

DECLASSIFIED

Authority FRUS 64-68, vol. 20, #25~~SECRET~~By jc NARA, Date 7-21-03

Wednesday, December 27, 1967

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Surplus APCs for Israel Instead of New Ones

You will recall approving last May the sale to Israel of 100 new Armored Personnel Carriers.

The Israelis have now said they don't intend to buy these new APCs if we will release 375 surplus World War II half-track personnel carriers for them to cannibalize. Apparently they captured enough new equipment in June to hold them for the moment and are mainly concerned with keeping their present inventory operational. The old APCs they want originally went to our NATO allies and are now back in our control as surplus in French and Italian depots. Of the 375, 143 are the balance of a sale we had already authorized last March but suspended when war broke out.

Secretaries McNamara and Katzenbach recommend that we go along with this Israeli proposal. This would avoid introducing a new and modern piece of heavy equipment into the Israeli inventory, and the deal would attract less attention from the Arabs. Our approval would be consistent with your recent decision to supply spare parts to the Israeli military since these would be cannibalized. From the Israeli side, the half-tracks have the advantage of immediate delivery and cost only about \$130,000, contrasted to the 18-months lead time and \$3.5 million for new vehicles.

I am checking this with you mainly because of your personal battle for the new APCs last spring. I assume, however, that you would have no problem with this suggestion since this is what the Israelis want and it is easier for us.

The only question is whether we go ahead now or wait till you've seen Eshkol. Since we get the better end of this deal, I'd be inclined to tuck it under our belts right now. We don't get a great deal of credit for letting them have what everybody else has now laid aside as military junk. However, even though aircraft will be the main focus of your talk with Eshkol, you may want to give the impression of a hiatus in decisions before he comes.

W. W. Rostow

Approve now _____

Approve now but hold until after Eshkol visit _____

Call me _____

I have some reservations~~SECRET~~

63
INFORMATION

not pencil

~~CONFIDENTIAL~~

December 27, 1967

MEMORANDUM FOR THE PRESIDENT

Pres file

SUBJECT: The Perkins Committee Study on Foreign Aid, Round II
(For your meeting with Charlie Schultze and Bill Gaud;
Friday, December 29)

At your Friday meeting on the foreign aid budget, Bill Gaud plans to raise again the question of the general study of foreign aid program by Jim Perkins' Advisory Committee. You will recall that the Perkins Committee (Gene Black, Dave Bell, David Rockefeller, etc.) has offered to do a full study of aid concepts and programs with a report to you after the election, in time for the 1969 legislative program. Ideally, they would like to do this in response to a public directive from you; but they might settle for a quiet signal to go ahead.

Gaud and Schultze both believe -- as do Rusk and McNamara -- that the committee should do this study. We will need some basic thinking on foreign aid for 1969 and this committee is the most experienced, prestigious, and bi-partisan group we could possibly put together, particularly in a campaign year. Gaud is ready to find the money in AID to finance the study.

As you instructed last month, we told Perkins that you did not want to go ahead with the study at that time. He took that reasonably well and called off the rather elaborate meeting then scheduled to organize the committee to do the job. But he and his colleagues haven't taken "not now" to mean "never". We owe them a further answer, and it must be fairly soon if they are to have time to conduct a thorough review. We must also take into account the fact that Black, Rockefeller, and other leading lights in the group feel that if they are not to do this kind of study -- after two years of education in the program -- they serve no useful purpose and should be disbanded or allowed to become dormant. (Their demise would not threaten the Republic, but I think it would be a pity, particularly in 1968.)

Gaud will make the point, with which I agree, that we are coming to the point where it is worse to give them no answer at all than to give them a negative reply. The main choices are three:

~~CONFIDENTIAL~~

DETERMINED TO BE AN ADMINISTRATIVE
MARKING. CANCELLED PER E.O. 12358,
SEC. 1.3 AND ARCHIVIST'S MEMO OF
MAR. 16, 1983.

BY 108 ON 1-16-92

CONFIDENTIAL

- 2 -

(1) Go ahead with the study with some public blessing from you. This would make Perkins and Co. happiest, but it would pretty well tie you to them as your foreign aid thinkers, perhaps complicating any attempt to present a foreign aid initiative before the election and making it difficult for you to oppose or amend the recommendations in their report.

(2) Go ahead with the study without a public Presidential directive. I think that the committee would probably agree to go forward in response to a quiet signal from you, perhaps a confidential letter or a phone call. Under these circumstances, we could maintain that the committee is just proceeding with the business for which it was established and avoid some of the "chosen instrument" problem. If you don't want to be involved at all, we might try to get the group started with a signal from one of us in your name.

(3) Politely decline the study. This would preserve maximum flexibility for you, but at the cost of de facto abolition of this blue ribbon group, which is of considerable use to us both in terms of program advice and in terms of help with the aid bill on the Hill.

I would vote for (2) -- a quiet signal to go ahead. I suspect that if this group does not exist it will be necessary to invent it, or something like it, to put together a revised aid program in 1969. I think revision is desirable on the merits and absolutely necessary in terms of support on the Hill. If we lose the Perkins group now, I wonder whether we will be able to assemble another task force that can be of as much substantive and political use. I recommend you tell Gaud and Schultze the committee should proceed as quietly as possible, and that you agree to call Perkins or instruct one of us to deliver the message.

