFIED

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

White House Guidelines, Feb. 24, 1983

By rlg, NARA, Date 12-3-91

~~SECRET~~

53a

Breakfast Meeting With the President  
Tuesday, November 21, 1967, 8:30 a.m.

AGENDA

DECLASSIFIED  
E.O. 12356, Sec. 3.4  
NLJ 94-479  
By CG, NARA, Date 4-5-95

I. Priorities. (The President)

Are we agreed on priorities:

1. Get U.S. and other additional forces into the field as fast as possible.
2. Improve the ARVN (as well as Regular Forces and Popular Forces) and find ways of getting that improvement reported effectively.
3. Move the GVN forward visibly and as effectively as possible in anti-corruption campaign, including increased tax collections for higher salaries.
4. Get everything needed to make Komer's operation work: advisers, prisons, resources for roads, people, etc.
5. Do all we can to make government work and to develop effective and constructive relations between Executive Branch and the two legislative houses, including emergence of as big a government political party as possible.
6. Press Thieu into the most forthcoming position possible on <sup>reconciliation</sup> ~~reconstruction~~ and negotiations, including negotiating contacts with NLF.
7. Make the economic stabilization program work; encourage rural and urban development; encourage work on long-range development planning.

Above all, the Vietnamese, by what they do -- even if it is limited -- must gradually emerge towards the center of the stage.

(You may wish to ask for comments on this view from: Bunker, Westmoreland, Komer; and then Sec. Rusk and Sec. McNamara.)

II. Information Policy in Saigon. (The President)

- Ask Bunker when he will make a recommendation on Zorthian's successor.
- Ask Bunker and Westmoreland when they plan joint TV briefing.

~~SECRET~~

~~SECRET~~

-2-

-- Urge all three to pick one subject at a time and give Saigon press so factual and persuasive a briefing it can't be ignored; for example, an increasing ARVN ability and willingness to fight at night.

-- Remember the main front is here in the U. S. -- on this Hanoi and Washington agree. And the U. S. front is primarily affected by what the Saigon press corps and TV crews file.

### III. Momentum. (The President)

We are all aware that the Vietnamese have limited capacity and must concentrate on a narrow front; therefore, our approach to them must be in terms of clear priorities.

The same holds for us; for example, AID must be concentrated and reduced in activities other than pacification.

But within those priorities we must drive hard to gather momentum -- that is the key to support at home and the confidence the Vietnamese need to take over increasingly.

### IV. Loose Ends. (The President)

You may wish to go around the table and ask each one if there are any specific matters that were not settled during the week and require follow-up.

### V. BUTTERCUP.

You may wish to ask Sec. Rusk and Sec. McNamara, plus Amb. Bunker, to withdraw for a brief discussion of the next stage of BUTTERCUP.

W. W. Rostow

WWRostow:rlh

~~SECRET~~



~~SECRET~~

PROPOSED PRIORITIES - SHORT TERM (6 MONTHS)

53-b

Mission (Saigon 9096)

G. V. N.

State Department

1. Mobilization measures
  - a. Lowering draft age
  - b. extending service
  - c. recalling certain personnel
2. Reorganization of RVNAF
  - a. leadership training
  - b. improved logistics
  - c. morale services, Veterans programs
3. Reorganization of Civilian Administration
  - a. pay scales
  - b. improved training
  - c. increased flexibility and responsibility for province chiefs (e.g. reduced interference in civil and pacification matters by Corps & Division Commanders)
4. Vital Pacification Measures in Addition to Above
  - a. attack on VC infrastructure
  - b. expanded detention centers and related judicial measures
5. Attack on Corruption at All Levels
6. Economic Stabilization Measures
  - a. Increased taxes, particularly gas
  - b. Increased U.S. Rice Price
7. Peace to include willingness to seek peaceful settlement, seek out members of NLF and move towards reintegration through National Reconciliation

Peace, Democracy, Reform

1. Move toward negotiations
  - a. Approach to Hanoi
  - b. Mediation of other countries
2. Social
  - a. Attack on corruption
  - b. Reform admin. organization
  - c. Improve public services - water, electricity, transportation, public health, urban services
  - d. Protection of morals, juvenile delinquency
3. Economic stabilization
4. Restoration of order and national discipline
5. Youth - Encouragement to take part in civic actions
6. Austerity - Reduce gap between countryside & affluent cities

1. Anti-corruption
2. ARVN improvement
3. Anti-infrastructure
4. Building political institutions
5. Economic stabilization Program
6. National Reconciliation (Peace and negotiations) (Proper Military Stance)

DECLASSIFIED  
E.O. 12356, Sec. 3.4  
NEJ 94-479  
By CG, NARA, Date 4-5-95

~~SECRET~~

~~SECRET~~

- 2 -

JCS

1. Attack on VC infrastructure
2. Increased use of ARVN in integrated operations with US forces
3. Active area security and ARVN search and destroy against provincial battalions
4. Supplementing RD effort with locally trained teams
5. Additional US advisors for RF and PF
6. Opening and security of lines of communication
7. Various economic programs including universal elementary education, land reform and agricultural productivity

Komer (Top Pacification Priorities)

1. Attack on VC infrastructure
2. All-out effort to improve RF/PF
3. Reopen and upgrade key roads and waterways
4. RVNAF reorganization
  - a. improve territorial security
  - b. stronger role to Province Chiefs
5. Revivify Chieu Hoi Program
6. Step up refugee care, particularly in I Corps
7. Revamp and expand National Police with emphasis on Special Branch and Police Field in attack on VC infrastructure, refining of resources control and reducing corruption.
8. Improve RD teams and supplement them with other resources to reinforce local authorities

~~SECRET~~

Monday, November 20, 1967 -- 2:00 p.m.

*Pres file*

Mr. President:

Report from your amateur but aspiring salesman.

I think I can claim a share in the U.S. NEWS AND WORLD REPORT story on Vietnam, pages 50-51, and urging use of full text of Sato speech, pages 55-56.

I suspect Jack Sutherland also had a hand in the item on page 61.

BUSINESS WEEK. The Vietnam story, pages 35-36.

NEWSWEEK, via Elfin and Christopher, the stories on Vietnam, pages 36-41, and the Sato story, pages 49-50.

Although with Christopher I underlined the consequences of getting out of Vietnam, I confess a failure in persuading him to take the simple view that Southeast Asia has for long been regarded as a major U.S. direct security interest and that we were simply following through on it. He preferred to stay with the view which he arrived in my office; namely, that you can argue about whether our interest in Southeast Asia is vital; but there is no doubt about the cost of our getting out now.

I would also add this: It was an easy week, basically, with Sato, Bunker, Westmoreland, and a glorious press conference by the President.

W. W. Rostow

WW Rostow:rln



RICHARD WILSON

## Sato Visit to U.S. Enhances Vision of Pacific Era

It is no exaggeration to say that President Johnson and Japanese Prime Minister Eisaku Sato got along well. This marks a maturity of Japanese-American postwar relations which unquestionably will prove to be great of significance in what some people at the White House call the Pacific era.

Our relations with Japan are probably better than with England. We are becoming closer associated in Asia with a nation which will soon become the world's third greatest industrial power, exceeded only by the United States and the Soviet Union.

Sato blasted the myth that no major nation identifies with the United States in Vietnam. Japan's material aid to Vietnam will be increased. Japan will take greater risks in the operations of the Asian bank. Sato could act with confidence

in these matters because the government's measures of opinion in Japan show 70 percent back America's actions in Vietnam.

Japan has a noisy, headline-grabbing minority just like the United States, and just as prone to violence. But the underlying support for what Sato represents is strong. Japan has a way to go yet in raising its standard of living to the American and Western European level, but it is on its way.

Japan also will have to mature more in the ways of the real world before Okinawa and the Ryukus can be returned to her. This involves recognizing the necessity of U.S.-controlled nuclear weapons on Japanese bases, as is the case in West Germany.

