

WWR

58

ACTION

Pres file

Friday, December 15, 1967

Mr. President:

Attached for your approval is a draft message prepared by State from you to Prime Minister Pearson expressing your regret at his decision to retire.

W. W. Rostow

Approve _____

Disapprove _____

See me _____

ERF:em

DECLASSIFIED
E.O. 12958, Sec. 3.5
State Dept. Guidelines
By ju, NARA, Date 5-18-96

DEPARTMENT OF STATE
WASHINGTON

December 15, 1967

1 Fried
2 Ret
58a

~~CONFIDENTIAL~~

MEMORANDUM FOR THE PRESIDENT

Subject: Presidential Message to
Prime Minister Pearson

As you know, Mike Pearson has just announced that he will step down, and has asked the Liberal Party to choose a new leader. He plans to continue as Prime Minister until that time--probably about April 1. Indications are that he will devote most of his time to the domestic problem of French-English Canadian relations. We understand that under these circumstances Pearson has dropped his earlier informal proposal for a possible visit with you during his winter vacation in the United States.

A brief message from you to Pearson commenting on his retirement would be a good idea.

Recommendation:

That you authorize the enclosed personal message from you to Prime Minister Pearson.

Approve _____ Disapprove _____

Enclosure:

Suggested reply.

Hubert H. K. [Signature]
Acting Secretary

~~CONFIDENTIAL~~

SUGGESTED TEXT

Dear Mike:

It was with deep regret that I learned of your decision to retire as Prime Minister after so many years of distinguished public service to your nation and the cause of world peace. My fellow countrymen and I have always valued your friendship and support. You have our best wishes for success as long as you continue to carry the heavy responsibilities of office, and for every happiness thereafter.

2100

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AmEmbassy OTTAWA

STATE

EXDIS

- (1) You should deliver following message from President to Prime Minister Pearson at earliest practical occasion:

QTE Dear Mike:

It was with deep regret that I learned of your decision to retire as Prime Minister after so many years of distinguished public service to your nation and the cause of world peace. My fellow countrymen and I have always valued your friendship and support. You have our best wishes for success as long as you continue to carry the heavy responsibilities of office, and for every happiness thereafter.

Lyndon UNQTE

- (2) White House does not plan release of text but has no objection if Prime Minister Pearson wishes to do so.

END

EUR/CAN:RZSmith 12/15/67 4485

The Acting Secretary

EUR - Mr. Stoessel

White House -

P - Mr. Sheehan

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Friday, December 15, 1967

sup

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Gold

The gold pool lost \$172 million yesterday. We expected heavier losses today but so far they are running about 20% less.

Bill Martin's telephone calls to the other central bankers went off reasonably well but we won't know the results until later today.

Bill made clear the U.S. position:

1. We are determined to hold the \$35 price.
2. We are opposed to a two-price system. Gold licensing will not work.
3. Our best judgment is to continue the pool.
4. We are going to announce a strong balance of payments program within 10 days.
5. We are prepared to draw on the IMF.

The reactions were:

Switzerland (Stopper) -- For the coming; sees same dangers we do. Inclined continue if enough other countries are willing. Will consult his government and be back to us today.

Germany (Blessing) -- Didn't commit himself but would talk to his colleagues.

UK (O'Brien) -- Said no doubt but that UK would go along. Stressed problems with others.

The Netherlands (Zijlstra) -- Had been prepared to go licensing route. Will now reconsider and consult colleagues.

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E.O. 12958, Sec. 3.5

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

By fw, NARA, Date 5-18-98

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Italy (Carli) -- Deeply interested in success our actions. Said for domestic/political reasons he had to avoid showing gold losses while adding to dollar holdings. With a gold take-out, could be prepared to take more dollars. Would be back to us.

Belgium -- Unable to contact.

The Common Market countries (France included) met last night and are meeting this morning for the regularly scheduled session of their finance ministers. Our gold pool partners will get back to us shortly thereafter.

Bill Martin characterizes the initial reactions as fair. The Italian and Dutch responses were better, the German more non-committal, than expected.

All of them put first priority on our announcing soon a strong program to cut our balance of payments deficit.

W. W. Rostow

ERF:em

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SECRET-SENSITIVE

WWR
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Friday, December 15, 1967

Pres. File

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Gold

The gold loss today ended up at \$116 million -- heavy, but much less than we feared.

Sterling was also under pressure. The UK put \$100 million in the market to support the rate. Curiously enough, the franc had some small difficulties, apparently because of rumors.

Attached is the answer Bill Martin received from his approach to our gold pool partners. They have agreed to go along with us but expect us to bail them out of some of their gold losses. Each would make his own pitch to us if he finds it necessary. The UK is replying separately. Bill did a really impressive job.

We are working on a brief statement to clear with the Europeans and release tomorrow. It should put a stop to the rumors and quiet things down a bit.

W. W. Rostow

P.S. See also attached Fowler memo. Good deal by Canadians

ERF:Em

SECRET-SENSITIVE

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Authority 76 987-45

By sg/kip, NARA, Date 1-3-92

Friday, December 15, 1967.

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Governor Hubert Ansiaux of Belgium phoned and talked to Mr. Martin at 10 a.m. He was calling from Paris, where Mr. Martin had reached him the evening of Thursday, December 14.

In reply to the phone call of last, night, Governor Ansiaux said:

I am speaking for myself, the Germans, the Italians, the Dutch, and the Swiss. These are our unanimous views.

Of course we are always ready to support you because we believe in the fundamentals of the policy of gold at \$35 an ounce.

We wonder if you will find it possible to make your ^{Follow-up Payments} program known as soon as possible--before the 10 days you mentioned--even if it is in very general terms.

We approve and strongly support your going to the IMF. Apart from the measures it shows the U.S. is ready to solve the problem.

We very much hope that the program will be really very fundamental and substantial; not just a stop-gap measure; something really affecting the root of the matter.

We wonder if it would not be better to close the London market for a while until your program is known as it is open to speculators and is completely disorganized. The French cannot even deliver gold. However, we understand you may prefer to keep it open but this is up to the United States to decide; it represents not a condition but a reflection.

Having this in mind, we were strongly of the opinion until yesterday night, when you got in touch with all of us, to recommend that we ~~should~~ should stop our intervention in the London market. But taking into account your request, the fact you have a program, the fact that public reaction to withdrawal from the London market would be bad, we are ready to stay in the market. You may say this is a common policy not only of the Fed and the U.S. Treasury but of all the European central banks concerned.

This does not mean that we will not ask for reimbursement in gold of any excessive accumulation of dollars which may be the result of our intervention. We will stay in the pool but on the other hand we cannot face a large depletion of our gold reserves. All of us agree on this

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Authority Stateltr 5/15/78

By sg/llw NARA, Date 1/3/92

in principle but it would be left for each central bank to work it out with the Federal Reserve.

9. We recommend that you issue a communique over the weekend indicating, if possible, the U.S. intentions on the balance of payments program, reaffirming our intent to maintain the \$35 price of gold, and reaffirming no change in operations in the London gold market, and pointing out this is not only an American position but represents the unanimous views of the European central bankers, all of whom endorse this position and are cooperating in the interest of maintaining stability in the international monetary system.

GO b

~~SECRET~~

THE SECRETARY OF THE TREASURY

December 15, 1967

Mr. President:

Collaterally, you may be interested to know that this man is in serious contention for the Prime Ministership of Canada.

HA7.
HHF

~~SECRET~~

DETERMINED TO BE AN
ADMINISTRATIVE MARKING
E.O. 12358, SEC. 1.1(a)

BY juw/rq ON 6-9-98

~~SECRET~~

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THE SECRETARY OF THE TREASURY
WASHINGTON

DEC 15 1987

MEMORANDUM FOR THE PRESIDENT

I have had a telephone call this afternoon from Mitchell Sharp, Finance Minister of Canada, to say that the Canadians are prepared to let us have \$100 million of gold. I thanked him both for the amount and for the good I expect this deed will accomplish psychologically in the present situation. I told him I would relay this information to you promptly because I knew you would be grateful.

Governor Rasminsky of the Bank of Canada will be in touch with Chairman Martin to work out details of the transfer and its timing.

Henry H. Fowler
Henry H. Fowler

DECLASSIFIED
E.O. 12958, Sec. 3.6
NLJ 98-303
By is, NARA Date 5-7-99

~~SECRET~~

SANITIZED
E.O. 12958, Sec. 3.6
NLJ 98-301
By CG, NARA Date 9-16-99

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~~SECRET~~

Thursday, December 14, 1967 - 7:25 PM

Pres file

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Sterling

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

At Tab A is a memorandum [redacted] reporting the possibility that the British may adopt a floating exchange rate -- possibly within a few days.

[redacted] It was based on his "feel" of the way the British were acting. [redacted] had the impression the British were pessimistic, but not that they were considering imminent new action.

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

The report is plausible in that:

- the British had not been supporting the forward rate -- and the new Chancellor of the Exchequer, Roy Jenkins, probably would want to avoid the previous policy of piling up British debt or over-extending his domestic program solely to fight the speculators;
- there has been a lot of talk that the devaluation was not deep enough -- the UK pulled in about \$1 million after devaluation. They expected much more -- suggesting that there is a lot of speculation that the rate will not hold.

On the other side:

- on economic grounds the devaluation was enough. It would not seem rational to move again when the present rate hasn't been tested;
- the British application to get into the EEC is still pending. They would probably want to avoid any other action on rates until they receive the formal answer. This could come next week;

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-- even though the British intervened in the market on only two days since devaluation, the rate for sterling has stayed above par. The announcement of bad trade figures today did not put any pressure on sterling.

I would think that a floating rate may be the UK's contingency position if the pound is put under serious speculative pressure. This is not yet the case.

Should the British float, the consequences would be very serious for the financial markets. We could expect something close to panic in the gold markets. In these circumstances, we would want to consider immediately stopping gold sales.

Beyond that, the outcome gets murky. The pound would fall at first but it could well bounce back and settle near where it is. If the Europeans and Japan kept cool they would wait and take no action until they saw what happened. Some countries that are shaky now, e. g., Sweden, would move immediately. If the Common Market -- under French pressure -- devalues I believe we would immediately have to have a world monetary conference to retrieve the pieces.

I do not believe we have grounds to go to the British on this now -- but we will keep a close watch.

W. W. Rostow

ERF:em

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~~CONFIDENTIAL~~

62
Thursday, December 14, 1967, 4:30 P. M.

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Resignation of Canadian Prime Minister

Canadian Ambassador Ritchie telephoned to reassure you that Prime Minister Pearson's resignation today was not a hasty or panicky action. The Prime Minister has felt for some months that the time had come for him to leave active politics.