W. W. Rostow

~~CONFIDENTIAL~~

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FROM WALT ROSTOW
TO THE PRESIDENT
CITE VH70630

UNCLAS

DECEMBER 27, 1967
SECRETARY RUSK'S SUMMARY REVIEW OF 1967 FOLLOWS:

INTERNATIONAL DEVELOPMENTS-1967

THIS HAS BEEN A YEAR OF CONSIDERABLE PAIN AND VIOLENCE, BUT IT ALSO HAS BEEN ONE OF CONSTRUCTIVE DEVELOPMENTS; SOME OF THEM MOMENTOUS, OTHERS HIGHLY PROMISING. THESE INCLUDE:

1. THE SUCCESSFUL CONCLUSION OF THE KENNEDY ROUND NEGOTIATIONS--THE MOST FAR-REACHING ASSAULT EVER MADE ON BARRIERS TO INTERNATIONAL TRADE.
2. ADOPTION BY THE INTERNATIONAL MONETARY FUND OF A PLAN FOR SPECIAL DRAWING RIGHTS--AN IMPORTANT STEP TOWARD ASSURING ADEQUATE MONETARY RESERVES TO SUPPORT CONTINUING EXPANSION OF INTERNATIONAL TRADE.
3. THE IMF LOAN TO BRITAIN IN CONNECTION WITH THE DEVALUATION OF STERLING; AND THE GOLD POOL, THROUGH WHICH LEADING WESTERN POWERS HELPED TO MAINTAIN ORDERLY MARKETS FOR GOLD AND FOREIGN EXCHANGE FOLLOWING STERLING DEVALUATION.
4. AGREEMENT BY THE PRESIDENTS OF THE LATIN AMERICAN REPUBLICS TO MOVE TOWARD ECONOMIC INTEGRATION IN THE NEXT DECADE--ONE OF THE MOST IMPORTANT COLLECTIVE DECISIONS OUR FRIENDS TO THE SOUTH HAVE EVER MADE.

File
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WEDNESDAY

5. AN AGREEMENT ON THE PRINCIPLES OF TEMPORARY TARIFF ADVANTAGES FOR DEVELOPING COUNTRIES, REACHED BY THE 21 MEMBERS OF THE ORGANIZATION FOR ECONOMIC COOPERATION AND DEVELOPMENT.

6. THE OTHER FOURTEEN MEMBERS OF NATO DEALT SUCCESSFULLY WITH THE PROBLEMS ARISING FROM THE FRENCH WITHDRAWAL:

A. WE AND OUR ALLIES MET THE FRENCH REQUEST TO CLOSE ALL FOREIGN MILITARY INSTALLATIONS IN FRANCE BY APRIL 1. SHAPE AND OTHER KEY MILITARY HEADQUARTERS WERE EFFICIENTLY TRANSFERRED TO NEW SITES IN BELGIUM, THE NETHERLANDS, AND GERMANY.

B. THE NORTH ATLANTIC COUNCIL AND THE MILITARY COMMITTEE WERE LOCATED IN BRUSSELS IN OCTOBER.

7. NATO MADE SIGNIFICANT ADVANCES IN PLANNING:

A. THE FOURTEEN AGREED ON A NEW STRATEGIC CONCEPT WHICH INCORPORATES A FLEXIBLE RESPONSE, AND THUS BETTER REFLECTS A POLICY OF CREDIBLE DETERRENCE, THE CURRENT THREAT, AND ALLIED CAPABILITIES.

B. THE NATO DEFENSE PLANNING COMMITTEE COMPLETED WORK ON AN AGREED FORCE PLAN FOR 1968-72.

C. WE AND OUR ALLIES EXAMINED SOME BASIC QUESTIONS ABOUT THE NORTH ATLANTIC ALLIANCE, PARTICULARLY FUTURE POLITICAL TASKS, INCLUDING RELATIONS WITH THE SOVIET UNION AND EASTERN EUROPE.

8. THE THREAT OF WAR BETWEEN GREECE AND TURKEY OVER CYPRUS WAS RELIEVED, WITH THE HELP OF MEDIATION BY THE SECRETARY GENERAL OF NATO, A REPRESENTATIVE OF THE SECRETARY GENERAL OF THE UNITED NATIONS, AND A PERSONAL REPRESENTATIVE OF OUR PRESIDENT.

9. THE WAR IN THE NEAR EAST WAS HALTED IN FOUR DAYS WITHOUT THE INTERVENTION OF GREAT POWERS.

10. AN AGREEMENT ON THE YEMEN WAS REACHED BETWEEN SAUDI ARABIA AND THE UNITED ARAB REPUBLIC--AFTER FIVE YEARS OF STRIFE WHICH THREATENED TO EMBROIL THEM AND OTHER NATIONS IN WAR.

11. THE AFRICAN DEVELOPMENT BANK MADE ITS FIRST LOAN.

12. THERE WAS FURTHER PROGRESS IN SUBREGIONAL COOPERATION IN AFRICA--FOR EXAMPLE BY THE CREATION OF THE NEW EAST AFRICAN COMMUNITY.