The atomic-powered aircraft carrier, Enterprise, will soon make a journey to Japan to illustrate that nuclear energy has other purposes than to ob-

literate Hiroshima and Nagasaki. But it will be some years before the constitutional changes can be made and the public attitude altered to fit the realities of modern Japan confronted by Chinese nuclear rockets.

Few people in America yet have Johnson's vision of the Pacific era. The country as a whole was not responsive to his Asian trip last year. Korea's spurt forward arouses little interest in this country. Japan's steady climb to industrial eminence is more visible here in the form of the Sony electronic products and the new Japanese automobiles.

Japan is interested not only in America but in cooperation with the Soviet Union in the industrial development of Siberia.

All these matters are more real at the White House than with the American public at large. Australia's political reorientation toward America,

rather than England, as illustrated by Prime Minister Holt's frequent intimate visits with Johnson, is another factor in the White House vision of the Pacific era. Australia for the first time considers herself a part of Asia. Her trade with Japan is now greater than with England.

The alignment with Johnson's aims of the scrappy prime minister of Singapore, the new found compatibility with Indonesia, the modification in the attitude of Prince Sihanouk in Cambodia—all these things, too, are part of the vision of the Pacific era.

In that vision the war in Vietnam appears crucial. Without the protection of a freely chosen government in South Vietnam the Pacific vision fades into rhetoric. Johnson's critics would like to have it remain there. They do not believe in the Pacific vision. They consider it quixotic and unreal.

The rest of the country does not even understand it. The fighting in Vietnam is far off and limited in scope, and supported as stopping the advance of communism. The war is not seen in its true frame as guaranteeing eventual Asian regional cooperation with the United States playing a leading, fraternal and profitable part.

Johnson's vision races some years into the future and beyond the final settlement of the Vietnam war to the time when a more tractable China can play its part in regional Asian cooperation along with North Vietnam.

The Sato visit did nothing to destroy the Pacific vision but enhanced it greatly. The Japanese have much to gain from the Pacific vision and so does South Vietnam and North Vietnam as well.

55

INFORMATION

~~SECRET~~

Monday, November 20, 1967  
12:45 p.m.

Mr. President:

The first two summary pages  
of this N. I. E. may interest -- but  
nbt surprise -- you.

W. W. Rostow

NIE 22-1-67

~~SECRET~~

DECLASSIFIED  
E.O. 12356, Sec. 3.4(b)  
White House Guidelines, Feb. 24, 1983  
By AB, NARA, Date 12-3-91

WWRostow:rln

ACTION

56

Monday, November 20, 1967  
11:35 a.m.

Pres file

Mr. President:

At. Mrs. Johnson's request  
Elspeth paid some particular attention  
to Mr. Hugh Bullock at dinner the other  
night. One result is the attached  
invitation.

Should I accept?

W. W. Rostow

Yes ☒           
No           
See me         

WWRostow:rlh





CALVIN BULLOCK FORUM  
ONE WALL STREET  
NEW YORK 10005

56a  
November 17, 1967

The Honorable Walt W. Rostow  
Special Assistant to The President  
The White House  
Washington, D. C. 20050

Dear Mr. Rostow:

The President is dead right on Viet-Nam. He is dead right on the tax question. Won't you come to our Forum and say so?

Once or twice a month a remarkably prominent group of business men gathers at One Wall Street to hear a speaker discuss some matter of major interest to the business world.

Such meetings are usually held in mid-week and begin at four o'clock sharp. The talk lasts half an hour and is followed by a quarter hour question period.

Everything said is off the record. This permits unusually intimate addresses and discussions.

A partial list of speakers is enclosed. Their eminence and the character of the audience have given this institution an international reputation.

Won't you honor us by talking to our members on November 30 or December 13 or December 14? If another date would be better for you perhaps my assistant, Mr. Converse, could arrange it by telephoning yours.

I know what pressure you are under but consider whether you and Mrs. Rostow could slip off afterwards to dinner and a theatre of your choosing with us.

Very sincerely,

*Hugh Bullock*

HB:m  
encl.

57  
Pres file

Monday, November 20, 1967 -- 11:00 AM

~~CONFIDENTIAL~~

SUBJECT: Talking Points for your meeting with Messrs. Perkins, Black  
and Rockefeller -- ~~1:00~~ PM today  
12:15

This is a delegation from Jim Perkins' General Advisory Committee on Foreign Assistance Programs (membership at Tab A). They will give you a memorandum proposing that the Perkins Committee do a complete restudy of foreign aid -- problems, programs and presentations -- with a report to you after next year's election. If you want them to do the study, they will ask you to issue a press statement appointing them to this task, and they will ask then to direct the Bureau of the Budget to find \$500,000 or so to finance the study operation.

You know my views on this proposal. I think this group is first-rate on all counts, professional and political. They would do at least as thorough a review as any blue-ribbon panel you could name and they ~~are~~ probably the only bipartisan group you are going to find which will be willing to look constructively at the aid program in an election year. Thus, I think it would be very useful for them to do the study.

But there is another side of the question. If you select them publicly as a chosen instrument to do your thinking on foreign aid, it could (1) cut down your flexibility on this issue during the campaign, (2) make the 1968 Aid Program a lame duck and a target for cuts even deeper than this year's, and (3) get you into a public rather than a private argument with the Committee in January 1969 if you decide not to buy the recommendations. I am told that, with the Commission on Civil Disorders sopping up most of the money around town, the Budget Bureau would also have a problem dunning agencies for contributions to an independent budget for the study group.

Therefore, Joe Califano and I recommend you take the following line with the Perkins group:

1. You have enormous respect for the group and you want very much to have their views on foreign aid.
2. You hope that the Committee will proceed with the study immediately, and that it will be the most comprehensive job they can manage. The President will be an enthusiastic customer for their product, though of course he cannot guarantee he will accept the recommendations therein.

~~CONFIDENTIAL~~

DETERMINED TO BE AN ADMINISTRATIVE  
MARKING. CANCELLED PER E.O. 13526,  
SEC. 1.3 AND ARCHIVIST'S MEMO OF  
MAY 18, 1983.

BY 18 ON 12-11-91



3. However, the public announcement aspect of the problem presents real problems. It might well hurt the AID appropriation bill in the Senate, it might be used as an excuse to slash the aid appropriation even more deeply next year, and it would damage morale and operating efficiency in AID during the fourteen months between now and January 1969. (These gentlemen know how ICA and DLF suffered during the reorganization task force operation in 1961.)
4. There is a similar problem with setting up and announcing a separate budget for the study group in terms of both other requirements (Commission on Riots) and the atmosphere on the Hill.
5. Moreover, the Perkins Committee is already established to do jobs precisely of this kind. It has a public mandate from the President. The beauty of it is that, unlike ~~some~~ other advisory committees, it can take on this big and difficult job without forcing the President to a public announcement which inevitably discredits the present program.
6. Therefore, you suggest that the Committee:
  - Go ahead with the study. (You might promise to direct Gaud and Katzenbach to beg, borrow and steal the people and the administrative money necessary to run it. This should be workable for them.)
  - Do so on a quiet, business-as-usual basis.
7. This low-key procedure does not represent any lack of Presidential interest in this enterprise. The Committee has the President's absolute assurance that he will support the study while in progress and give a full and sympathetic hearing to the recommendations which emerge.
8. You know that this is not a decision the delegation can make on the spot -- they will have to check with their cohorts. You hope they will let you know their decision.

W. W. Rostow



AUGUST 17, 1967

Office of the White House Press Secretary

THE WHITE HOUSE

The President announced today the appointment of three new members to his General Advisory Committee on Foreign Assistance Programs.