Prime Minister Pearson will remain in office for three or four months, pending the election of a new leader by the Liberal Party Conference.

The Ambassador said the Prime Minister had told him that he would now devote himself to improvements in the Canadian constitution. To do this work he felt he had to lay down his party responsibilities lest he create the impression that his new activity had solely a political aim.

With respect to the Prime Minister's visit going to or coming from his vacation in Hobe Sound, Florida, the Ambassador said the Prime Minister's present intention is to make no official calls here. The Prime Minister will let us know tomorrow whether he intends to stop in Washington informally to see Secretary Rusk. However, as of now, he is not pushing for an appointment with you.

51
Bromley Smith

BKS:amc

DECLASSIFIED
E.O. 12958, Sec. 3.5
NSC Memo, 1/30/95, State Dept. Guidelines
By ju, NARA, Date 5-18-98

~~CONFIDENTIAL~~

INFORMATION

63

~~SECRET~~

Pres file

Thursday, December 14, 1967
10:30 a. m.

Mr. President:

Herewith Amb. Bunker's latest
weekly, with key passages marked.

W. W. Rostow

Saigon 13288

~~SECRET~~

WWRostow:rln

DECLASSIFIED
E.O. 12356, Sec. 3.4(b)
White House Guidelines, Feb. 24, 1983
By kg, NARA, Date 12/23/91

43a

DECLASSIFIED, NWJ/CBS 10 and

Wednesday, December 13, 1967

Authority: DOD Directive 5200.30

By pw, NARA, Date 5-19-98

FOR THE PRESIDENT FROM BUNKER (Saigon 13288)

Herewith my thirty-first weekly telegram:

A. General

The past week has been marked by an intensification of military activity throughout the country; by progress of both Houses of the Assembly in organization, the Senate having completed approval of its rules; by apprehension and sensitivity on the part of the public press and officials concerning the U. S. attitude and intentions toward the National Liberation Front; and by continued progress in the Vietnamese Government priority programs.

The Republic of Vietnam Armed Forces and Free World Forces have given a good account of themselves and the Communists have suffered a series of heavy military setbacks in the past week. Performance of the Republic of Vietnam Armed Forces has been a further encouraging demonstration of the improvement in the quality of these forces. They have more than held up their end.

The Senate, having completed approval of its rules and regulations, is expected to elect officers this week, to proceed with the formation of committees, and should soon get down to serious work. The House has lagged behind but is making steady though slower progress.

Sensitivity about U. S. relations with the National Liberation Front were heightened by the report of the arrest of a National Liberation Front emissary, by the false newspaper accounts that high officials of the Embassy had been in contact with National Liberation Front representatives in Saigon, and by reports on the possibility of National Liberation Front representatives coming to New York. In my talk with President Thieu on December 6, I called his attention to these unfounded and false statements in the press, to widespread editorial comment based on false assumptions and my very definite feeling that some Vietnamese Government officials were in part responsible for the rumors. I added that I knew it was not necessary to assure him that no consultations would be undertaken with the National Liberation Front without full consultation with his government. I said that I thought that a statement by the Vietnamese Government to allay these false reports, which could only be damaging to our relations, would be in order. Forthright statements by Prime Minister Loc and Foreign Minister Do on the next day, December 7, and the helpful statement made by the spokesman of the Department of State on December 8 have helped to abate these suspicions. I held a press reception for Vietnamese editors on December 7, at which I made the same point, with beneficial effects in

the Vietnamese language press the next day. The statement by the department spokesman on our view of the situation at the U. N. and a future political structure in the south also helped to clear the air. The Vietnamese, however, continue to be highly sensitive about the National Liberation Front and our attitude toward it.

The situation, of course, is not helped by such things as the article in the forthcoming issue of Newsweek alleging that there have been increasing numbers of contacts between American and Viet Cong representatives. The substance of the story has already appeared in the Saigon newspapers. I told Thieu there was no truth in these reports and I had no idea of the sources of the allegations.

We have virtually completed coordination of the Christmas stand-down question with the Government of Vietnam, with agreement reached on a 24-hour ceasefire at Christmas and in principle, on 24- and 48-hour ceasefires, respectively, at New Year's and Tet holidays, provided the Christmas stand-down is carried out satisfactorily. I expect that this will be fully resolved in a few days. Foreign Minister Tran Van Do expects that the announcement can be made this week, when coordination with our other allies is completed.

General Westmoreland told me on December 11 that during a meeting between him and Minister of Defense Vy on December 9, the latter had said that President Thieu and General Cao Van Vien had agreed that Vietnamese Government forces, in "hot pursuit" of enemy forces near the Cambodian border, should be permitted to pursue them across the border. Vietnamese Government forces would not remain in Cambodia but would withdraw as soon as contact was broken or the enemy forces defeated. I discussed the matter with President Thieu on December 12, pointing out the difficult problems that the proposed Government of Vietnam policy would raise for us. I recommended to him that he hold in abeyance any final decisions on this policy and make no further public statements on the subject until our positions have been clarified, saying that we hoped that we might have some influence on Sihanouk and that we wanted at least to make an effort with him. Thieu said he understood our concern and agreed with what I proposed.

I took Senator Percy to call on President Thieu December 12. The Senator said he wished to make clear to Thieu that no responsible people in either the Democratic or the Republican party favored U. S. withdrawal from Vietnam. He asked Thieu what he thought the prospects were for negotiations. Thieu replied that he felt he knew the political thinking of Hanoi pretty well and that he saw no chance of meaningful negotiations before the U. S. elections. He thought the enemy would keep up military pressures against us and try to achieve some victories which would have an impact on American opinion.

Senator Percy discussed foreign support for the Government of Vietnam and commented that there is a feeling in the U. S. that if other Asian nations also thought Vietnam was important, we would like to see a greater degree of support from them. Thieu mentioned the planned increase in Thai, Australian and New Zealand forces. Senator Percy suggested that nations such as Singapore, Malaysia, the Philippines, and Japan might do more. Thieu reviewed Japan's contribution on the non-military side and commented that the Government of Vietnam would welcome any additional Asian aid that might be offered.

The afternoon of December 12, Senator and Mrs. Percy and their party at the Senator's insistence flew up to Dak Son in Phuoc Long Province near the Cambodian border, the unfortunate village which the Communists attacked December 5, killing a large number of civilians with grenades and flame throwers. While visiting there, the Viet Cong fired several mortar rounds at the town. The Percy party was unhurt, though the Senator was scratched when he dove for cover. Even though the Senator insisted on visiting Dak Son, I think we should not have permitted him to go and we are tightening up our procedures. I'm sure he doesn't have to be told that those Communists out there are not "peaceful agrarian reformers", as some of our critics would have us believe.

B. Priority Programs

1. Mobilization measures -- The new partial mobilization decree discussed in last week's message is in line with the steps recommended to the Government of Vietnam by the Mission Council.

In general, the Regular Forces requirement for the first quarter of 1968 should run 20-24,000 men. It is expected that one-half of this requirement will be met through volunteers, leaving 10-20,000 to be conscripted. The Director of Mobilization indicates that he expects to meet his requirement for conscripts through draft-dodger roundups, by calling men in the 20 year old age group, and by calling those former students 20 years old and above who will lose their educational deferments on January 1, 1968. Therefore, the number in the age group 21 to 33 in the labor force will be called during the first quarter of the calendar year should be minimal. The subject of calling the 18 and 19 year age group has been discussed at some length with the Director of Mobilization. There appears to be strong political opposition to this proposal, and it appears that the Government of Vietnam must move slowly on this.

We shall discuss with the Government of Vietnam ministries a list of the essential occupational skills within their areas of interest. These essential skills should be listed in order of priority and submitted to the Minister of Defense as positions to be considered for the "mobilization in place" provision of the decree law. Continued refinement of this list can be accomplished as a joint U. S. /Government of Vietnam

effort. We hope that the Ministry of Defense will delay the conscription or recall of such persons until a final refinement can be made.

2. Reorganization of the Republic of Vietnam Armed Forces -- Logistic improvement in the Republic of Vietnam Armed Forces is expected in a plan presently underway. This will streamline Army of the Republic of Vietnam Infantry Divisions support capability by consolidation by various direct support companies into a functionalized support battalion. This should bring improvement in command and control, increased general response, and most important, inculcation of a forward moving concept of support.

An example of the continued improvement of the Vietnamese Armed Forces was the brilliant performance of the 21st Army of the Republic of Vietnam Division in Chuong Thien Province in the Delta. A search and destroy operation, Dan Chi III 15C, was launched in the early morning hours of December 8 about 9 kilometers northwest of Vi Thanh. The battle began when friendly elements were helicopter lifted into the area of operations to form an encirclement of enemy forces. The 43rd Ranger, 44th Ranger, two companies of the 31st Infantry and 2 companies from the 43rd Rangers were lifted to the south and southeast of the Kinh O Mon Canal. One company from the 42nd Rangers, one company from the 31st infantry and the 31st Infantry were helicopter lifted into blocking positions, encircling and trapping the enemy. By mid-afternoon, the cavalry troops maneuvered up the east side of the canal and all elements began to tighten the noose. Heavy contact was made and maintained throughout daylight hours of the 8th. During the night of the 8th, sporadic fires were exchanged and on the 9th, friendly elements continued the attack by sweeping the enemy positions from two directions. Heavy fighting continued all day on the 9th. As of daylight on the 10th, sporadic contact continued. Cumulative results of this operation so far show 439 enemy killed and 31 detained. Friendly casualties are 67 killed and 109 wounded, six of the wounded are U. S.

3. Reorganization of civilian administration -- A welcome development has been the plans of the new Minister of Transport and Communications, Luong The Sieu, to overhaul the organization and management of air Vietnam, considered by the former minister to be largely a fete of his own. The minister proposes to serve as chairman of the board, appointing the outstanding able Air Vietnam Technical Director, Nguyen Tan Viet, as president. Nguyen Tan Trung, the capable ex-general manager (ousted by former minister Thuan in August, 1967) will be re-employed in the capacity of financial and administrative director. Minister Sieu has instructed the new Secretary General of Transport Thien to recover as much as possible of the more than one million dollars paid to Air Viet to date in the apparently distributed to various and sundry beneficiaries by Thuan from a separate extra-legal account. The company is to be recapitalized, the 24 percent French interest bought out, and 49 percent of a capital stock reissue offered for sale to the Vietnamese private sector. The airline will move ahead rapidly to acquire Boeing's 727's (it will be recalled that Thuan was reported to be on the verge of buying Caravelles). The minister intends to put these into domestic service at

nine internal airfields, and has set as a first priority target improving the image of the airline and the new Government of Vietnam in the rural areas.