13. CASTRO'S EFFORTS TO PROMOTE GUERRILLA WARFARE AND SUBVERSION IN THE WESTERN HEMISPHERE SUFFERED SHARP REVERSES IN BOLIVIA, VENEZUELA, AND ELSEWHERE.

14. THE SPACE TREATY WAS RATIFIED AND WENT INTO EFFECT.

15. THE SOVIET UNION AND UNITED STATES MADE SUBSTANTIAL PROGRESS TOWARD AN AGREED DRAFT OF A NON-PROLIFERATIONS TREATY.

16. IN OUR BILATERAL RELATIONS WITH THE SOVIET UNION:

A. WE RATIFIED THE CONSULAR CONVENTION--THE SOVIET UNION HAS NOT YET DONE SO.

B. PROGRESS MADE IN ARRANGING FOR THE INAUGURATION OF COMMERCIAL AIR SERVICE BETWEEN MOSCOW AND NEW YORK.

C. AGREEMENT WAS REACHED ON A NEW EMBASSY SITES IN MOSCOW AND WASHINGTON.

WE MADE SOME PROGRESS IN IMPROVING RELATIONS WITH A FEW OF THE SMALLER EAST EUROPEAN NATIONS.

17. A MAJOR WATER FOR PEACE CONFERENCE, HELD IN WASHINGTON, GAVE NEW IMPETUS TO IMPORTANT COOPERATIVE UNDERTAKINGS.

18. THE WAR ON HUNGER GAINED MOMENTUM, AS VARIOUS DEVELOPING NATIONS BECAME MORE SHARPLY AWARE THAT THEY MUST GREATLY INTENSIFY THEIR EFFORTS TO INCREASE FOOD PRODUCTION AND MUST ALSO COME TO GRIPS WITH THE POPULATION SIDE OF THE EQUATION.

19. THE CHAMIZAL AGREEMENT BETWEEN MEXICO AND THE UNITED STATES APPROVING CHANGES IN BOUNDARIES, THUS ENDING A CENTURY-OLD DISPUTE.

20. THE TERMINATION OF OUR ECONOMIC AID PROGRAM TO IRAN BECAUSE, AFTER 15 YEARS, IT HAD ACHIEVED ITS GOAL--TO HELP IRAN TO ATTAIN SELF-SUSTAINING GROWTH.

21. NEW INTERNATIONAL AGREEMENTS WERE SIGNED DEALING WITH SUCH DIVERSE SUBJECTS AS: ATOMIC ENERGY, TELECOMMUNICATIONS, AVIATION, AVOIDANCE OF DOUBLE TAXATION, INVESTMENT GUARANTEES, CLAIMS, FISHERIES, DEFENSE, CULTURAL EXCHANGES, AND PEACE CORPS.

22. POLITICAL, ECONOMIC, AND SOCIAL PROGRESS IN MOST OF THE NON-COMMUNIST COUNTRIES IN EAST ASIA AND THE PACIFIC.

23. FURTHER EASING OF SOME LONG-STANDING INTERNATIONAL TENSIONS: FOR EXAMPLE BETWEEN INDONESIA AND ITS NEIGHBORS, AND BETWEEN JAPAN AND THE REPUBLIC OF KOREA.

24. THE FREE NATIONS OF EAST ASIA AND THE PACIFIC CONTINUED TO MAKE NOTABLE PROGRESS IN REGIONAL COOPERATION:

A. THE ASIAN DEVELOPMENT BANK BEGAN OPERATING, AND ANNOUNCED ITS WILLINGNESS TO ADMINISTER A SPECIAL FUND FOR AGRICULTURAL DEVELOPMENT.

B. INDONESIA JOINED FOUR OF ITS NEIGHBORS IN THE NEW ASSOCIATION OF SOUTHEAST ASIAN NATIONS.

C. THE ASIAN AND PACIFIC COUNCIL (ASPAC)--CONSISTING OF NINE MEMBERS AND ONE OBSERVER--HELD ITS SECOND ANNUAL MINISTERIAL CONFERENCE.

OUR STAND IN VIETNAM HAS BEEN A MAJOR CONTRIBUTION TO THESE HIGHLY FAVORABLE DEVELOPMENTS OVER A VAST AREA. BEHIND THE SHIELD WHICH WE HAVE HELPED TO PROVIDE IN VIETNAM, A NEW ASIA IS ARISING.

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1967 DEC 27 17 59

Pres file

FROM WALT ROSTOW
TO THE PRESIDENT
CITE CAP671172

~~SECRET~~

THIS POST - CANBERRA REPORT OF A THIEU - BUNKER CONVERSATION
WILL INTEREST YOU.

1. FOLLOWING A CALL WITH GOVERNOR ROMNEY ON PRESIDENT THIEU
DECEMBER 26, I STAYED BEHIND TO HAVE A TALK WITH THIEU ABOUT
HIS IMPRESSIONS FROM AUSTRALIA, AND A NUMBER OF OTHER MAT-
TERS OF CURRENT INTEREST. FOLLOWING ARE THE HIGHLIGHTS OF OUR
TALK.