They are:

Dr. Theodore M. Hesburgh, of Notre Dame, Indiana  
(President, University of Notre Dame)

Mr. Rudolph A. Peterson of San Francisco, California  
(President, The Bank of America)

Dr. Frank Stanton of New York City  
(President, Columbia Broadcasting System)

The General Advisory Committee, chaired by Dr. James A. Perkins, President of Cornell University, was established by the President on March 26, 1965, to advise him, the Secretary of State, the Secretary of Defense, the Director of the Bureau of the Budget, the Administrator of the Agency for International Development and other Departments and Agencies on a continuing basis concerning policies, problems and implementation of foreign assistance programs.

In addition to Chairman Perkins and the new appointees, the other members of the Committee are:

Mr. Dwayne O. Andreas, Chairman, Executive Committee,  
National City Bank of Minneapolis

Mr. Joseph A. Bierne, President, Communications Workers of  
America

Mr. David E. Bell, Vice President, The Ford Foundation

Mr. Eugene R. Black, Special Presidential Advisor for South  
East Asian Economic and Social Development

Mrs. Everett N. Case, Chairman, Board of Trustees,  
Skidmore College

Dr. Luther H. Foster, President, Tuskegee Institute

General Alfred M. Gruenther, former President of the  
American Red Cross

Dr. J. George Harrar, President, The Rockefeller Foundation

Mr. William R. Hewlett, President, Hewlett-Packard Company

Prof. Edward S. Mason, Lemont University Professor,  
Harvard University

Mr. George Meany, President, AFL-CIO

Dr. Franklin D. Murphy, Chancellor, University of California at L. A.

MORE

Mr. David Rockefeller, President, Chase Manhattan Bank

Mr. William J. Zellerbach, President, Zellerbach Paper Company

The Committee conducts its studies and reviews in Washington and in the countries where the assistance programs are carried on. To date, almost all of the members have visited U.S. Missions abroad on behalf of the Committee; 33 aid-receiving countries have been visited by at least one member of the Committee.

The Committee has held nine two-day meetings to date, including sessions with the Secretary of State, Secretary of Defense, Secretary of Health, Education and Welfare, Director of the Peace Corps, President of the World Bank, President of the Export-Import Bank, the Administrator of A.I.D., as well as staff representatives of all of these departments, agencies and institutions. The ninth meeting was held on June 20 and 21, 1967, and a tenth meeting is scheduled for September 11 and 12, 1967. No regular schedule of meetings have been adopted, though they have been held at approximately quarterly intervals.

# # #



58

Monday -  
November 20, 1967

~~1. Prop~~  
2. Prop file

Mr. President:

Herewith a suggested reply to Sir Alexander Bustamante which you requested.

I have included a paragraph on your grandson, thinking that this would give the letter a personal touch and greatly appeal to Sir Alexander. If you decide to use this paragraph, I assume Juanita will know the picture you would like to send.

W. W. Rostow

Attachment



58a

November 20, 1967

Dear Sir Alexander:

I was so pleased to receive your personal letter of November 6. When the going gets a little rough, there is nothing that means more than a note of encouragement from a friend, especially one who has shouldered the responsibilities of state.

Since I last wrote to you, my daughter Luci has made us grandparents. I thought you and Mrs. Bustamante might enjoy having the enclosed photograph of young Patrick Lyndon Nugent and his proud grandfather.

I hope that you and your wife continue to enjoy good health. Lady Bird and the girls join me in sending best wishes.

Sincerely,

/s/ Lyndon B. Johnson

The Rt. Hon. Sir Alexander Bustamante  
P. C., Kt. B., LL.D., G. B. E.  
"Bellencita"  
P. O. Box 219  
Kingston 6, Jamaica, W.I.

LBJS/WGBowdler:mm

59  
INFORMATION

Monday, November 20, 1967  
8:05 a.m.

Mr. President:

This is how the charts look.

We shall be reproducing the  
explanatory memo this morning and  
making copies available to Barefoot.