4. Pacification measures -- This vital priority area is in the midst of a spurt of year-end activity, as Government of Vietnam agencies seek to complete both the 1967 program and plans for the more ambitious program scheduled in 1968. Since the Vietnamese year really runs from Tet to Tet, the Government of Vietnam is counting on using January to finish up 1967 effort before launching the 1968 program following Tet, the end of the lunar year. General Tri, the new Minister of Revolutionary Development, and General Thang are working well together. Both have been spending more than half their time in the field. So far, the 1968 plans they have approved have been entirely in line with our objective of stepped-up pacification in 1968 -- number of hamlets are more than 50 percent greater than in last year's plans and substantial budget increases have been granted. Moreover, the comprehensive military/civil planning on priorities, level of effort, and creation of additional Regular Forces/Popular Forces that preceded the field review is paying off.

I believe that the reorganization of our advisory and supporting role which you approved last June has been even more successful than expected. Single management has paid off. Integration of our civil-military effort has resulted also in increased Vietnamese military interest in pacification as well.

A most promising development is General Thang's intent to train most Popular Force platoons, beginning with some 35,000 men in 1968, for pacification duties as well as local defense. The Popular Force soldier is no longer to be merely a combatant. He must also serve as a cadre whose duty is to fight and build at the same time. The Popular Force training program will be totally overhauled, instructors will be retrained at Vung Tau, 44 mobile instruction teams will be formed, and the 37 small Popular Force training centers will be consolidated into 11 larger, more effective ones. This is a tall order, which we will probably have to support with additional military advisors and some construction assistance.

On the problem side, Bob Komer is disturbed by the continuing high rate of Revolutionary Development team attrition, which is back up to 25-30 percent after an earlier drop. Of course, the Revolutionary Development cadremen are volunteers, and allowed to quit if they so desire. We are developing a package of remedial measures, including more military discipline. The new mobilization decree may also reduce attrition, since Revolutionary Development team members are temporarily draft exempt.

5. Attack on corruption -- Prime Minister Loc is continuing to take measures in his attack on corruption. In addition to the action being taken against the former minister of transport and communications, reported above, and the replacement of the director general of customs, President Thieu mentioned to me yesterday that the former vice minister of information and the director general of supply are under

investigation. He said that the Prime Minister is also clamping down on activities abroad by Loan's secret security service operator, Mai Den, whose activities had not been confined to collecting intelligence. Thieu said that as a result of these actions by the Prime Minister, individuals who had been ousted had started a press campaign against Loc. Thieu added that he recognized the difficulties this created for the Prime Minister, but had instructed him to go ahead and said that he intended to back him fully on these measures.

6. Economic stabilization -- Although in the period immediately preceding the American military build-up the war was going badly, there was little pressure on the country's economic resources. With the arrival of American troops, the situation began to change. Prices rose by 125 percent between May of 1965 and July of 1966. The rice harvest declined by one million tons, and about one and a half million people left the land.

By the end of 1966, the economy had reached full employment, a much greater degree of urbanization, and imports were providing a large part of the basic food supply.

This year, 1967, has been a relatively stable one. Retail prices have increased 30 percent overall, about half of that during the first quarter. Food prices, particularly rice, pork and fish, have increased the most. There is little or no unemployment, but labor shortages are serious only in the higher skills. Finally, gains in real income made by some urban classes in 1965-66 have now spread to rural areas. Imports have been the most effective anti-inflationary tool used during the past three years. The total level of imports more than doubled from 1965 to 1967, and the successful devaluation of June, 1966, greatly increased their money-absorbing effect. But since imports alone cannot completely control inflation, we have made efforts to convince the Government of Vietnam of the need to increase domestic tax collections, with only modest success. Credit has been effectively restrained, but no effort has yet been made to encourage savings through high interest rates. There has been some success in holding wages down, but salaries of public servants have fallen behind, and their morale and efficiency have suffered. Price controls and rationing have never been successful in Vietnam, and we have opposed their use by the Government of Vietnam. In the future, we plan to concentrate more heavily on encouraging an increase in domestic production as a method of containing inflation. Since resources are fully employed, major advances will be difficult, but because resources are sometimes employed inefficiently, some progress can be made.

Finally, it has been necessary to set expenditure ceilings on our own programs. The 1967 ceiling of 58 billion piasters has been held, and we are trying to hold 1968 expenditures under 63.2 billion piasters.

Prices next year could be about as stable as this year, but there are some dangers, particularly in the first half. The new Vietnamese Government will probably take some months to settle down to hard economic decisions. It may be difficult to hold within reasonable limits the long deferred civil service wage increases. And in the first half of the year, import arrivals threaten to go through a temporary decline. For the year as a whole, we anticipate that money supply, the chief indicator of inflationary pressure, will increase by slightly more than it has in 1967, and inflation should continue to be held to a tolerable level.

7. Peace -- We have been in close touch with the Government of Vietnam regarding a possible new initiative on Vietnam in the U. N. The Government of Vietnam understands our position on a possible invitation to the National Liberation Front by the Security Council and appreciates that, as a consequence of Security Council Rule 39, we would be obliged to document National Liberation Front representatives to appear. In a conversation with the political counselor December 11, Tran Van Do made clear that, in such an event, the Government of Vietnam would only appear pursuant to Article 32 of the charter (appearances by members and non-members states) in contrast to the National Liberation Front, which would appear pursuant to Security Council Rule 39 (statements by individuals and groups), Foreign Minister Do told the political counselor he expected to issue a statement in the next few days which would clarify the Government of Vietnam's position on the appearance of the National Liberation Front at the U. N. and related questions.

In my conversation with President Thieu on December 2, I brought him up to date on developments in New York, noting in particular that Ambassador Goldberg has been in close touch with the Vietnamese Government's representative at the U. N., Ambassador Nguyen Huu Chi. Thieu asked my opinion on the probability of action in the Security Council. I replied that I thought action unlikely in view of the unchanged Soviet attitude on Vietnam. However, the Mansfield Resolution, which was recently unanimously approved in the Senate, required us to explore the situation carefully, which we were doing. I noted that Hanoi radio on December 9 reported that the National Liberation Front denied as "sheer fabrication" the reports that the National Liberation Front wished to send representatives to the U. N.

During my meeting with President Thieu December 6, I reviewed with him the status of his proposed letter to Ho Chi Minh suggesting direct talks between North and South Vietnam. He has not yet completed drafting the letter, though he indicated it would be very similar to the draft I left with him November 28. He is still having problems with finding a suitable channel for delivery of the letter. Hanoi and the National Liberation Front have already rejected the letter in radio broadcasts.

In a conversation with the political counselor on December 11, Foreign Minister Tran Van Do said that he had drafted a statement for Prime Minister Loc to issue which would restate the role and future possibilities for Chieu Hoi ralliers under the Government of Vietnam national reconciliation policy. It would make clear that ralliers who give up Communism would be welcomed, given full rights as citizens, and their talents used by the Government of Vietnam in accordance with their qualifications. This would be a logical domestic counterpoint to the very firm statement issued by the Vietnamese Ministry of Foreign Affairs on December 4 which makes it clear that, while negotiations between North and South Vietnam are necessary to bring the war to an end, the Government of Vietnam will refuse to accept the presence of the National Liberation Front as a separate delegation in any peace talks. We understand that Prime Minister Loc will make a statement in the National Assembly on the subject. This will give it greater weight and will associate the Assembly more directly, in the mind of the public, with the stand of the government. The Upper House, for its part, on December 8, approved a declaration condemning acts of terrorism and sabotage by the National Liberation Front.

C. Land Reform

Since I understand that the Moss Committee may issue a report on land reform this week, I thought it would be interesting to summarize the recommendations for policy recently proposed to us by J. Price Gittinger of the World Bank who studied the matter here for two months. Mr. Gittinger believes that land reform is not one of the most critical issues facing the United States in Vietnam. Tenure grievances are not high on the list of peasant complaints, and the inequality of holdings is not a serious problem compared with conditions in Latin America where in some countries, nine percent of the owners hold 90 percent of the land in units of more than 100 hectares. More than a third of all rented riceland in Vietnam was expropriated for transfer to former tenants during the land reform of the fifties, and over 80 percent of the land is now held in units of less than 50 hectares.

Nonetheless, Mr. Gittinger recommended that we give continuing attention to speeding up the distribution of titles on former French lands and proposed further consideration of possible expropriation of all non-resident land should there be objective evidence that this is necessary in support of pacification. Moreover, in my talk with President Thieu today, I urged him to promulgate the ordinance we have prepared suggesting the delegation of land tenure administration to the local village councils. He replied that this and other measures were under study by the Minister of Agriculture who was working on a comprehensive plan of land reform. He added that he expected that this plan would be presented to him within a few days and that he would endeavor to take it up at the next Cabinet meeting. Mr. Gittinger's findings confirm the view of the mission here that the land reform problem is not so serious as has been suggested by some.

D. Political

In a call on Prime Minister Loc on December 4 (covered in a previous telegram) Ambassador Eugenie Anderson suggested that the Government of South Vietnam was not doing enough to present its cause abroad. Loc admitted that this was the case and that improvement of the Vietnamese diplomatic service was the first point in the government program he announced on November 13. He said he planned to strengthen the Foreign Ministry as well as Vietnamese missions abroad. A subsequent conversation with Foreign Minister Tran Van Do indicates that while he is planning certain changes to improve the functioning of the Foreign Ministry and Foreign Service, especially in the information field, his plans are not as extensive as we had hoped. Pham Dang Lam, Vietnamese Ambassador to the Philippines, will apparently function only part-time as Under Secretary at the Ministry of Foreign Affairs, commuting from Manila. Lam, who is experienced and capable (long-time Secretary General of the Ministry and Foreign Minister in 1964 and again in 1965) might have done a good deal to reinvigorate the Government of South Vietnam diplomatic effort, but we understand he did not want to return to Saigon. Do told President Thieu he did not really need Lam to assist him in this effort. It has become a somewhat delicate personal issue, so we are not pressing in on it at the moment. We shall see how this develops before deciding what might be most helpful from our side.

In the same conversation with Ambassador Anderson, Prime Minister Loc pointed out that the plethora of statements about Vietnam emanating from the United States causes great difficulties for the Government of South Vietnam, compounded by the fact that the U.S. as a country has vast communications resources which tend to overwhelm Vietnam through the radio, newspapers, and even over TV. Loc said that irresponsible remarks by U.S. opponents of our policy in Vietnam have a demoralizing effect on public opinion in South Vietnam and encourage the North to fight on in the belief that sooner or later dissension in the U.S. will cause us to withdraw from South Vietnam. Ambassador Anderson explained that we could not simply silence our critics, although we recognize the deplorable effect their pronouncements can sometimes have on those fighting for their freedom in Vietnam.