2. THIEU THOUGHT THAT THE MEETINGS IN CANBERRA HAD GONE VERY
WELL AND HAD BEEN WORTHWHILE FROM HIS VIEWPOINT. HE NOTED
THAT PRESIDENT JOHNSON HAD BEEN INTERESTED PARTICULARLY IN PLANS
FOR LAND REFORM, RAISING OF TAXES, PROGRESS IN PACIFICATION,
AND THE DEVELOPMENT OF THE JOINT US/JAPANESE EDUCATIONAL TV
PROJECT. THIEU SAID HE HAD DESCRIBED HIS PLANS ON LAND REFORM
TO THE PRESIDENT. THESE INCLUDE A COMPREHENSIVE LAND REFORM
PLAN ON WHICH THE GVN HAS BEEN WORKING, WHICH THIEU EXPECTS TO
DISCUSS IN DETAIL THIS WEEK WITH THE MINISTER OF AGRICULTURE,
AND WHICH THEY HOPE WILL FORM THE BASIS FOR SUBSTANTIAL
PROGRESS IN THIS FIELD. THIEU SAID HE HAD ALSO EXPLAINED
TO THE PRESIDENT THE POLITICAL FACTORS BEARING ON THE TIMING
OF ANY INCREASE IN TAXES, NOTING PARTICULARLY THE INADVISABILITY
OF SUCH A MOVE BEFORE THE TET HOLIDAYS, ESPECIALLY WITH THE
NORMAL UPWARD PRESSURE ON PRICES GENERALLY DURING THIS
PERIOD.

3. IN CONNECTION WITH HIS TALK WITH THE MINISTER OF
AGRICULTURE, THIEU NOTED THAT THE LATTER HAD SUGGESTED THE
DESIRABILITY OF INCREASING VIETNAMESE CONSUMPTION OF WHEAT
AND CORN AS A SUBSTITUTE FOR RICE. I TOLD THIEU THAT WE HAD
DONE THIS WITH CONSIDERABLE SUCCESS IN INDIA WHERE WHEAT
HAD BEEN SUBSTITUTED IN MANY AREAS FOR RICE. I NOTED THAT
NORMALLY WE HAD MORE WHEAT THAN RICE AVAILABLE FOR EXPORT
FROM THE US AND ADDED THAT I HAD ONLY JUST THAT DAY
RECEIVED A LETTER FROM SECRETARY FREEMAN URGING THAT ACTION
BE TAKEN TO INCREASE RICE PRODUCTION IN VIETNAM SINCE THERE
WERE SO MANY CLAIMANTS FOR OUR RICE SURPLUS.

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E.O. 13292, Sec. 3.5
NLJ 03-264
By us, NARA, Date 12-15-03

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4. THIEU SAID HE HAD ASSURED THE PRESIDENT THAT THE GVN WAS MAKING EVERY EFFORT TO MOVE AHEAD ON THE NEW PACIFICATION PLAN AND THAT HE ANTICIPATED MORE RAPID PROGRESS IN THE MONTHS AHEAD. IN CONNECTION WITH MY INQUIRY ABOUT PLANS FOR A RAISE IN THE EXECUTIVE PAY SCALE, AS ONE MEASURE TO COMBAT CORRUPTION, THIEU INDICATED THAT HE HAD THIS IN MIND. HE SAID ONCE AGAIN THAT IT WAS DIFFICULT TO START OUT THE NEW GOVERNMENT WITH A SUBSTANTIAL RAISE IN GOVERNMENT SALARIES SINCE THIS WAS HARDLY DESIGNED TO DEVELOP POPULAR SUPPORT FOR THE GOVERNMENT AT A TIME WHEN IT WAS EMPHASIZING THE NEED FOR AUSTERITY. HE AGREED, HOWEVER, THAT INCREASES IN BOTH CIVILIAN AND MILITARY PAY WERE NEEDED AND INTENDED TO PUSH AHEAD WITH THEM AT THE APPROPRIATE TIME. HE THOUGHT THAT FOLLOWING THE ASSEMBLY'S ACTION SETTING ITS OWN SALARY SCALE, IT WOULD BE POSSIBLE TO TAKE ACTION WITH RESPECT TO THE CIVILIAN AND MILITARY SERVICES AND THAT PAY SCALES OF THE TWO SERVICES SHOULD BE BROUGHT INTO BALANCE.

5. HAVING IN MIND THE GROWING IMPRESSION THAT THE NEW GVN WAS NOT GIVING MUCH PUBLIC INDICATION OF PROGRESS, I SUGGESTED TO PRESIDENT THIEU THAT IT MIGHT BE TIMELY FOR HIM TO MAKE SOME KIND OF PUBLIC STATEMENT OF GOVERNMENT ACTIONS AND INTENTIONS. I MENTIONED THAT HIS VERY FINE INAUGURAL ADDRESS, AND PRIME MINISTER LOC'S SPEECH SUMMARIZING GOVERNMENT PLANS AND PROGRAMS, GAVE A USEFUL DEPARTURE POINT FOR FURTHER DEVELOPMENT OF THE GOVERNMENT'S SPECIFIC ACTIONS AND FUTURE INTENTIONS. THIEU SAID THAT AS A MATTER OF FACT HE WAS ALREADY WORKING ON MAJOR ADDRESS WHICH HE PLANNED TO MAKE TO BOTH HOUSES AT THE TIME THE NEXT YEAR'S BUDGET IS PRESENTED. HE SAID THAT HIS STAFF AND THE PRIME MINISTER'S STAFF WERE ALREADY WORKING TOGETHER ON THIS REPORT WHICH WOULD DEAL WITH THE PRINCIPAL PROBLEMS FACING THE NATION AND THE GOVERNMENT'S PLANNED ACTIONS TO MEET THEM. THIEU SAID THE ADDRESS WOULD BE KEYED TO THE GOVERNMENT'S PLANNED PROGRAMS AND TO A REQUEST FOR FUNDS TO SUPPORT THEM. HE HOPED THAT THIS ADDRESS TO THE ASSEMBLY COULD BE MADE EARLY IN JANUARY. IN CONNECTION WITH OUR DISCUSSION OF THE ASSEMBLY, I ASKED THIEU HOW HE THOUGHT THE APPEARANCE OF THE DEFENSE MINISTER BEFORE THE TWO HOUSES HAD GONE. THIEU SAID THAT HE THOUGHT BOTH HOUSES WOULD HAVE SUGGESTIONS TO MAKE ON THE PARTIAL MOBILIZATION DECREE BUT THAT THE MATTER WOULD BE WORKED OUT SATISFACTORILY. THIS WAS THE SAME VIEW THAT KY HAD GIVEN ME LAST WEEK.