W. W. Rostow

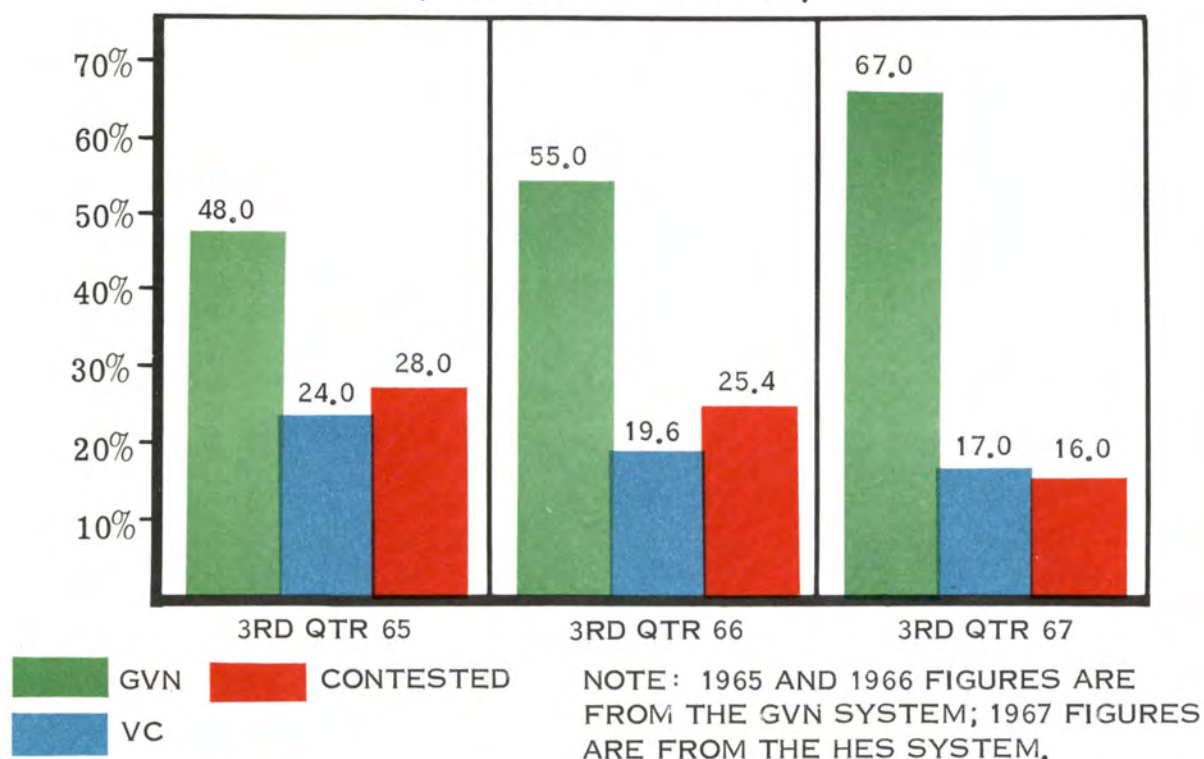
WWRostow:rlh



# STATISTICS ON THE WAR IN VIETNAM

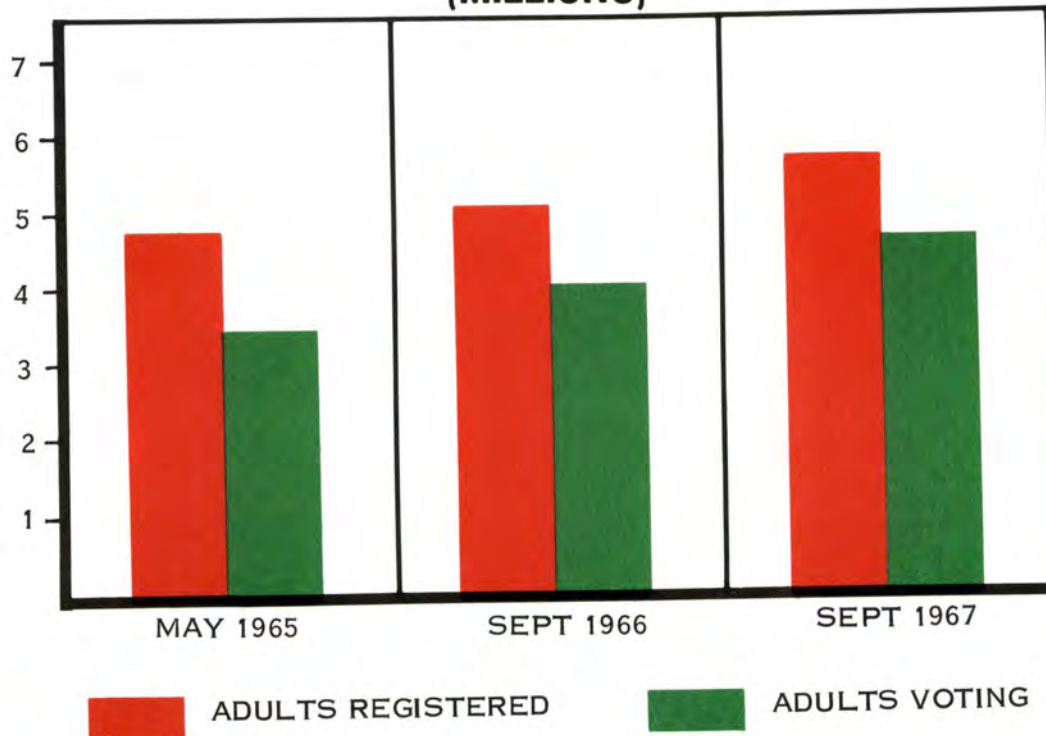
PREPARED BY MACV HEADQUARTERS  
SAIGON

## POPULATION DISTRIBUTION (MONTHLY AVERAGE)

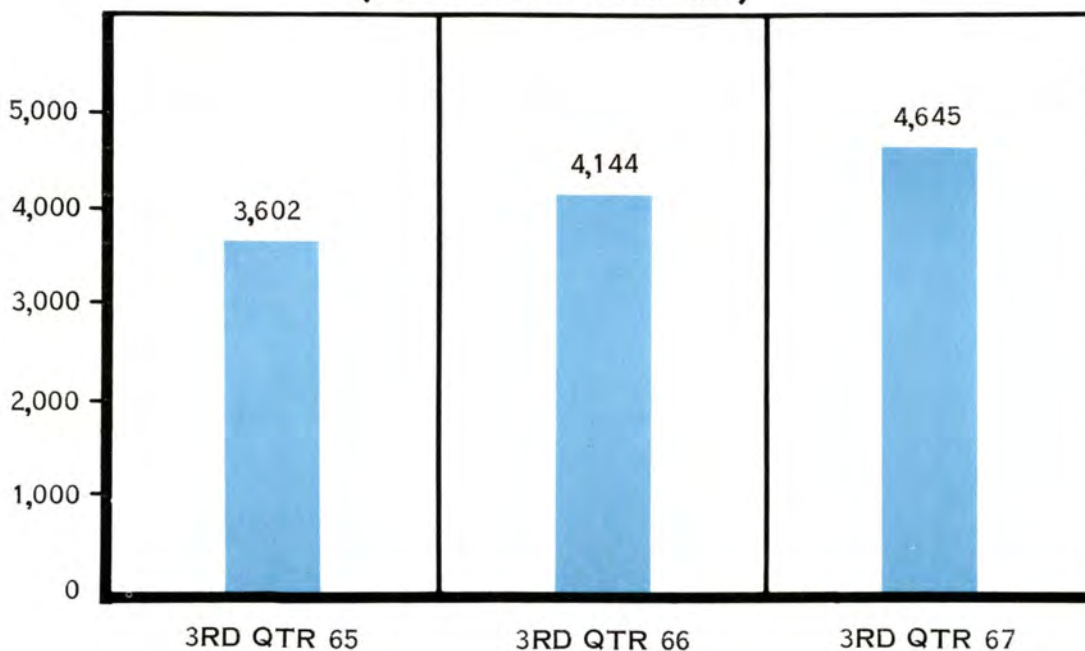




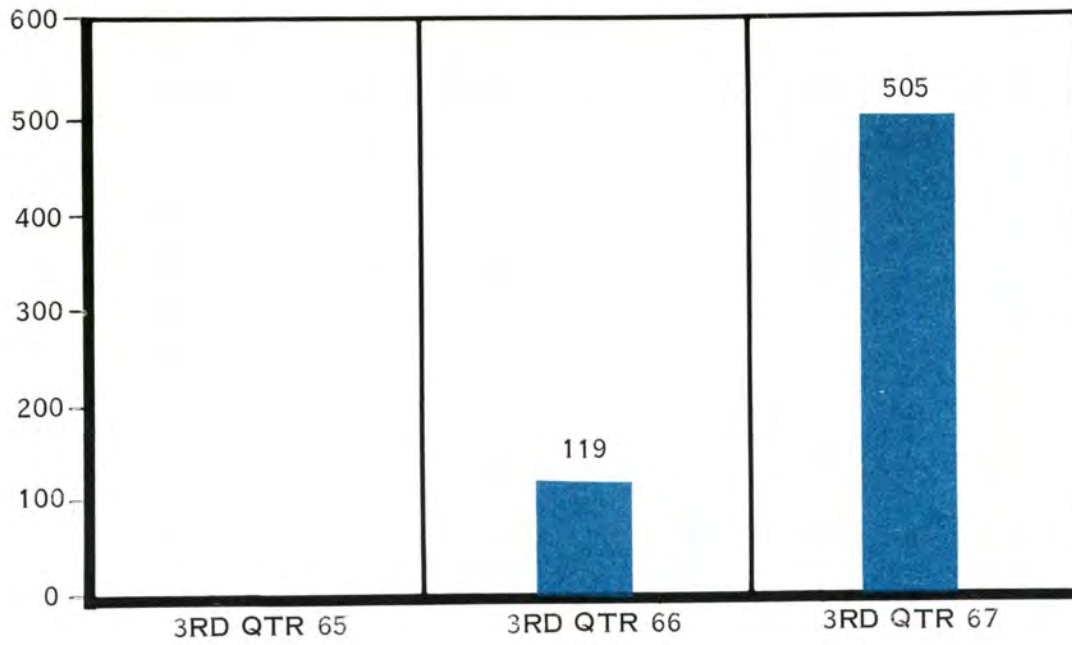
## SOUTH VIETNAM ELECTIONS (MILLIONS)



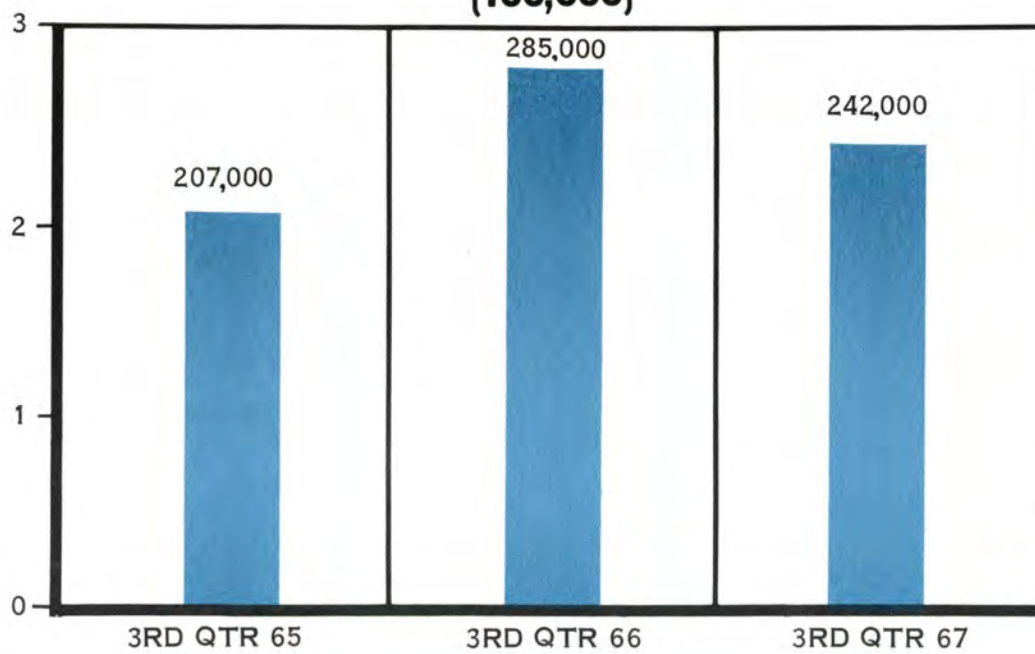
## SECURED HAMLETS (MONTHLY AVERAGE)