We were very much encouraged at the very strong and forthright support for South Vietnam and for the allied effort in the Vietnam conflict which was provided by the Third General Assembly of the Asian Parliamentary Union in Bangkok, which closed December 6. The political resolution adopted by the Assembly voiced forceful approval of South Vietnam and the allied effort in the Vietnam war, which it described as "undeniably a war instigated and waged by North Vietnam, aided and abetted by other Communist nations, in violation

of the 1954 Geneva Agreement." It supported the bombing of North Vietnam and cautioned that demands for unilateral peace moves give moral support to the Communists in their attempt to compel the withdrawal of allied forces from South Vietnam. The resolution is further evidence that the free Asian nations are well aware of the stakes in Vietnam and are by no means neutral in the struggle, as some of our critics would have us believe.

We had a brief echo of Mr. Truong Dinh Dzu, the opposition leader who ran second to President Thieu in the September 3 elections. On December 7, according to a statement by Dzu to American journalists, the police sought to arrest him and put him in prison. He said he refused to go with them, since they had no warrant for his arrest, and that they left without further disturbing him. His Vice-Presidential running mate, Tran Van Chieu, told an Embassy officer December 11 that he had had an extended conversation with Dzu December 9, that Dzu was still at home (though under house arrest), and that it appeared unlikely he would be arrested, as Dzu stated to the American journalists. Although we feel that Dzu has largely shot his bolt and is not highly regarded in South Vietnam, we were struck to learn that a National Liberation Front representative named Lam (no other name given), in an interview with a newspaper in Florence, Italy, stated that the National Liberation Front is "ready to support and respect the democratic front created by Dzu." This National Liberation Front evaluation of the significance of Dzu (whose democratic front is Moribund) is as faulty as many of its other judgments, but the fact the statement was made remains of interest.

E. Economic

The Saigon Price Index rose to 305, compared to last week's level of 300, after a month of stability. Most rice prices were unchanged, but pork, shrimp, selected vegetables and fruits, and charcoal prices rose. The Imported Commodity Index also rose, both tendencies related to the oncoming TET holiday season when prices rise seasonally. The Government of South Vietnam is making a particular effort to keep open vital route No. 4 between Saigon and the Mekong Delta, over which much of Saigon's food normally travels. Saboteurs (presumably Viet Cong) sank three 150-ton sand-filled craft, blocking an important canal linking Saigon with the Mekong Delta area. The Canal carries large quantities of rice to market in Saigon. The Government of South Vietnam has decided to blast a passage through the sunken hulks to restore traffic.

In a speech before members of Vietnamese business organizations on December 8, Minister of Economy Truong Thai Ton said that the Government of South Vietnam wishes "to build a capitalist economy for the masses in order to achieve self-sufficiency, --that the government should minimize centralization" and at the same time orientate the creation of capital for the benefit of the poorer classes

of society." He said that the program of increasing production is aimed at improving the living conditions of the people. "But under the circumstances of war, we can only devote our efforts to increase production in the comparatively more secure areas."

F. Chieu Hoi

During the past week there were 215 returnees, compared to 309 the previous week and 772 during the same period of 1966. Particularly noteworthy, however, was the defection of a 35-member Viet Cong village platoon from Binh Lam Village, Quang Tin Province. Twenty of the total are civilian, and 15 are military. The 35 defectors were joined by three additional ralliers from a nearby village to make up a total of 38 in the group, the largest to defect as a whole. Extensive wire service coverage has been arranged for this story, and there will be follow-up exploitation. The Viet Cong platoon leader told the press they were not happy with treatment they had been getting from a North Vietnam Army Regiment in the area, but with the stepped-up Viet Cong/North Vietnamese Army activity recently, they had to organize their escape carefully, breaking away in small groups between November 26 and December 5 in order not to draw fire. All ralliers had families which had been evacuated as refugees when the U. S. 196th Brigade swept through Binh Lam Village recently, freeing the members of the Platoon for their escape. Our operations may "create" refugees, as charged, but they also allow ralliers to get their families out and then escape on their own.

Prime Minister Loc decorated five returnees and six Chieu Hoi Ministry Staff members December 10. Two of those decorated were former Viet Cong Lt. Colonels, who have been appointed to responsible positions in the Ministry of Chieu Hoi affairs. During a visit to Quang Tin Province December 9, the Prime Minister distributed substantial cash awards directly to former Viet Cong members who gave information to the government on the location of Viet Cong weapons caches and base camp complexes.

G. Vietnamese Killed

During the week ending December 9 the enemy killed 232 Vietnamese civilians, wounded 439, and kidnapped 104. This does not include all of the large number of civilians killed at Dak Son, Phuoc Long Province, on December 5, since the total figure remains to be determined. Among the dead reported for the week were 18 Revolutionary Development workers, one village chief, three hamlet chiefs, and 115 refugees killed at Dak Son. During the same week the enemy killed 360 Vietnamese military personnel. Since January 1, 1967, the Viet Cong have killed 3,709 civilians, wounded 7,300, and kidnapped 4,591.

ACTION

64

Pres file

Thursday, December 14, 1967
9:30 a.m.

Mr. President:

From your instruction I was not clear whether you wished me to write to Sen. Cooper or you wished to drop him a note of your own.

Therefore, I have drafted both ways: for your signature and for mine.

Also attached is a note to George Brown from me, which I will have delivered by the U. S. Embassy in London, without anyone there opening it.

I do believe it would be inappropriate for you to write directly to the British Foreign Minister.

W. W. Rostow

Sign your letter to Sen. Cooper _____

I have signed my letter to Sen. Cooper _____

Letter to George Brown approved _____

See me _____

WWRostow:rla

64a

December 14, 1967

Dear John:

Your letter to me of December 10 was delivered, as you wished, unopened.

I very much appreciate both the clarity of your report and the discretion with which you handled George Brown's communication to you.

I like George Brown. He is a man of strength as well as of good instinct.

This incident reminds me -- as it should you -- of the extraordinary confidence and sense of integrity you have earned in your years of public life.

Sincerely,

LBJ Lyndon B. Johnson

Honorable John Sherman Cooper
United States Senate
Washington, D. C.

LBJ:WWRostow:rln

64b

December 14, 1967

Dear Senator Cooper:

The President asked me to tell you that he received your letter unopened; and he greatly appreciated it.

As you know, he is fond of George Brown and enjoyed hearing from him.

Sincerely yours,

W. W. Rostow

Honorable Jehn Sherman Cooper
United States Senate
Washington, D. C.

not used

WWRostow:rin

64c

~~Personal and Confidential~~

December 14, 1967

Dear George:

The President wished me to tell you that he received from Senator Cooper an account of your conversation. He greatly appreciated what you had to say.

He asked me to add what you already know; that is, that he counts on your coming to see him when you are in these parts.

All the best.

Yours,

W/Walt

W. W. Rostow

The Right Honorable
George A. Brown
Secretary of State for Foreign Affairs
London

WWRostow:rla

DETERMINED TO BE AN ADMINISTRATIVE
MARKING. CANCELLED PER E.O. 12356
SEC. 1.3 AND ARCHIVIST'S MEMO OF
MAR 16 1993

BY *kg* ON 1-15-92

65

Pres file

INFORMATION

Thursday,
December 14, 1967

Mr. President:

Herewith Tony Carrillo Flores' reply to the letter
you sent him from the Ranch during Thanksgiving.

W. W. Rostow

Attachment

Carrillo Flores' letter
of December 4, 1967
from Tlatelolco, D. F.

DEPARTMENT OF STATE
DIVISION OF LANGUAGE SERVICES

21169

65a

(TRANSLATION)

LS NO. 58814
T-97/R-XX
Spanish

SECRETARY OF FOREIGN AFFAIRS
MEXICO

Tlatelolco, D.F., December 4, 1967

Dear Mr. President:

It was with great pleasure that I received and read your kind letter of November 24, sent at the time of Thanksgiving Day which you spend with your family.

You may be assured, Mr. President, that the trip of the Chief of State of Mexico to the United States was also very gratifying to me because it emphasized, in a world which sometimes seems to let itself be led by skepticism, how very possible it is to hope for good faith and mutual understanding in international relations.

It is very encouraging to think that the international relations between our two countries have entered a phase in which this good faith and understanding are beginning to be reflected in concrete achievements, as was proven in the case of El Chamizal.

I believe, as you do, that we shall all have reason to be thankful when we reap the fruit of a common effort for the dignity of man and of his effective participation in the benefits offered by the formidable advances of science and technology.

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

Thank you for having allowed me to share these thoughts, expressed in the peacefulness of the home of a family we regard so highly and sincerely. My wife takes pleasure in joining me to convey the assurances of our friendship, which I hope you will accept and will transmit to your family.

[s] Antonio Carillo

Antonio Carillo Flores

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Embassy Informal Translation

Secretary
of Foreign Relations
Mexico

Tlatelolco, D. F., December 4, 1967

Very Esteemed Mr. President:

I received, and read with great pleasure, the letter you graciously addressed to me on November 24, on the eve of Thanksgiving Day, which you spent with your family.

I can assure you, Mr. President, that the visit of the Chief of State of Mexico to the United States was also a source of singular satisfaction to me, since it placed in relief, in a world which sometimes seems to let itself get carried away by skepticism, how much can result from good faith and mutual understanding in international relations.

I am greatly encouraged to think that the relations between our two countries have entered upon a new phase in which this good faith and understanding has begun to be reflected in concrete actions, as we were able to witness in the case of the Chamizal.

I believe, as you do, that we all will have reason to give thanks when we reap the fruits of our common effort on behalf of the dignity of man and his effective participation in the benefits which can accrue from the formidable progress which has been made in science and technology.

I am grateful that you have permitted me to share with you these reflections, made in the tranquility of the home of a family which we have come to hold in such high esteem. My wife joins me in these expressions of great friendship which I ask you to accept and convey to your family.

/s/ Antonio Carrillo Flores

~~SECRET~~

Wednesday, December 13, 1967
8:45 pm.

MEMORANDUM FOR THE PRESIDENT

SUBJECT: The Greek Coup—Issues

[Signature]
2. Pres file

From early evening conversations Nick Katzenbach and Luke Battle have had with Phil Talbot in Athens and Secretary Rusk in Brussels, the following issues have emerged which we will have to face tomorrow:

1. Phil posed the question of whether we should now make our choice and cast our lot with the King. This decision could even take the form of Phil pulling out of Athens and going north with the King. He suggested that we might do best by opting strongly for the King as soon as we think he has won the support of most of the Greek armed forces.