6. I ASKED THIEU ABOUT THE IMPLICATIONS OF THE RECENT SENATE ELECTIONS OF ITS PRINCIPAL OFFICERS, QUESTIONING WHETHER PERHAPS IT HAD BEEN WISE FOR THE CATHOLICS TO MAKE SUCH A CLEAN SWEEP OF THE TOP THREE POSITIONS. THIEU SAID THAT HE VIEWED THESE CHOICES AS BEING MORE POLITICAL THAN RELIGIOUS IN SIGNIFICANCE. HE NOTED THAT THE CHAIRMAN, NGUYEN VAN HUYEN, WAS HIGHLY RESPECTED AMONG THE BUDDHISTS AS WELL AS THE CATHOLICS. THE FIRST VICE CHAIRMAN, HOANG XUAN TUU, IS ONLY A NOMINAL CATHOLIC AND IS BETTER KNOWN AS A REVOLUTIONARY DAI VIET AND CENTRIST. THIEU CONSIDERED THAT SECOND VICE CHAIRMAN, NGUYEN GIA HIEN, WAS THE HEAD

OF ONLY ONE AMONG SEVERAL CATHOLIC FACTIONS AND DID NOT REPRESENT A BROAD SPAN OF CATHOLIC POLITICAL SUPPORT. THIEU DID NOT SEEM GREATLY CONCERNED BY THIS DEVELOPMENT. IN ANSWER TO MY QUERY ABOUT THE ELECTION OF GENERAL TON THAT DINH AS CHAIRMAN OF THE NATIONAL DEFENSE COMMITTEE, THIEU SAID THAT HE CONSIDERED DINH TO BE A GREAT TALKER BUT NOT MUCH OF AN ACTION MAN AND DID NOT EXPECT HE WOULD GIVE MUCH TROUBLE.

7. I ALSO ASKED THIEU ABOUT ANY PLANS HE MIGHT HAVE TO EXERCISE CLEMENCY WITH RESPECT TO THE FOUR PERSONS SENTENCED TO TEN YEARS IMPRISONMENT AS A RESULT OF THE DANANG "STRUGGLERS" TRIAL. THIEU SAID THAT HE PROPOSED TO EITHER ISSUE AN AMNESTY OR A REDUCTION OF SENTENCES, PROBABLY AT THE TIME OF TET, WHICH WOULD APPLY TO THESE INDIVIDUALS. HE THOUGHT THE PROCEDURE FOLLOWED HAD BEEN THE CORRECT ONE SINCE THE LAW MUST BE ENFORCED, BUT THE GOVERNMENT WOULD BE GENEROUS AND FORGIVING THEREAFTER. THIEU CONCLUDED BY SAYING THAT HIS INTENTION WAS TO BE FAIR BUT FIRM.

8. I BROUGHT THIEU UP TO DATE ON CAMBODIAN DEVELOPMENTS INFORMING HIM ABOUT THE CAMBODIA GOVERNMENT'S REPLY TO OUR NOTE OF DEC 4, AND OUR APPROACHES TO THE CAMBODIAN GOVERNMENT AND INTERNATIONAL CONTROL MISSION ON INCREASED HELICOPTER ASSISTANCE TO THE INTERNATIONAL CONTROL MISSION. THIEU'S ONLY COMMENT WAS THAT HE DID NOT THINK SIHANOUK WAS LIKELY TO BE AMENABLE TO THE KIND OF APPROACHES WE WERE MAKING.