## RD CADRE TEAMS

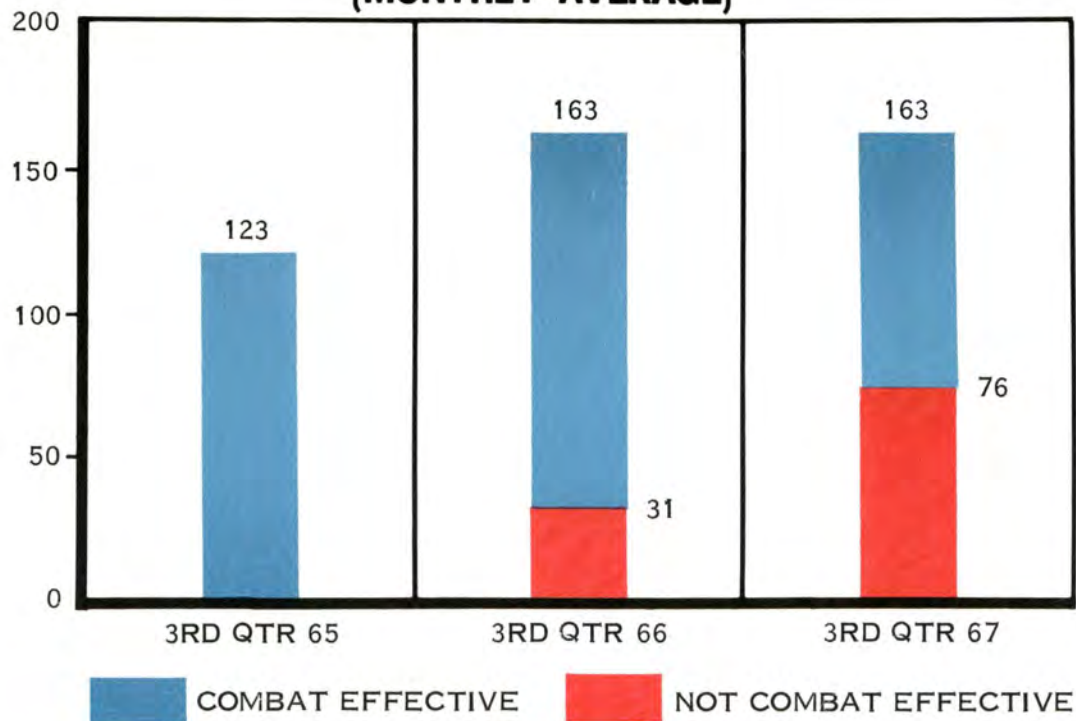


## VC/NVA STRENGTH (100,000)

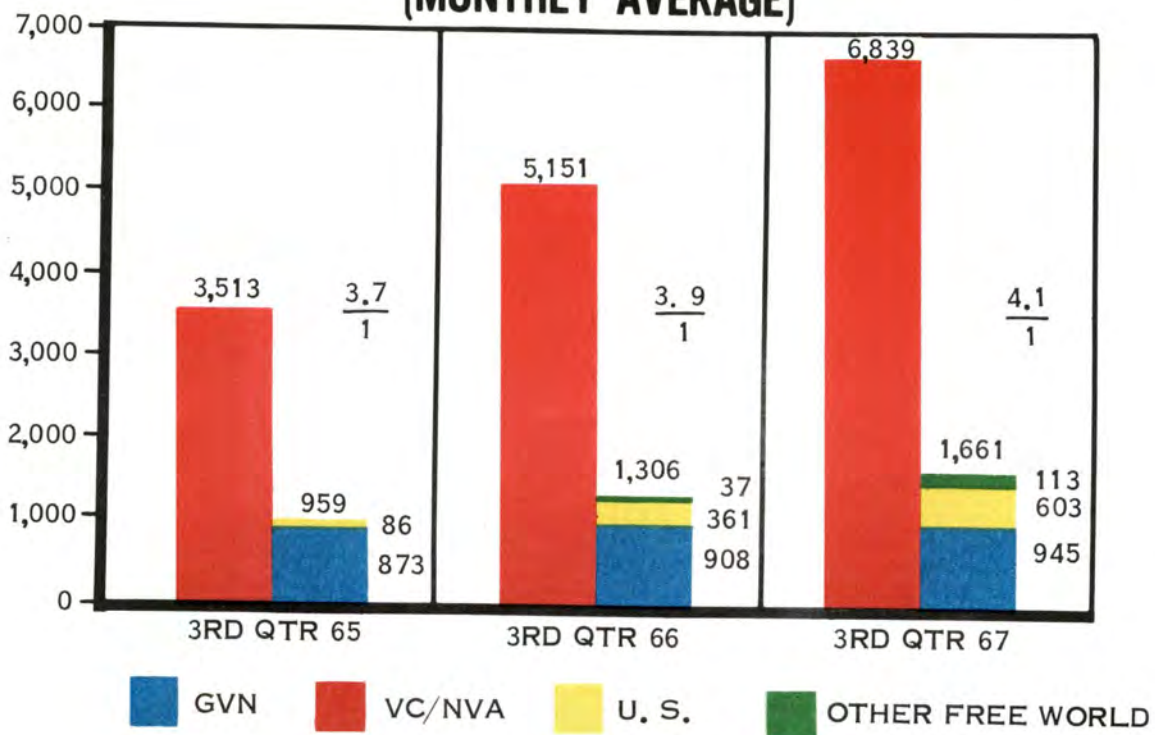


(FIGURES DO NOT INCLUDE POLITICAL INFRASTRUCTURE OF ABOUT 80,000)