2. Nick and Luke advised Phil for the time being just to express our hope to junta leaders in Athens that the crisis be resolved without bloodshed. They realize that we may not be able to straddle this issue for long but prefer to keep Phil in Athens with our options open until the situation clarifies. But, subject to your approval and Secretary Rusk's, they agreed that we should generally back the King's goals without committing ourselves yet.

Phil also urged that we at least issue a statement saying we continue to support efforts in Greece to return to constitutional government by peaceful means. But Secretary Rusk still thinks we ought to wait till morning. (The issue is twofold: (a) this would be read as a pro-King statement; (b) US friends of Greek democracy will criticize us for failing to back the King's effort to return to constitutional government.

Secretary Rusk reports keen interest among NATO Council members in backing the King provided he has some base of support and there is something to back. Phil is talking to the junta leaders right now and trying to get someone up north to find out exactly how much support the King has. He will report directly to the Secretary.

I'll keep you posted.

W. W. Rostow

DECLASSIFIED
E.O. 12958, Sec. 3.5
NSC Memo, 1/30/95, State Dept. Guidelines
By *[Signature]*, NARA, Date 5-18-98

~~SECRET~~

Per file

~~TOP SECRET~~

Wednesday, December 13, 1967 -- 7:45 p.m.

Mr. President:

Herewith two major CIA studies which Sec. McNamara suggests should be called to your attention. I have attached to the back cover of each memoranda of comment by Bob Ginsburgh: the back cover because I think, in fairness to the CIA effort, you would like to read the summary (pp 1-5) and get a feel for the questions and answers before reading a mildly critical reaction.

Although my own view is sympathetic to Bob Ginsburgh's; and I sometimes feel that CIA is leaning against an excessive optimism that does not exist, I would regard its conservatism as an asset to the Government, if not carried to excess.

W. W. Rostow

DECLASSIFIED

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

Cy 4, SC No. 08753/67, 8 Dec 1967
"A Review of the Situation in Vietnam."
Cy 4, SC No. 08754/67, 8 Dec 1967
"Questions and Answers Relating to Vietnam."

WWRostow:rla

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~~TOP SECRET~~

67a

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

13 December 1967

MEMORANDUM FOR MR. ROSTOW

SUBJECT: A Review of the Situation in Vietnam

1. In many places I found it difficult to believe that the CIA document is talking about the same war we are. I believe that the Agency is overreacting to what it feels is undue optimism at top levels of government. If the document serves to caution against an expectation of a conclusion of the war before the 1968 elections, it may serve a useful purpose. In my opinion, however, it exudes an excessively pessimistic interpretation of the facts.

2. I do not believe the estimate contains any facts -- as opposed to interpretations -- which the President is not already aware of.

3. Hanoi has adapted its tactics to cope with U.S. military pressures, but I question the judgment that it has "effectively" coped with these pressures. The tactics have slowed, but they have not stopped, progress in pacification; they have not halted the erosion of the VC manpower base; they have not resulted in a Dien Bien Phu; and they have been more costly for the enemy than for the allies despite the advantages of terrain, shorter supply lines, and close sanctuaries.

4. I would agree that we cannot count on an early turning point and that Hanoi has some reason to persevere at least through 1968, but I see scant reason for Hanoi to view the past year with encouragement. From their point of view, the only silver lining to the black clouds is the estimate that things could have been worse.

5. I can see no basis for the interpretation that "the struggle between allied forces and communist regular units is beginning to go better from Hanoi's viewpoint."

6. Chieu Hoi rates since September have been very disappointing. However, I do not think that the other traditional indexes of the course of the war are significantly less favorable to the allies.

DECLASSIFIED

Authority NLS-CBS 19

By isa, NARS, Date 6-22-84

~~TOP SECRET~~

~~TOP SECRET~~

7. I agree that in Hanoi's view the price of victories to the U. S. probably counts more than the cost of defeats to the communists. But this statement does not mean much unless we are prepared (1) to say how much more, (2) over what period of time, and (3) to compare their calculated break -- even point with the actual price/cost ratio. (In terms of killed in action the communist "cost" has been running more than nine times the U. S. "price" during 1967.)

8. It is difficult to take issue with statements on NVN manpower reserves to the effect that

- manpower resources have been more than adequate;
- they are probably adequate to support an expanded effort;
- they will not restrict infiltration;
- Hanoi retains the capability of moving several division-size elements into SVN (this may well be underway).

The study does not address the gut issue: how much of an expansion could NVN's manpower reserves support? Lacking such an estimate, the study may give the mistaken impression that NVN's manpower resources are unlimited. You will recall my personal conclusions that

- North Vietnam probably has a surge force capability (they might be able to send south three to six divisions -- 37,500 - 75,000);
- full use of forces already in-being (much less substantial additional forces) is probably limited by logistics capability;
- North Vietnam may already be close to the maximum force levels sustainable at current casualty rates.

9. It seems to me that the following statement, if not actually false, may be misleading: "Soviet leaders probably judge that Hanoi, even without Soviet aid, could continue to fight, although the nature and level of the conflict would necessarily change." The Soviets furnished military aid in the first half of 1967 at a yearly rate of \$520 million out of a total of \$660 million in military aid. Soviet economic aid was \$200 million out of \$340. Thus, Soviet aid is extremely significant in both absolute and proportional terms. Furthermore, withdrawal of Soviet aid would critically threaten resupply of artillery and ammunition and would cripple NVN's air defenses. If Hanoi could continue to fight (which I personally doubt), the nature and low level of the conflict would probably permit withdrawal of virtually all U. S. ground troops and a major reduction in U. S. air forces.

~~TOP SECRET~~

~~TOP SECRET~~

10. The evaluation of the bombing suffers from the same general deficiencies we have noted in past estimates.

11. On the plus side, I would note that

- CIA does not believe that the Chinese are committed to a communist success in the south at any price;

- Giap is talking in terms of prolonging the war "at least two more years"; whereas, the North Vietnamese used to talk in terms of twenty years.

2

ROBERT N. GINSBURGH

~~TOP SECRET~~

~~TOP SECRET~~

676

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

13 December 1967

MEMORANDUM FOR MR. ROSTOW

SUBJECT: Questions and Answers Relating to Vietnam

1. By and large, CIA has provided an excellent set of questions and answers. With relatively little pruning, they could be put out in unclassified form. In unclassified form they would be useful to Cabinet officers and other officials in discussing Vietnam.

2. However, before any wide use is made of these answers in either classified or unclassified form, it would be essential to coordinate the answers with Defense, JCS, MACV, and the Embassy. It would also be useful to consider the desirability of adding additional questions; for example: What would happen if we stopped bombing? What's wrong with the enclave theory? How long is the war going to last? What would the impact be of mining the ports?

3. I have reservations about the following answers:

1, 2, and 42. Although the answers properly reflect the fact that NVN has additional manpower in reserve, they do not adequately reflect the difficulties Hanoi would face in trying to mobilize, train, deploy, and maintain this manpower in combat.

7. As far as we know, bombing has not yet persuaded Hanoi to change its strategy. The answer should stop there rather than going on to say that is not likely to persuade a change.

8. Similarly, I see no reason whatsoever to take "at face value" Hanoi's assertions that the bombing is an inconclusive factor -- especially in view of Hanoi's insistence on cessation of the bombing as a prerequisite to talks.

17.. I have no credible intelligence -- just a gut hunch -- that this answer underestimates the extent of supplies via Cambodia.

DECLASSIFIED

Authority NLS-CBS 19

By ies, NARS, Date 6-22-84

~~TOP SECRET~~

~~TOP SECRET~~

34. I doubt that there is a supportable basis for estimating VC recruitment in 1966 as high as 8,000 in view of MACV's estimate of only 7,000 -- which in fact seemed to be high. Similarly, the 1967 estimate of 4,000 - 6,000 probably should be reduced to MACV's best guesstimate of about 3,500.

36. Without getting into the subject of "crossover points," the answer should indicate that despite possible wide margins of error, MACV estimates communist strengths have decreased by 43,000 in the last year.

37. Any statement on losses should indicate what is and is not included: KIA, DOW, defections, desertions, losses from diseases.

39. Although I do not have a better answer for the decline in Chieu Hoi rates, I think this subject deserves closer scrutiny.

40. This answer logically leads to the question: What about friendly weapons losses? It should be answered both in totals and in ratios.

49. and 67. These answers, in my opinion, grossly underestimate the impact of closing Haiphong and interdicting the rail lines (we would also attack highways and waterways). As you know, I believe that such a campaign mounted at the beginning of the good weather season could well be decisive. Although this point is debatable, it should not be so lightly brushed aside. Although NVN's current imports may be relatively small by our standards, I believe that they are pretty close to Hanoi's minimum requirements for continuing the war. I further believe that (1) the minimum requirements would be increased above current imports as the result of port and LOC interdiction and that (2) their throughput could be reduced by 20 to 50%. If this estimate is anywhere in the ball-park, NVN would find the continued prosecution of the war extremely difficult -- if not impossible -- after a few months (perhaps as few as three -- maybe as many as 12).

2

ROBERT N. GINSBURGH

~~TOP SECRET~~

INFORMATION

68

~~SECRET~~

Pres file

Wednesday, December 13, 1967 -- 7:30 p. m.

Mr. President:

As instructed, Clark Clifford has reviewed the CABRIOLET file. His view is as follows:

"I believe the President should proceed with the project. I think it would be unwise for us to permit the Russians to gain an advantage in this area. I am assuming that they are testing at regular intervals and I should like to keep up with them in this regard.

"There will always be objections to a project of this kind. Some will claim that it is improper or immoral and others will contend that the timing is wrong. If the opinion of a group is relied upon, there will never be a correct time for such a test as this.

"It appears from the file that a clear commitment was made to the Congress at one time that projects of this sort would proceed. I attach importance to this commitment and feel that we have a real obligation in this regard.

"I have read the memorandum attached to Walt Rostow's recommendation (attached herewith) and am impressed by the reasonableness and common sense of the suggestions contained in it. I believe the experiment should be conducted in a low key and I feel very strongly that no press or foreign observers should be invited.

"My visceral reaction is that there will be substantial public acceptance of an effort of this kind to find valuable peace time uses of nuclear energy."