9. I REVERTED AGAIN TO THE NEED FOR ACTION AND LEADERSHIP AND SAID THAT I SENSED AN AIR OF EXPECTANCY AMONG THE PEOPLE WAITING AND HOPING THAT THE NEW GOVERNMENT WOULD MOVE AHEAD. I CITED TO HIM DR PHAM QUANG DAN'S STATEMENT THAT "HE (THIEU) MUST RECOGNIZE THAT WE ARE ALL BEHIND HIM, THAT THIS IS A TIME FOR BOLD LEADERSHIP AND THAT IF SUCH LEADERSHIP IS PROVIDED THERE WOULD BE FEW GENUINE NATIONALISTS WHO OPPOSE HIM"; AND THAT DAN OBSERVED THAT THE POLITICAL CLIMATE IS BETTER NOW THAN IT EVER HAS BEEN. THIEU SAID HE RECOGNIZED THIS AND REPEATED THAT HE HOPED THAT HE WOULD BE ABLE TO MAKE HIS ADDRESS TO A JOINT SESSION OF THE ASSEMBLY DURING THE FIRST WEEK IN JAN WHEN HE WOULD EXPLAIN THE ACTIONS THE GOVERNMENT PROPOSED TO TAKE AND THE NEED FOR MONEY TO SUPPORT THEM. HE ADDED THAT PRIME MINISTER LOC HAD INVITED DR DAN TO BECOME A MEMBER OF HIS ADVISORY GROUP. DAN HAD REPLIED THAT HE COULD NOT ACCEPT AN APPOINTMENT BUT THAT HE WAS READY TO COOPERATE WITH THE GOVERNMENT IN ANY WAY POSSIBLE.

BUNKER

DTG: 271625Z DEC 67

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

White House Guidelines, Feb. 24, 1983

By 1209, NARA, Date 1-17-92

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CONFIDENTIAL

FROM WALT ROSTOW
TO THE PRESIDENT
CITE CAP671176

~~C O N F I D E N T I A L~~

DEC. 27, 1967

MR. PRESIDENT:

SECRETARY RUSK WISHES YOUR PERMISSION TO RELEASE THE TEXT OF THE NOTE TO WHICH SIHANOUK RESPONDED PUBLICLY.

TEXT FOLLOWS.

"THE UNITED STATES HAS THE HONOR TO REQUEST THE EMBASSY OF AUSTRALIA TO DELIVER THE FOLLOWING INFORMATION TO THE ROYAL CAMBODIAN GOVERNMENT.

"THE UNITED STATES HAS REGRETTED THE IMPAIRMENT OF ITS RELATIONS WITH CAMBODIA. DESPITE DIFFERENCES, HOWEVER, THE UNITED STATES CONTINUES TO RESPECT THE NEUTRALITY, SOVEREIGNTY, INDEPENDENCE AND TERRITORIAL INTEGRITY OF CAMBODIA.

"A PARTICULARLY DISTRESSING PROBLEM DIVIDING THE UNITED STATES AND CAMBODIA ARISES OUT OF INCIDENTS IN THE CAMBODIA-SOUTH VIETNAM BORDER AREA. THE UNITED STATES WISHES TO EMPHASIZE THAT AMERICAN FORCES OPERATING IN SOUTH VIETNAM ARE ENGAGED IN CONFLICT WITH VIET CONG - NORTH VIETNAMESE FORCES COMMITTING AGGRESSION AGAINST SOUTH VIETNAM. THE AMERICAN FORCES HAVE NO HOSTILE INTENTIONS TOWARD CAMBODIA OR CAMBODIAN TERRITORY. THE ROOT CAUSE OF INCIDENTS EFFECTING CAMBODIAN TERRITORY IS THE VIET CONG AND NORTH VIETNAMESE PRESENCE IN THE FRONTIER REGION, AND THEIR USE OF CAMBODIAN TERRITORY IN VIOLATION OF THE NEUTRALITY OF CAMBODIA.

"THE UNITED STATES HAS OFFERED TO COOPERATE IN SEEKING A SOLUTION TO THIS PROBLEM. FOLLOWING THE SUGGESTION OF HIS ROYAL HIGHNESS PRINCE SIHANOUK FOR MORE EFFECTIVE ACTION BY THE INTERNATIONAL CONTROL COMMISSION, MADE MOST NOTABLY IN DECEMBER OF 1965, THE UNITED STATES HAS CONSISTENTLY SUPPORTED SUCH ACTION AND HAS INDICATED ITS WILLINGNESS TO CONSIDER SYMPATHETICALLY ANY REQUEST FOR SPECIFIC ASSISTANCE TO THIS END.

"AT THE TIME, THE ROYAL CAMBODIAN GOVERNMENT SUGGESTED THAT THE INTERNATIONAL CONTROL COMMISSION MIGHT UNDERTAKE CONTINUING AND EFFECTIVE REVIEW OF ACTIVITIES IN THE PORT OF SIHANOUKVILLE, AND IT WAS FURTHER SUGGESTED THAT THE COMMISSION MIGHT BE EXPANDED SO THAT IT COULD MORE EFFECTIVELY MONITOR THE BORDER AREAS BETWEEN CAMBODIA AND SOUTH VIETNAM.

"IN ADDITION, THE UNITED STATES HAS SUPPORTED AN INTERNATIONAL CONFERENCE ON CAMBODIA, AND IT HAS ALSO SUGGESTED DIRECT, INFORMAL TALKS WITH CAMBODIAN OFFICIALS IN ORDER TO SEEK AN ALTERNATIVE REMEDY.

"THE UNITED STATES IS DEEPLY CONCERNED OVER THE CRITICAL ISSUE OF VIET CONG - NORTH VIETNAMESE USE OF CAMBODIAN TERRITORY AND IT WISHES TO EMPHASIZE ONCE MORE ITS WILLINGNESS TO COOPERATE IN ANY REASONABLE METHOD OF CONTROLLING THIS PROBLEM.