## VC/NVA MANEUVER BATTALIONS (MONTHLY AVERAGE)

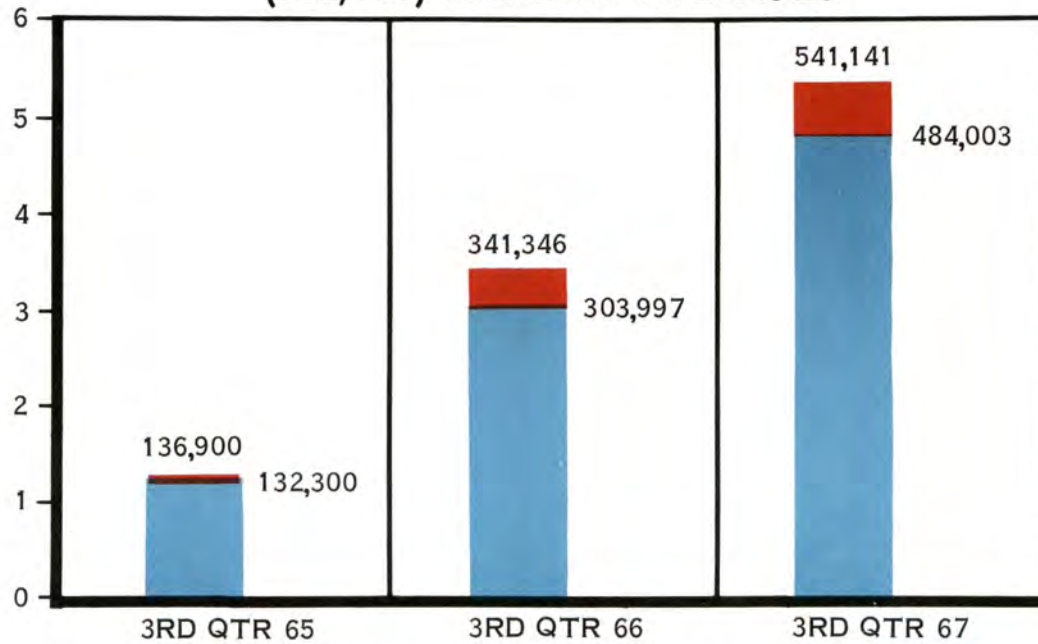


## KILLED IN ACTION (MONTHLY AVERAGE)





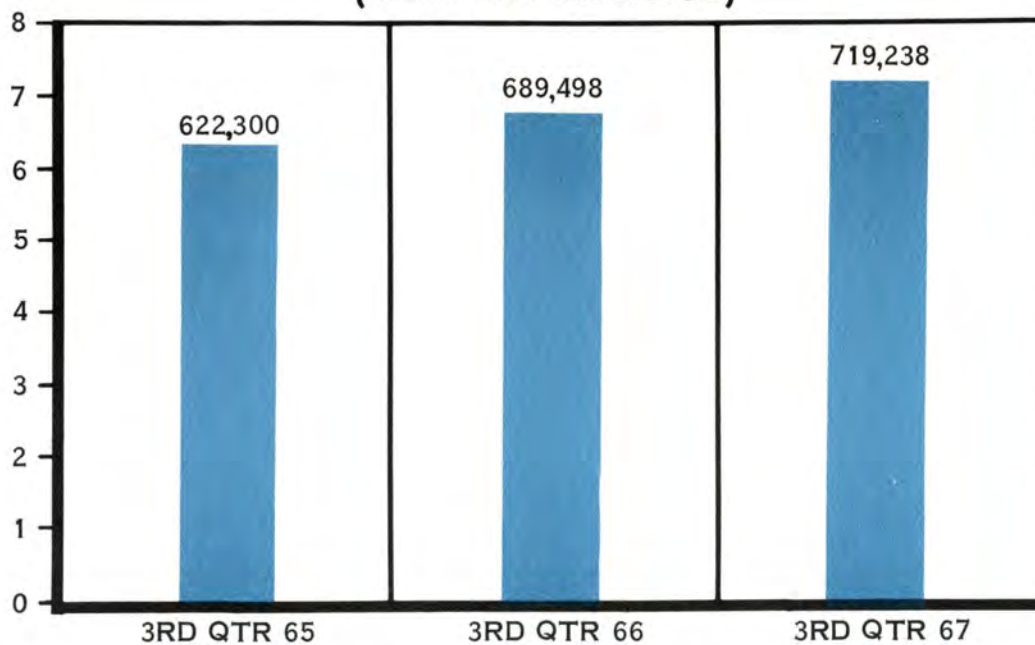
## FREE WORLD STRENGTH (100,000) MONTHLY AVERAGES



DOES NOT INCLUDE ADDITIONAL FORCES ANNOUNCED BY AUSTRALIA, THAILAND, SO, KOREA, NEW ZEALAND, AS WELL AS THE UNITED STATES.

U.S.  
OTHER

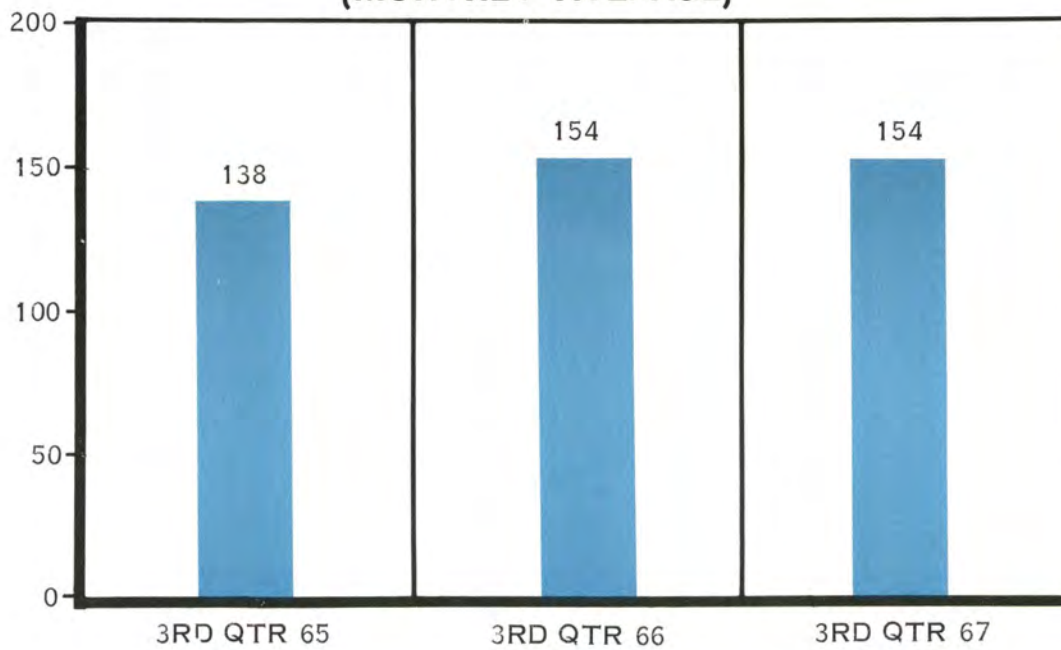
## GVN STRENGTH (100,000) (MONTHLY AVERAGE)



DOES NOT INCLUDE ADDITIONAL 65,000 ANNOUNCED BY GOVERNMENT OF VIETNAM.

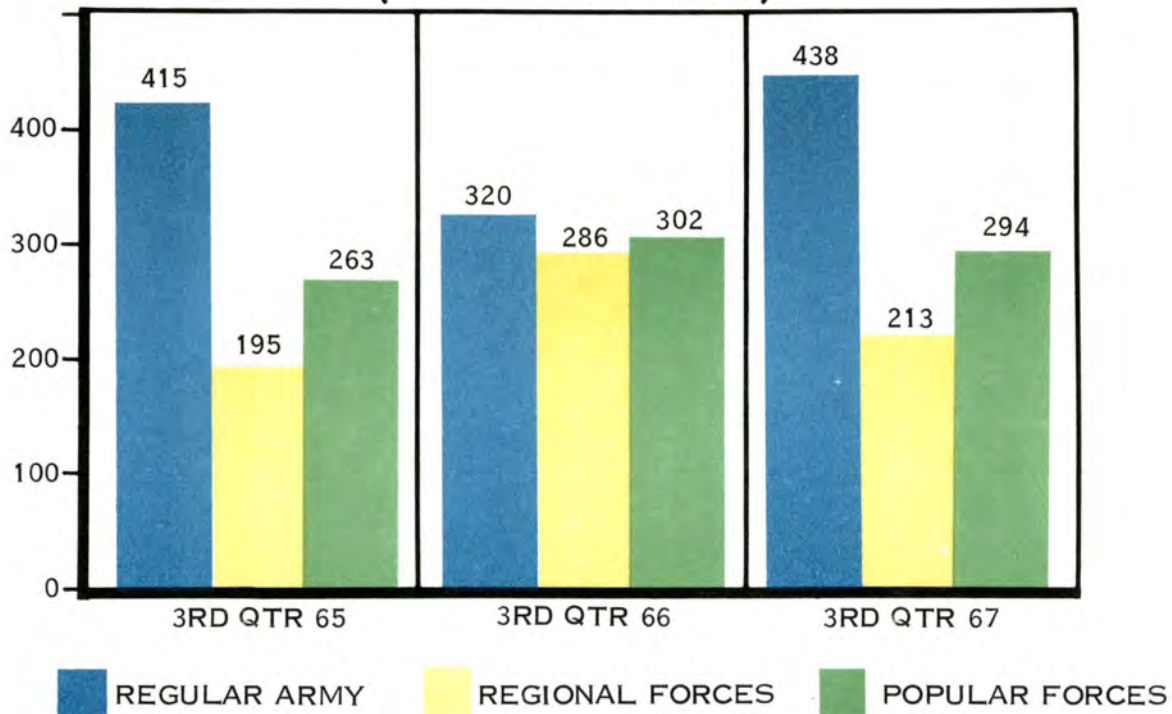
# GVN MANEUVER BATTALIONS

(MONTHLY AVERAGE)