W. W. Rostow

DECLASSIFIED

E.O. 12958, Sec. 3.6

NLJ 98-300

By Ct, NARA Date 8-26-99

WWRostow:rla

~~SECRET~~

THE WHITE HOUSE

WASHINGTON

December 8, 1967

68a

~~SECRET~~

Mr. President:

I suggest that Cabriolet be handled along the following lines if you decide to go ahead with it at this time. The public handling should be kept as low-key as possible without creating the impression that we are being secretive. The rationale for the test should be established in terms of the prospect for nuclear excavation and the de minimis interpretation of the Limited Test Ban Treaty. In the light of these principles, a scenario for Cabriolet might be along the following lines:

1. The test should be scheduled for late January so that any announcement or leak concerning final preparations would come after the State of the Union speech and the resumption of the ENDC, which will probably be around January 18.
2. The AEC should make a low-key announcement of the test as close to the event as possible. A few days in advance would appear to be sufficient to maintain the open nature of the test without permitting time for domestic or foreign protests.
3. - Well in advance of our announcement, we should stimulate some low-key press discussion of the de minimis interpretation of the LTBT and the fact that several Soviet tests have resulted in radioactive debris crossing Soviet borders.
4. When the ENDC resumes, Bill Foster could make some statement elaborating on our ideas as to how Plowshare explosives might be made available to other countries under the NPT through an international organization. Such a statement would be helpful to the NPT as well as restraining possible foreign criticism of Cabriolet.
5. Press and foreign observers should not be invited to Cabriolet since this would advance the lead time on announcement and stimulate discussion. Such observers might also create additional problems since there could well be long delays on account of weather and the event itself with its large mushroom cloud might appear to present more of a health hazard than is in fact the case.

DECLASSIFIED

E.O. 12958, Sec. 3.6

NLJ 98-300

By cb, NARA Date 8-26-99~~SECRET~~

~~SECRET~~

-2-

6. We should advise Canada and Mexico in advance of the public announcement, emphasizing the very small amount of radioactivity involved, to discourage any possibility of a protest from them if they were taken by surprise.

7. If the test does not create any significant problems, there should be a minimum of government discussion about the treaty implications. However, if the radioactivity is more serious than anticipated or if there is significant domestic or international concern, we should have carefully prepared contingency statements for immediate release along the following lines: (a) AEC description of the test emphasizing the extremely small amount of debris involved and that there is absolutely no health hazard domestically or internationally; (b) State Department explanation of the de minimis interpretation of the treaty and the apparent Soviet interpretation of the treaty as evidenced by their previous actions; and (c) statements by appropriate key Senators to the effect that such tests were consistent with their interpretation of the LTBT when they voted for ratification.

8. If the Soviet Union protests the test as a treaty violation, we should simply refer to their previous actions and suggest they accept our previous offer to discuss the establishment of a mutually agreed interpretation of the LTBT. Unless the Soviets make their protest public, we should maintain this exchange on a private basis.

I believe a scenario along the above lines would set the proper background for the Cabriolet test and minimize the probability that it would become a serious domestic or international political problem.

W. W. Rostow

~~SECRET~~

INFORMATION

69

~~SECRET~~

Pres file

Wednesday, December 13, 1967
2:35 p. m.

Mr. President:

The one-page summary of this report on French arms sales may interest you.

W. W. Rostow

~~SECRET~~

SC No. 00799/67A
8 December 1967
The Growing Influence of French Arms Exports
Special/Weekly Review

DECLASSIFIED
E.O. 12356, Sec. 3.4(b)
White House Guidelines, Feb. 24, 1983
By 128, NARA, Date 1-9-92

WWRostow:rlm

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ACTION

DECLASSIFIED
White House Guidelines, Feb. 24, 1983
By pw, NARA, Date 5-18-98

Pres. file

~~CONFIDENTIAL~~

Wednesday, December 13, 1967 -- 2:00 pm

Mr. President:

Sec. Fowler is extremely anxious to brief you on the gold situation and the results of Fred Deming and Dewey Daane's consultations in Europe. As you know, gold speculation is continuing.

He feels that he ought to inform you today and is prepared to meet late this evening at the end of your schedule.

I asked whether he wanted of you any urgent decision. He said: not immediately; but he wished you to know the situation; what the options are -- so that you could think them over.

He is not prepared to put these delicate matters into writing.

If it is at all possible for you to meet this evening with Joe and a small group, I would recommend that you do so. If not, I believe you should see him early tomorrow morning.

Ed Fried and I will be getting to you this afternoon a picture of the situation.

W. W. Rostow

Meet late this evening _____

Tomorrow morning _____

See me _____

WWRostow:rla

INFORMATION

71

Wednesday, December 13, 1967
12:30 p.m.

Pres file

Mr. President

Here is as blunt a link between
Viet Cong inner discussion among the
cadres and U. S. politics as we're likely
to find.

It is as of July 1967 and the line
may have shifted.

W. W. Rostow

WWRostow:rla

Rostler

71a

December 12, 1967

SUBJECT: VC on US Peace Groups

The following is an extract of a MACV Intelligence Report.

A member of the VC Binh Thuan Province Current Affairs Committee, who rallied recently, advised that he had attended a meeting in July 1967 during which Resolution 13 of the NVN Lao Dong (Communist Party) was discussed in detail. This resolution, adopted in February and March 1967, mentioned anti-war sentiment in the US and took cognizance of dissension between Hawks and Doves and tensions between Negroes and whites. He was told that a "VC Intelligence Organization" had been created in the US to exploit both these areas of friction. This Intelligence Organization allegedly consisted of Vietnamese students and undercover agents of the Soviet and other Communist embassies in the US. Films of Negro-white clashes in the US were shown and were represented as having come from clandestine sources in the US. Stated VC policy was that the longer the war continued, the stronger the US Doves would become and the VC were, therefore, dedicated to fight at least until the 1968 presidential election. The VC felt the Johnson Administration was losing prestige and President Johnson will lose the 1968 Election in favor of a Dove candidate.

(complete report)

Thursday
December 14, 1967

MEMORANDUM FOR THE PRESIDENT

Pres file

SUBJECT: Congressman Chamberlain's letter on Communist use of
Cambodian soil

A suggested reply is attached.

It is intended to be responsive to Chamberlain's letter, which I thought good, without tipping our hand.

It is also written with the knowledge that it may be shown around -- and possibly even published. I see no harm in that, for its publication would serve the double purpose of alerting domestic opinion to this problem and Sihanouk to the fact that we have it in mind.

I recommend that you sign the letter.

Att.

W. W. Rostow

Approve _____

Disapprove _____

See me _____

*2/2/68
Pres returned copies & asked
that Mr Rostow sign letter
to Cong - Chamberlain.*

MWright:wpt

72a

Dear Congressman Chamberlain:

I appreciate your letter of December 8 and your suggestion for dealing with the problem of Communist military use of Cambodia as a sanctuary and supply source. Our responsibility to our own fighting men and those of our allies places a limit on the military benefits which we can permit the enemy to enjoy freely in Cambodia. At the same time, we wish no wider war, and we wish no affront to the sovereignty and security of a small state, however imperfect its neutrality. It is a difficult problem and one on which I am glad to have had your counsel.

Sincerely,

**The Honorable
Charles E. Chamberlain
House of Representatives
Washington, D. C.
LBJ:MWright**

December 13, 1967

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Profile

Dear Bill:

The clippings and compliments on your magnificent "Not Peace But Freedom" editorial are still coming in. Each one of them is a reminder of the gratitude your President and this nation owes to your wisdom, your strength and your enduring commitment to America's cause.

I am grateful, too, for the Franklin Morse cartoon that you sent some time ago. It is an inspiring remembrance of President Lincoln's own struggle -- and the great blessings his perseverance brought to brighten all our days still.

I value your every kindness to me.

Sincerely,



Mr. William Randolph Hearst, Jr.
> Hearst Newspapers Syndicate
959 8th Avenue
New York, New York 10019

LBJ:CMM:kad

DEC 13 1967

ACTION

73a

Friday, December 8, 1967
4:30 p. m.

Mr. President:

Herewith a draft reply to Bill Hearst, as requested, for your signature.

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

W. W. Rostow

rla

December 8, 1967

Dear Bill:

I read with great interest your letter of December 6th.

It is good to receive such an independent, perceptive, lucid, and wide-ranging report. I shall bear your views in mind and have them studied by those working on these problems in the government.

I am grateful that you have been willing to respond in such an openhearted way on those occasions when I have asked you to serve. I shall continue to count on you.

Sincerely,

Mr. W. R. Hearst
Editor-in-Chief
Hearst Newspapers
959 Eighth Avenue
New York 19, New York

LBJ :WWRostow:rln

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DECLASSIFIED

~~SECRET~~

E.O. 12958, Sec. 3.6

NLJ 98-300

Wednesday, December 13, 1967, 12:30 P.M.

By CG, NARA Date 8-26-99

MEMORANDUM FOR THE PRESIDENT

Pres file

SUBJECT: Project CABRIOLET - Positions of your Advisers

On whether or not to conduct the nuclear test CABRIOLET this fall, your advisers come out as follows:

- a. Secretary Rusk - NO FORMAL POSITION - At November 28 meeting expressed doubts about going ahead.
- b. Under Secretary Katzenbach - NO - recommends postponement on foreign policy grounds (endangers non-proliferation treaty) but recognizes that a serious Congressional problem would result.
- c. Secretary McNamara - DEFERS TO SECRETARY OF STATE'S VIEW - Considers timing of test to be primarily a foreign policy matter.
- d. General Wheeler - FOR - Further delay could adversely effect U.S. national security because cratering experiments contribute to improved military technology.
- e. Chairman Seaborg - FOR - Test is necessary part of development of nuclear excavation technology.
- f. Director Helms - NO OBJECTION - Notes that USSR is making steady progress in their nuclear-peaceful uses program.
- g. Director Schultz - NO - Recommends postponement of entire nuclear excavation program.
- h. Director Foster - NO - Same position as Katzenbach
- i. Special Assistant Hornig - NO - Cites political risk in absence of international agreement on nuclear excavations.
- j. Robert Anderson - FOR - Cites necessity of test to further work on nuclear excavation of an Inter-American canal.
- k. Special Assistant Rostow - YES - Notes we promised Congress not to let the Soviet Union outstrip us in peaceful nuclear uses.

BKS:amc

~~SECRET~~

~~CONFIDENTIAL~~

Tuesday, December 13, 1967 -- 10:15 a. m.

Mr. President:

Subject: Meeting With Foy Kohler, 12:45 p. m. today.

As you know, this is a ceremonial farewell.

The Government has done well by Foy in his departure:

- a large retirement ceremony in which he was given his diplomatic passport, Ambassadorial flag, and a set of the National Colors;
- on December 6 he received the Rockefeller Public Service Award for international affairs, to which a check for \$10,000 was attached;
- he will remain as a consultant while being a professor at the University of Miami.