"THE ROYAL CAMBODIAN GOVERNMENT MAY NOT BE AWARE OF THE EXTENT OF VIET CONG-NORTH VIETNAMESE USE OF ITS TERRITORY, AND THE UNITED STATES THEREFORE WISHES TO PROVIDE IT WITH THE ATTACHED SUMMARY OF SOME OF THE EVIDENCE AVAILABLE. THE DOCUMENTS AND INTERROGATIONS FROM WHICH THIS EVIDENCE HAS BEEN COMPILED ARE FULLY AVAILABLE IF DESIRED. ADDITIONAL EVIDENCE RECEIVED IN MORE RECENT PERIODS IS BEING ASSESSED, AND MAY BE PRESENTED TO THE ROYAL CAMBODIAN GOVERNMENT AT A LATER TIME.

"THE UNITED STATES BELIEVES THAT THE ROYAL CAMBODIAN GOVERNMENT WILL SHARE ITS CONCERN OVER VIET CONG-NORTH VIETNAMESE USE OF NEUTRAL CAMBODIAN TERRITORY. IT IS IN THE SPIRIT OF ASSISTING THE ROYAL CAMBODIAN GOVERNMENT IN ITS EFFORTS TO PREVENT VIOLATIONS OF ITS NEUTRAL TERRITORY THAT THIS EVIDENCE IS PRESENTED."

THE PURPOSE OF RELEASE WOULD BE TO INDICATE THAT WE WERE PRESENTING EVIDENCE WITHOUT THREAT, IN GOOD FAITH.

SECRETARY RUSK WOULD NOT RELEASE THE DETAILED INTELLIGENCE MADE AVAILABLE TO SIHANOUK, IN KEEPING WITH THE ORAL STATEMENT MADE BY THE AUSTRALIAN THAT "THE UNITED STATES GOVERNMENT DOES NOT INTEND TO MAKE PUBLIC THE SUMMARY OF EVIDENCE ATTACHED TO THE NOTE."

IF WE, IN FACT, DECIDE TO MOVE LATER AGAINST CAMBODIA, WE WOULD, IN MY JUDGMENT, HAVE TO RELEASE THE FACTUAL EVIDENCE.

RELEASE APPROVED-----

NO-----

S
EE ME-----

DTG:271841Z DECEMBER 1967

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1967 DEC 27 18 25

FROM WALT ROSTOW
TO THE PRESIDENT
CITE [REDACTED]

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~~SECRET~~ LITERALLY EYES ONLY

~~SECRET~~

MR. PRESIDENT:

EYES ONLY

HEREWITH THE BACK CHANNEL MESSAGE I HAVE JUST DISPATCHED,
AS INSTRUCTED, TO AMBASSADOR BUNKER AND GENERAL WESTMORELAND.

QUOTE

25X1

~~SECRET~~ EYES ONLY VIA [REDACTED] CHANNELS CITE [REDACTED]
FOR AMBASSADOR BUNKER AND GENERAL WESTMORELAND
FROM WALT ROSTOW

THE PRESIDENT WISHES YOU TO KNOW THAT THERE WERE THREE MAJOR
ELEMENTS IN HIS DISCUSSION WITH POPE PAUL IN ROME.

1. THE PRESIDENT MADE A STRONG CASE FOR OUR BOMBING POLICY,
AND A STRONG CASE AGAINST A UNILATERAL PAUSE. HE CITED PREVIOUS
COMMUNIST EXPLOITATION OF PAUSES; OUR NEGATIVE EXPERIENCE IN
TRYING TO FLOAT THE FAIR SAN ANTONIO FORMULA; AND CURRENT
EVIDENCE THAT THEY WERE PREPARING TO EXPLOIT LOGISTICALLY EVEN
THE BRIEF PAUSES SCHEDULED FOR CHRISTMAS, NEW YEAR'S, AND TET.

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2. POPE PAUL AGREED THAT HE WOULD TRY TO HELP U.S. PEACE
INITIATIVES AND ESPECIALLY USE SUCH INFLUENCE AS HE MIGHT HAVE
IN SOUTH VIETNAM TO EXPLORE IN AN OPEN-MINDED WAY ANY POS-
SIBILITIES THAT MIGHT OPEN UP FOR A SOUTHERN SOLUTION ALONG THE
LINES OF THE PRESIDENT'S FIVE-POINT TV STATEMENT.

3. POPE PAUL AGREED, IN RESPONSE TO THE PRESIDENT'S STRONG
APPEAL, TO BE AS HELPFUL AS HE COULD ON THE QUESTION OF U.S.
PRISONERS HELD BY HANOI.

FOR YOUR INFORMATION ONLY, POPE PAUL ASKED THE PRESIDENT
TO CONSIDER AN EXTRA DAY'S PAUSE AT NEW YEAR'S. THE PRESIDENT
REPEATED HIS ARGUMENT THAT SUCH PAUSES ARE PAID FOR IN U.S.
AND OTHER CASUALTIES; BUT SECRETARY RUSK MAY BE EXPLORING THE
MATTER FURTHER WITH YOU BOTH.