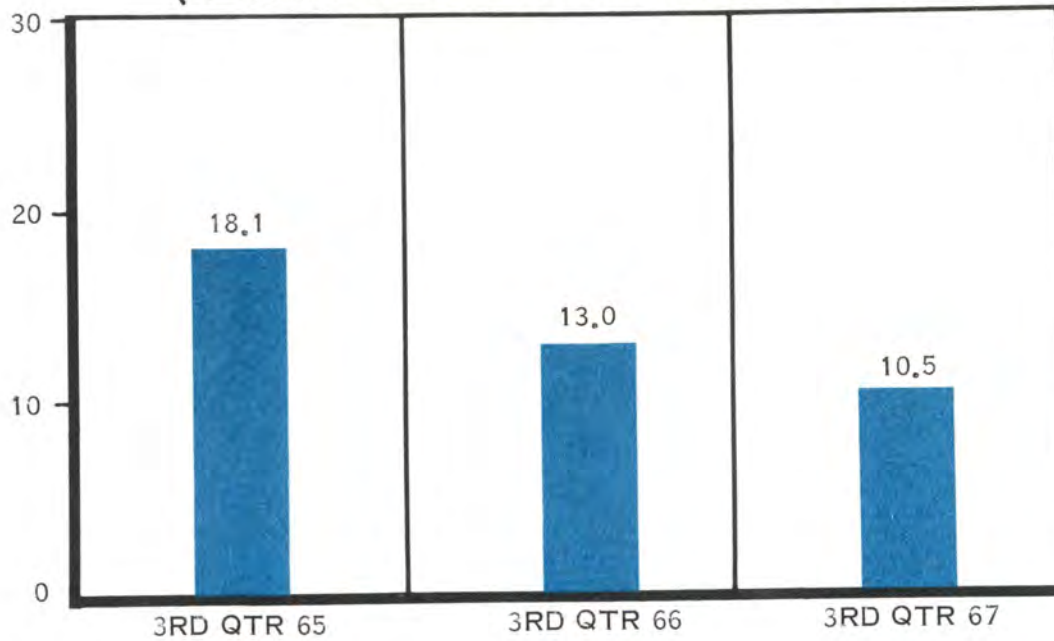


# RVNAF KILLED IN ACTION

(MONTHLY AVERAGE)

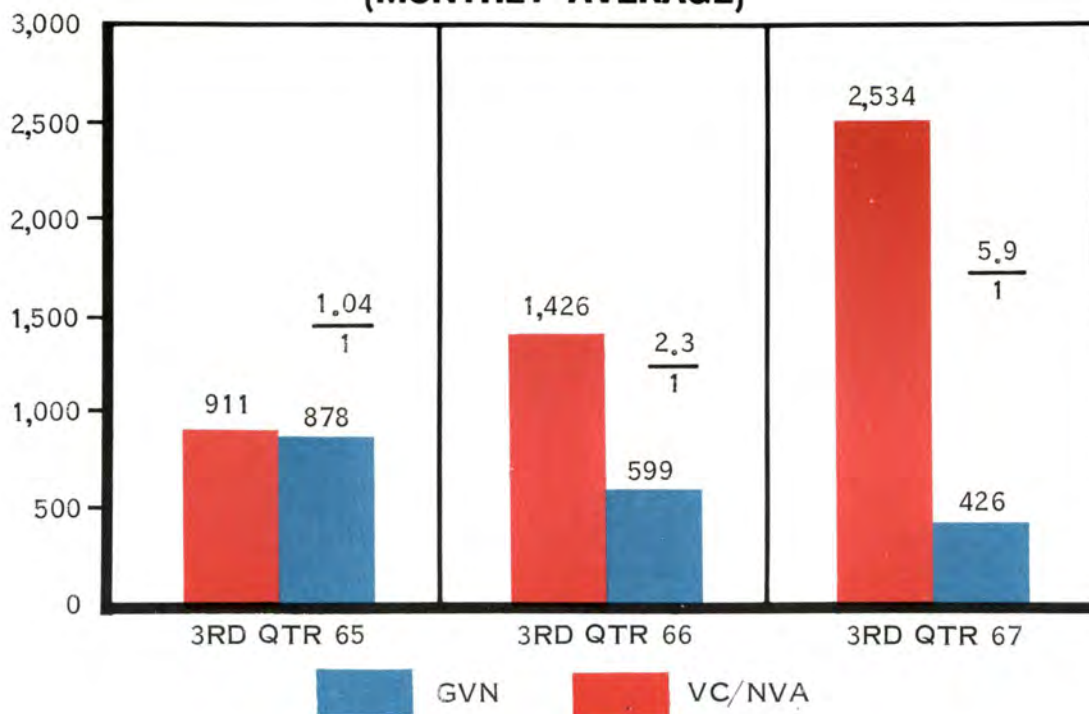


## GVN DESERTIONS (AVERAGE MONTHLY RATE PER THOUSAND)



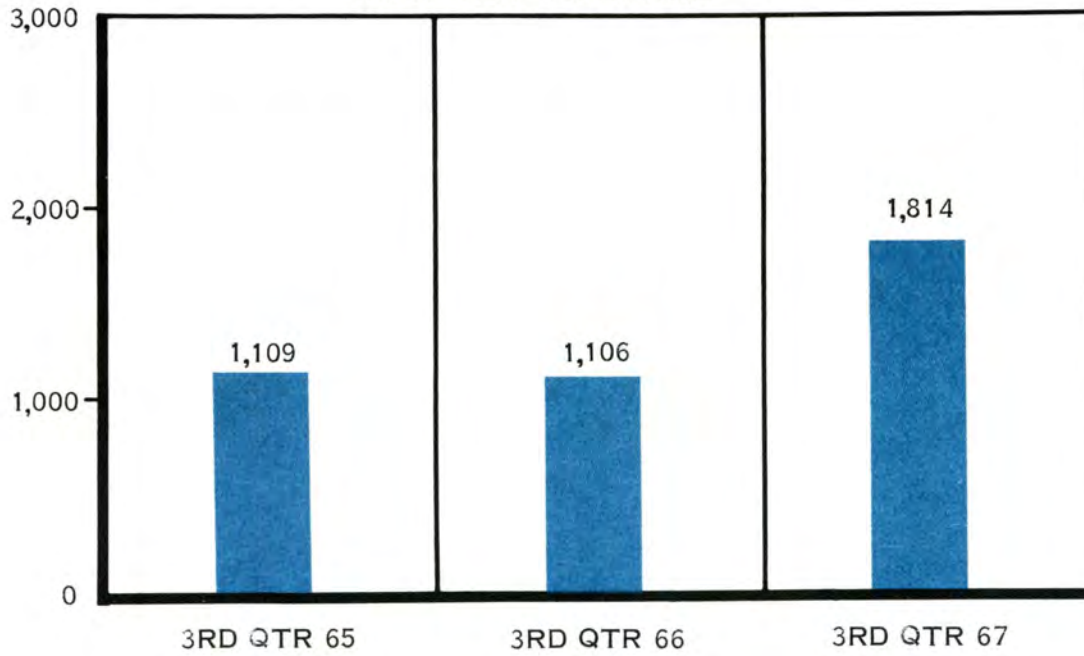
INCLUDES REGULAR ARMY, AIR FORCE, NAVY, REGIONAL FORCES, AND POPULAR FORCES.