Aside from thanking him for a truly distinguished career in public service and expressing satisfaction that his wisdom will still be available to the Government, you may wish to ask him about his Monday lunch with Dobrynin and for any further observations on our relations with the Soviet Union.

I gather that the Dobrynin lunch was not very productive. Dobrynin's line being that Vietnam casts a pall on our relations and that we could not move forward except in matters of: space; cultural affairs; and, conceivably, on the ABM-ICBM issue.

Specifically, you may wish to ask Foy for his net judgment on this question: Does Moscow prefer the advantages of our involvement in Vietnam to peace in the area?

W. W. Rostow

WWRostow:rla

~~CONFIDENTIAL~~

ACTION

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Wednesday, December 13, 1967 -- 11:45 a.m.

Mr. President:

I just received a call from Congressman Leonard Farbstein (N. Y.). He asked whether I would be willing to see 8-10 Jewish members of Congress this afternoon. I presume the subject is Israel -- and probably planes for Israel -- although he did not say so.

I told him I did not generally deal with members of Congress but would check and call him back.

He said that they wanted particularly to speak to someone in the White House.

If you agree that I should see them, I would confine myself to receiving their message; being sympathetic in atmosphere; but obviously make no commitments.

W. W. Rostow

See Farbstein and company _____

No _____

See me _____

WWRostow:rla

INFORMATION

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~~Confidential~~

Wednesday,
December 13, 1967

Pres file

Mr. President:

You will be interested in this assessment by the British Ambassador in Havana of Castro's attitude toward subversion and the United States in the wake of Guevara's death.

W. W. Rostow

Attachment

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E.O. 12958, Sec. 3.5

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

By *ju*, NARA, Date 5-19-98

from 11005. 30 11005. 10
Form. Office by British
Embassy, Habana (signed
by the ambassador) 11/12

The theory that Castro can afford to show himself more moderate now that Guevara is dead has been peddled quite a lot here. Even if we assume that Guevara was more extreme than Castro, the theory seems to me of doubtful validity; Castro may well feel that even more is expected of him as a result of Guevara's death, that he owes more to the martyr than to the living man. In any case, the assumption that Guevara was outpacing Castro in revolutionary zeal seems to me rather fragile. The State Department has described Castro as a "compulsive revolutionary" and I think this is about right; he is certainly not a revolutionary malgré soi. The only thing one can predict with any confidence is that the fate of the guerilla movement which cost Guevara his life will force Castro to take a long, hard look at revolutionary strategy. While this reappraisal is taking place there may be some loss of momentum on the ground, but I shall be surprised if the propoganda barrage diminishes to any appreciable extent.

Some observers consider that Castro is lowering his voice a bit. But I really think we must suspend judgment. There have been other occasions when Castro has seemed to grow quieter, more preoccupied with domestic affairs than with slanging the Americans. We reported this nearly a year ago, adding that he would soon be at it again. And so he was. He must of course realise that continual strident abuse of the Americans is subject to the law of diminishing returns. So he rings the changes. I think we must look at the record again after six months.

It remains my view that the quarrel with the United States suits Castro, that he will keep it going, and that there will be no sea change so long as the Vietnamese war lasts. I do not believe that the cool breeze from Moscow is blowing Cuba any nearer the United States.

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E.O. 12958, Sec. 3.6

NLJ 98-302

By us, NARA Date 4-28-99

~~CONFIDENTIAL~~

INFORMATION

Wednesday,
December 13, 1967

Mr. President:

Herewith are photos, newsclips, and a USIA report covering the dedication of the "Lyndon B. Johnson Rural School" in Siripaca, Bolivia. You will remember that last September you autographed a large photo for the School and sent the townspeople a special message.

The people of this village built the six-room School with the help of AID and the Peace Corps. More than 50% of the cost of labor and construction materials came from local contributions.

From the pictures you will see that President Barrientos presided at the inauguration ceremony.

W. W. Rostow

Attachments

c: Mr Rostow
Pres file
December 13, 1967 79

MEMORANDUM FOR THE PRESIDENT

SUBJECT: YOUR TALK WITH SIX EUROPEAN AMBASSADORS
(Ernie Goldstein's Lunch, Thursday, December 14, 1:00 P.M.)

The Group

Czechoslovakia	- Ambassador Duda (DOO-da)
Finland	- Ambassador Munkki (MOONK-kee)
France	- Ambassador Lucet (Loo-SAY)
Luxembourg	- Ambassador Steinmetz (STINE-metz)
Poland	- Ambassador Michalowski (Mick-a-LOV-ski)
Sweden	- Ambassador de Besche (duh-BESH)
Yugoslavia	- Crnobrnja (Sir-na-BURN-ya)

Again we have West and East Europeans. Bridge-building is the most appropriate theme. You may wish to make the following points:

- "Our aim is a true European reconciliation." This was the view expressed in my address of October 7, 1966, and I would like to reaffirm it now.
- Despite ideological differences, we must work together towards this end. We are ready to explore all opportunities for improvement of East-West relations. Peace is the single most important U.S. goal.
- This Administration is deeply committed to the liberalization and expansion of peaceful trade -- both East-West trade and trade between ourselves and Western Europe.
- We place special emphasis on stopping the dangerous and wasteful competition in arms. The test ban and the space treaty represent good progress. Much more needs to be done. We are doing our utmost to bring the negotiations for a Non-Proliferation Treaty to a successful conclusion.
- We are among the "rich nations" in a world of poverty. We must use our resources together to conquer our real enemies -- hunger, want, ignorance and misery.
- I am glad to have this opportunity to talk with this distinguished group. I know we can count on you to represent our views to your own governments with accuracy, fairness and wisdom.

Attached are fact sheets for each country, giving a biographical sketch of each Ambassador and summarizing bilateral issues.

W. W. Rostow

NDavis:RUllmann:gg

~~CONFIDENTIAL~~

79a

CZECHOSLOVAKIA

Ambassador Karel Duda (DUH-dah)

1. Biographic Data

Age forty-one, married with three children. Graduated from Charles University Prague, 1950, with Doctorate of Law; specialized in international law. Worked in Ministry of Finance from 1950 to 1954 when transferred to Ministry of Foreign Affairs. Served successively in Czech Embassy, Washington, as Second and First Secretary from 1956 to 1959, then returned to Prague to head North American Section of Ministry of Foreign Affairs. In 1963 returned to Washington as Czech Ambassador. Has courteous, friendly manner. Is intelligent and well versed on US-Czech bilateral questions. Speaks English well.

2. US-Czech Relations

US-Czech relations remain correct but cool. The Czech Government consistently opposes our international positions, including, of course, our involvement in Viet-Nam. The long unresolved bilateral financial problems persist. However, we presented a proposal for the settlement of these problems on November 8. There has been no official Czech response to this proposal, but they have informally told us that they consider out of the question the amount of \$44 million, which we indicated as a fair settlement for US property nationalized by the Czech Government and valued at \$72 million. Until the claims question is settled, we will continue to deny the return to Czechoslovakia of Czech Nazi-looted gold now held by the Tripartite Monetary Commission.

Two protection cases have strained US-Czech relations. 1) An American citizen, Miroslav Rek, was arrested on July 13 and subsequently tried and sentenced to five months' imprisonment on Czech charges of drunkenness and slander against the President of Czechoslovakia; despite strong representations on our part, he will have been forced to serve his full sentence if he is released and expelled on December 13 as scheduled. 2) The Czechs claim to be continuing their investigation into the mysterious and tragic death in Prague on August 16 of Charles H. Jordan, then Executive Vice President of the American Joint Distribution Committee.

3. Suggested Conversational Topics

Congratulate Ambassador on Czech national exhibit at EXPO 67. It was among the finest, if not the finest, exhibit (among the contents were outstanding wood carvings). Duda was on leave in Prague this summer.

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GROUP 3 - Downgraded at 12-year intervals;
not automatically declassified.

DECLASSIFIED

Authority 7129 90-21

By 18/10/92, NARA, Date 1-16-92

~~CONFIDENTIAL~~

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FINLAND

Olavi MUNKKI ("Moonk-key")

DECLASSIFIED
E.O. 12958, Sec. 3.5
State Dept. Guidelines
By ju, NARA, Date 5-18-98

1. Biographic Data

Ambassador to U.S. since February 1965; prior service in Germany, Washington, and London. Specialist in commercial affairs. Married to talented ceramic artist, two grown sons. Has good knowledge of English but strong accent sometimes makes him difficult to understand.

In confidentially low tone of voice, particularly after few Scotch-and-waters, Ambassador Munkki is fond of expressing his pro-American sympathies, belief in importance of frankness and sincerity, and hope Americans will understand Finland's geographic position imposes upon it definite foreign policy limitations.

2. US-Finnish Relations

We have no bilateral problems with Finland and it is doubtful that Ambassador Munkki will raise substantive issues. Some current developments are:

a. U.S. Purchase of Finnish Icebreakers - Finland produces some of the most modern and efficient icebreakers made, and Munkki is very likely to mention Finland's hope that we will purchase Finnish icebreakers for the U.S. Coast Guard. A Finnish company, together with Bethlehem Steel and Westinghouse International, have reached informal agreement on a possible proposal to the USG whereby two icebreakers would be built in Finland using Bethlehem steel and Westinghouse electronics, and an additional two icebreakers would be built in the U.S. by Bethlehem using Finnish specifications and technical expertise. A considerable saving in cost and time is alleged. The Finns have been told that while the USG would be pleased to consider such proposals, there is currently considerable Congressional opposition to the U.S. purchase of foreign-built ships.

~~CONFIDENTIAL~~

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- 2 -

b. Viet Nam - Finland disagrees with our Viet Nam policy, favoring immediate cessation of the bombing of North Viet Nam and peace proposals along the lines of U Thant's suggestions. Finnish Government pronouncements, however, have been considerably less strident than those of other Scandinavian governments.

c. The Middle East - Finland has supplied officers for the UN observer force along the Suez Canal, and represents Israeli interests in Moscow and Soviet interests in Tel Aviv. We appreciate the helpfulness of the Finnish Permanent Representative to the United Nations, Max Jaccobson.

d. 50th Anniversary of Finnish Independence - Finland celebrated fifty years of independence on December 6. You sent President Kekkonen a congratulatory note and a small gift (clock/barometer combination for desk) on the occasion. On October 6 a U.S. commemorative postage stamp was issued in ceremonies in Finland, Minnesota at which the Finnish Foreign Minister and Ambassador Munkki were present. A congratulatory Concurrent Resolution passed the Congress on November 27. You may personally wish to congratulate the Ambassador.

3. Suggested Conversational Topics

a. 50th Anniversary Independence Day celebrations. (See above.) Soviet President and Scandinavian Prime Ministers visiting Helsinki for the occasion.

b. Munkki's trip to South Dakota two weeks ago to participate in university seminar on international relations. He appeared impressed with interest shown in mid-West in Finland and international relations in general.

c. Talk about the wine. Munkki is a bit of a wine snob. (Finns are proud of their vodka and liqueurs.)

d. Mrs. Munkki's ceramics and sculptures.

~~CONFIDENTIAL~~

~~SECRET~~

79c

FRANCE

Ambassador Charles LUCET

1. Biographic Data

Before appointment as Ambassador to the United States in October 1965, Lucet was Director of Political Affairs, French Foreign Office, position roughly equivalent to Under Secretary for Political Affairs. Parisian by birth; age 57. Graduate degrees in law and political science. Served Washington 1935-1942 and 1953-1959. Dismissed by Vichy in 1940 and joined the Free French mission here. Friendly toward the United States. Seeks keep our relations on an even keel despite policy differences.

Personal manner can be deceptive. Gives appearance of being uncertain, but is generally very well informed and has strong personal views. Extreme gentleness conceals firm personality.

2. United States-French Relations

French-United States relations in recent years have been correct, but no more. This situation arises from de Gaulle's obsession that the United States is attempting to dominate world events. The United States must therefore be opposed at every turn. This attitude coupled with de Gaulle's passionate desire to bring France to an ever higher level of power and influence and to maintain complete freedom of action makes any meaningful dialogue and cooperation on outstanding world issues difficult if not impossible.

Faced with this point of view, which excludes any wide cooperation with the United States on major world problems, we have three objectives in our present relations with France: (1) to avoid public debate with de Gaulle which could further deteriorate the situation; (2) to maintain contact with the French at all possible levels in order to make clear United States policies and attitudes; and (3) to maintain and strengthen the long-standing friendship between the French and American people.

3. Suggested Conversational Topics

Hobby is modern literature, especially modern American novel. Widely travelled in United States, most recently in Boston and Newport. Returns to France on short leave December 15. Has son, Jean Louis, also diplomat, and daughter.

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Authority 7129 90-21

By rs/wsp, NARA, Date 1-16-92

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79d

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LUXEMBOURG

Ambassador Maurice STEINMETZ

1. Biographic Data

In Washington since 1964. Career diplomat, served in Belgium 1945-1960, at UN 1960-1964. Born 1904, educated in Luxembourg, degree in Commercial Science at Antwerp. Talkative, good-humored, sports fan (hockey, track, soccer). Childhood injury left slight limp. American wife, no children, speaks English well.

2. United States-Luxembourg Relations

United States-Luxembourg relations have traditionally been close. Luxembourg recalls with gratitude its liberation by United States forces and has contributed \$20,000 worth of medical supplies to South Viet Nam.

Luxembourg wishes to permit United States airlines to fly to Luxembourg without reciprocal rights. To meet this request, we have drafted a proposal which Ambassador Feldman will present upon his arrival in Luxembourg.

3. Suggested Conversational Topics

Steinmetz may express his pleasure over the appointment of Ambassador Feldman. Ambassador Feldman was confirmed on October 18 replacing Patricia Harris. He plans to arrive in Luxembourg in mid-December and will present his credentials to Grand Duke Jean shortly thereafter.

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Authority 79-90-21

By sp/cep, NARA, Date 1-16-92

CONFIDENTIAL

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79e

POLAND

Ambassador Jerzy Michalowski

1. Biographic Data

Age 58; married; two children, youngest son a freshman at Carleton College, Minnesota. Accomplished diplomat with previous experience as Polish Ambassador to Great Britain (1946-53), Polish Representative to ICC in Viet-Nam (1955-56), Ambassador to UN (1956-60), Director General, Ministry Foreign Affairs (1960-67). Considered an expert on Asian Communist affairs. Has reputation of being pro-Western in outlook. Fluent in English, French and Russian, witty conversationalist, art collector.

2. U.S.-Polish Relations

Overshadowed by Viet-Nam war. In controlled press and in speeches by top ranking leaders, U.S. accused of all manner bestiality, including genocide. (Ambassador Gronouski has twice lodged protest.) Polish Government uses Viet-Nam as excuse limit some of exchange program such as "postponed" U.S. Architecture exhibit. However, less visible exchanges of students and teachers continue undiminished. Consular negotiations under way in Washington. Ambassador Gronouski signed debt agreement last April providing for extensive English language teaching program, but this will not get off ground until appropriation passed. Trade increasing impressively - both ways.

3. Suggested Conversational Topics

a. The Findley Amendment (which would have denied MFN to Poland) was defeated November 8 in a close (200-196) vote on a Foreign Aid Bill recommitment motion. The Administration is pleased with this development, having worked hard to prevent the amendment's passage. Polish exports to the U.S. are running about \$100 million this year, which is more than 20 percent higher than last year.

b. A Polish delegation has been in Washington since late November to resume negotiations for a U.S.-Polish Consular Treaty. These negotiations were begun in 1963 but have been stalled by the Poles during the past year and a half.

c. We understand that Michalowski's son is doing very well at Carleton College.

~~CONFIDENTIAL~~

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Authority 719 90-21
By rgl/wsp, NARA, Date 1-16-92

79F

LIMITED OFFICIAL USE

SWEDEN

Hubert de Besche (duh-Besh)

1. Biographic Data

Ambassador de Besche presented his credentials as Swedish Ambassador to the United States on February 11, 1964. This is his first assignment as Ambassador. He is a career diplomat who entered the Swedish foreign service in 1936. He has had long-term assignments abroad only in London (1937-40) and in Washington (as Economic Counselor from 1949 through 1953).

The Ambassador is an economic and commercial specialist and has served many years in the Foreign Ministry in such positions. He negotiated trade agreements, participated in GATT deliberations and OEEC affairs, and played an active role in the formation of the European Free Trade Area and Sweden's attempts in 1960-61 to gain associate membership in the European Economic Community.

Ambassador de Besche is married and has two nearly grown daughters. He is very energetic and successful in cultivating contacts in all branches of the US Government and in private circles. He is an affable host and appears to be well disposed toward the United States.

2. US-Swedish Relations

We have no bilateral problems with Sweden and it is doubtful that the Ambassador will raise substantive issues.

Some current Swedish preoccupations are:

a. Viet Nam - The Swedish Government believes that United States-Viet Nam policy will fail because there can be no military solution -- that only through negotiations can a political solution be achieved. In the Swedish view it is a matter of great urgency that the US stop bombing the North to see if that will lead to negotiations. Sweden believes there is a good chance it will. The Swedish Government believes that as "the most powerful figure" in the conflict, the US should take the first step in de-escalation, even without any assurance of a quid pro quo. It is

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- 2 -

likely that the Government will feel constrained to be ever more critical of US-Viet Nam policy as the September 1968 parliamentary elections approach, in order to retain the support of the voters of the left-wing of the Social Democratic party.

b. Middle East - Sweden has been a strong supporter of UN peacekeeping operations in the area and now stands ready to supply troops to a new UN force there or more observers, if needed to watch truce lines. They have just made Swedish Ambassador Gunnar Jarring available as the UN Secretary General's special representative to the Middle East.

c. Disarmament and Nuclear Non-Proliferation - Sweden is a firm supporter of measures in this area and has participated actively in the Eighteen Nation Disarmament Conference at Geneva. It hopes that the Conference will soon be able to submit a unanimous recommendation for a non-proliferation treaty to the UN General Assembly. Although Sweden has hoped for a linking of disarmament measures to the non-proliferation treaty, it is expected to sign the latter even in the absence of such a link.

3. Suggested Conversational Topics

Although Ambassador de Besche was a champion fencer, he appears now to have little time for sports or hobbies.

His principal conversational interests are related to his work. However, like most Swedes he is interested in US civil rights problems and solutions and US social welfare programs such as that administered by the Office of Economic Opportunity.

Ambassador de Besche is always interested in discussing such topics as Viet Nam, the Middle East and Cyprus situations, the state of east-west relations, and the prospects for UK and Swedish membership in the European Economic Community. He will doubtless be interested in the impending McNamara departure and the identity of his successor.

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YUGOSLAVIA

799

Bogdan Crnobrnja (SIR-NO-BURN-YA)

1. Biographic Data

Born 1916 at Vrginmost, Croatia. Is a Serb. Taught school before World War II. Joined Partisans and Yugoslav Communist Party in 1941. Served as political commissar with Partisans with rank of Colonel. Director Bureau of Special Studies in Ministry of Trade 1945-47. Assistant Minister Foreign Trade 1947-51. Assistant Secretary of State for Foreign Affairs 1951-54 (economic matters). Ambassador at New Delhi 1954-58. Assistant Secretary State of Foreign Affairs 1958-61 (economic affairs). Secretary General to Tito 1961-67. Ambassador at Washington 1967-present.

Elected member Central Committee League of Communists Yugoslavia 1963. Knows Tito's mind very well. Accompanied Tito to Washington in October 1963. Honest and straightforward. Speaks English, French and Russian.

Married with two sons, 21 and 14. Wife speaks English.

2. US-Yugoslav Relations

Governor Harriman met Tito on November 26 at Karadjordjevo near Belgrade. Principal topics discussed were Viet-Nam, the Near East and US-Yugoslav relations. Conversation on Near East continued US-Yugoslav dialogue on this subject which began with exchange of views between President Johnson and Tito in July and August 1967. US-Yugoslav relations complicated during past year by legislative elimination of possibility provide Yugoslavia with concessional sales of surplus commodities under PL-480 and by bombing of Yugoslav missions in the United States on January 28. These bombings remain unsolved despite vigorous FBI efforts and extended Grand Jury hearings. US-Yugoslav relations were further complicated by Yugoslavia's all-out support of Arab cause during and after June 1967 Near East hostilities. However, exchanges of US-Yugoslav views on Near East have done much to improve Yugoslavia's understanding of US position on Near East. The economic and political reforms underway in Yugoslavia and which are aimed at decentralization of authority and at giving the market factor far greater play in the economic life of the country promise opportunities for favorable development in US-Yugoslav relations.

3. Visitors from Yugoslavia

On October 30, 1967, Yugoslav Foreign Secretary Nikezić (NI-KAY-ZICH) brought message to President Johnson from Marshal Tito regarding Near East.

4. Suggested Conversational Topics:

- A. Ambassador Crnobrnja has son interested in studying at Harvard or MIT.
- B. Ambassador Crnobrnja went quail shooting in Clarke County, Virginia on November 25.
- C. Mrs. Crnobrnja had tea at White House with Mrs. Johnson on October 19.
- D. There was an earthquake disaster at Debar, Yugoslavia on November 30.