## WEAPONS LOST (MONTHLY AVERAGE)

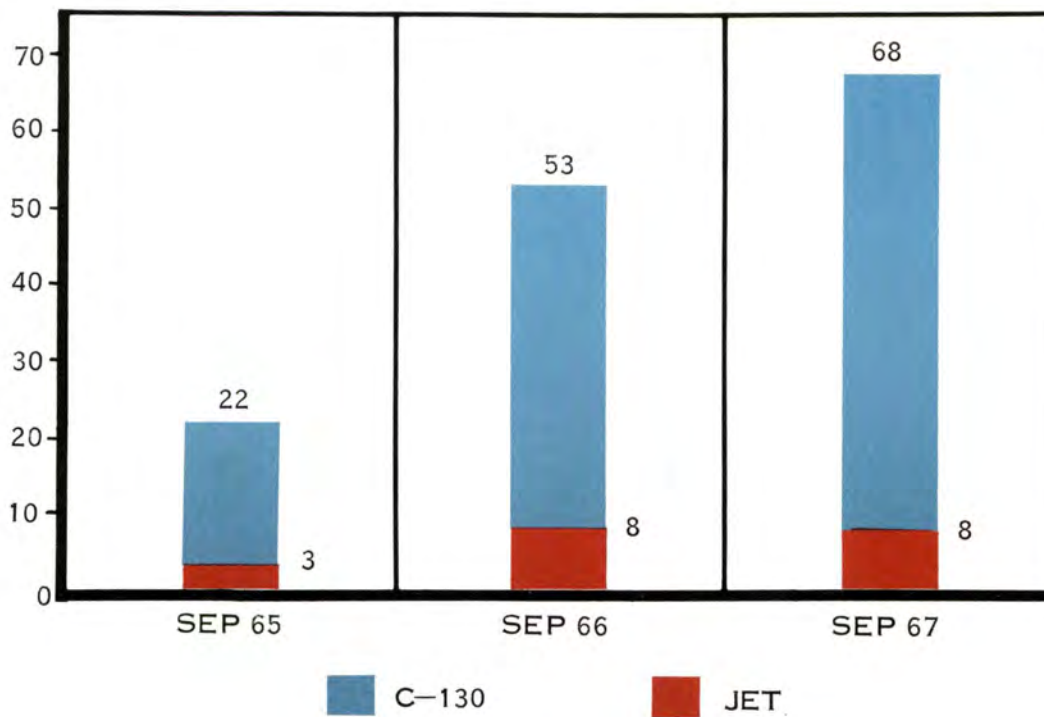




## CHIEU HOI (OPEN ARMS) MONTHLY AVERAGE



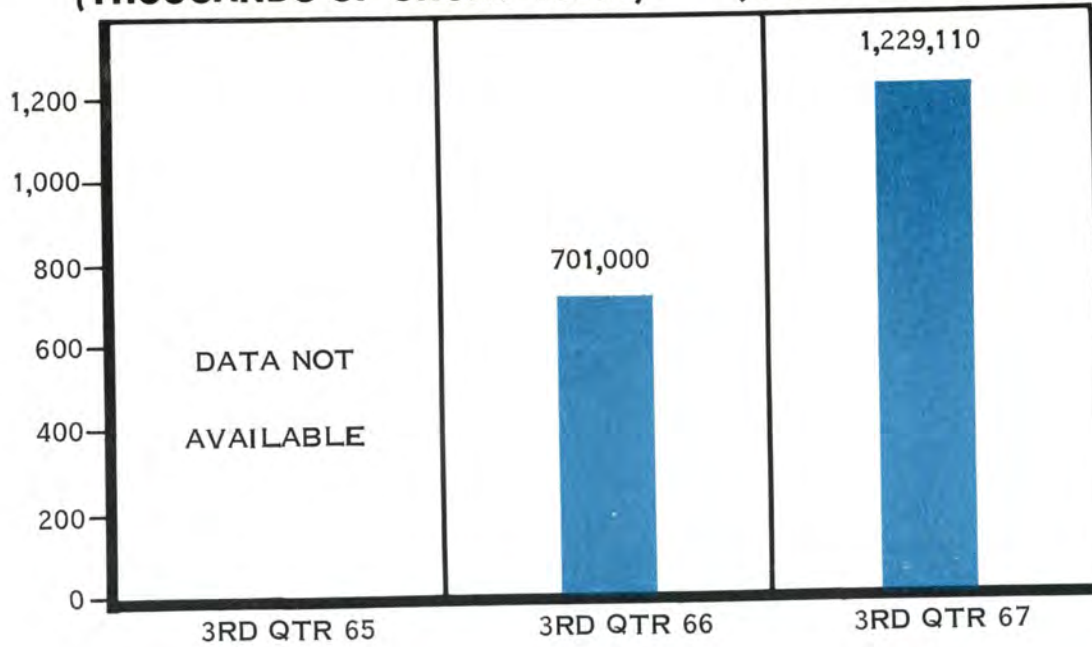
## AIRFIELDS



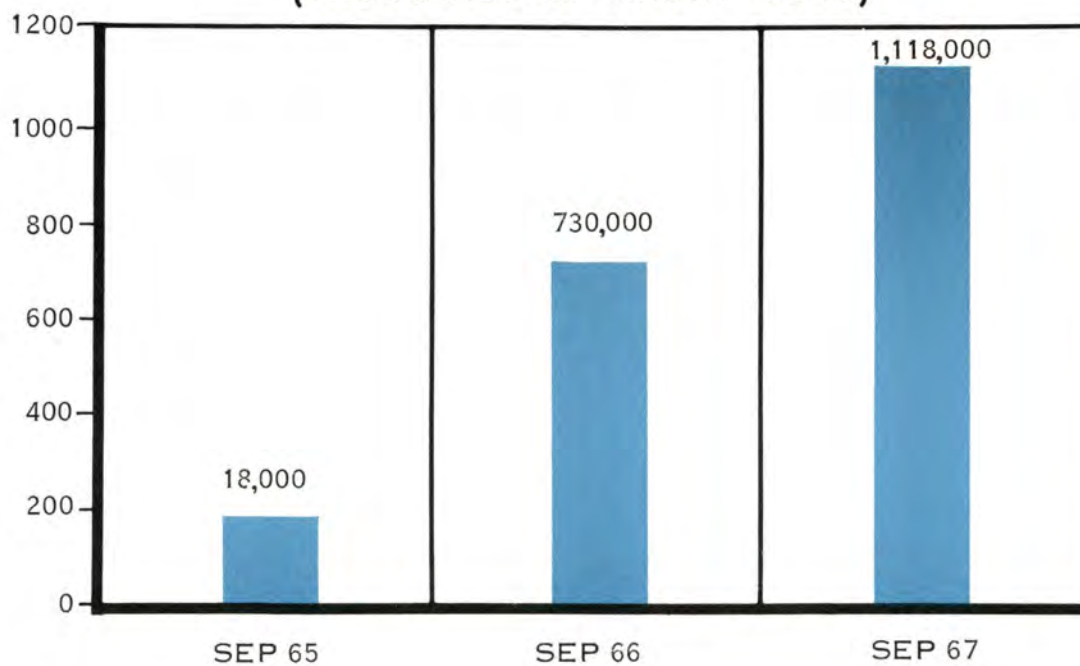
## OVERLAND HAUL (ROAD)

(THOUSANDS OF SHORT TONS)

(MONTHLY AVERAGE)



## PORT THROUGHPUT CAPABILITY (THOUSANDS OF SHORT TONS)



# DEEP DRAFT BERTHS