UNQUOTE

~~SECRET~~

EYES ONLY

DTG 27/1635Z DEC 67

SANITIZED
Authority 019-027-1-3
By [signature], NARA, Date 12-13-01

DECLASSIFIED

Authority RAC 16305

By James NARA, Date 7-22-03

Plut 5.04

~~SECRET~~

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00 WTE 18
DE WTE 3115

1967 DEC 27 22 04

FROM WALT ROSTOV
TO THE PRESIDENT
CITE CAP671178

~~SECRET~~

DECEMBER 27, 1967

MAY WE HAVE YOUR CLEARANCE ON THIS DRAFT CABLE PROPOSED
BY SEC. RUSK IN RESPONSE TO YOUR DIRECTION.

1. POPE PAUL MADE PERSONAL REQUEST TO PRESIDENT FOR EXTENSION OF NEW YEAR TRUCE. THEREFORE WISH YOU TO CONSIDER POSSIBLE EXTENSION OF PRESENTLY CONTEMPLATED 24 HOUR TRUCE TO 36 HOURS. THIS COULD PROBABLY BEST BE DONE BY ADDING 12 HOURS TO TRUCE PERIOD, MAKING IT FROM 1800 HOURS DECEMBER 31 TO 0600 HOURS JANUARY 2 SAIGON TIME.
2. WE REALIZE THIS EXTENDS TRUCE BEYOND V.C. ANNOUNCED TRUCE WHICH ENDS 0100 HOURS JANUARY 2 SAIGON TIME. HOWEVER, WE CONSIDER THERE WOULD BE LESS OPPORTUNITY FOR ENEMY TO TAKE ADVANTAGE OF THIS EXTENSION COMPARED TO ONE WHICH ADDED DAYLIGHT HOURS ON DECEMBER 31.
3. FROM YOUR 14413 WE REALIZE YOU ARE ENGAGED IN CONFIRMING 24 HOUR TRUCE WITH GVN. WE ALSO REALIZE THAT 24 HOUR PERIOD RESULTED FROM CONSULTATIONS WITH MANILA ALLIES. NEVERTHELESS, WE MAY WISH TO RESPOND TO POPE'S REQUEST. WE RECALL THAT GVN ORIGINALLY PROPOSED 36 HOUR NEW YEAR TRUCE AND PRESUME 12 HOUR EXTENSION WOULD NOT SIGNIFICANTLY INCREASE DANGER FROM ENEMY TAKING ADVANTAGE OF RESPITE. TO MINIMIZE THIS RISK WE HAVE IN MIND NOT ANNOUNCING EXTENSION IN ADVANCE BUT MAKING IT KNOWN AFTER TRUCE PERIOD HAS COMMENCED.
4. WOULD YOUR PROBLEMS BE MATERIALLY INCREASED IF TRUCE PERIOD WERE EXTENDED BY AN ADDITIONAL 6 OR 12 HOURS BEYOND 0600 JANUARY 2 SAIGON TIME TO PERMIT EXPIRATION OF JANUARY 1 DAY OF PRAYER THROUGHOUT THE UNITED STATES PRIOR TO RESUMPTION?
5. PLEASE GIVE US YOUR COMMENTS AND HOW YOU WOULD SUGGEST HANDLING AN EXTENSION OF THE SORT PROPOSED.

Pres file
DEC 27 PM 5:18

WEDNESDAY

~~SECRET~~

DTG: 272132Z DEC 67

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DECLASSIFIED
E.O. 12958, Sec. 3.6
NLJ 97-02
By rip, NARA Date 1-23-97

Just 7.52

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1967 DEC 27 21 36

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DE WTE 3113

FROM WALT ROSTOW
TO THE PRESIDENT
CITE CAP671177

Pres file

~~SECRET~~

DECEMBER 27, 1967

THERE ARE 19 CONFIRMED U.S. PRISONERS OF WAR, PRESUMABLY CONFINED IN SOUTH VIETNAM. THESE INCLUDE 9 U.S. ARMY, 3 U.S. MARINE AND 5 U.S. AIR FORCE. THESE FIGURES ARE CURRENT BUT DO NOT INCLUDE THOSE MEN LISTED AS MISSING IN ACTION.

THERE IS NO WAY TO ASCERTAIN HOW MANY ARE HELD BY THE VIET CONG OR THE NORTH VIETNAMESE IN THE SOUTH.

IN NORTH VIETNAM THERE ARE 209 CONFIRMED U.S. PRISONERS OF WAR. THESE INCLUDE 107 U.S. NAVY, 97 U.S. AIR FORCE AND 5 U.S. MARINE.

ALL ARE PILOTS OR AIRCREWMEN EXCEPT FOR ONE NAVY ENLISTED MAN, WHO FELL OVERBOARD FROM THE USS CANBERRA IN APRIL 1967, WHILE THE SHIP WAS OPERATING OFF THE COAST OF NORTH VIETNAM.

THE FOLLOWING IS A BREAKDOWN OF MEN CARRIED AS MISSING IN ACTION FROM JANUARY 1, 1961 TO DECEMBER 27, 1967. THESE FIGURES WILL NOT BE MADE PUBLIC AND ARE HIGHLY CLASSIFIED AND SENSITIVE BECAUSE THERE IS NO WAY OF KNOWING HOW MANY OF THE MISSING MAY BE DEAD OR ACTUALLY CAPTURED.

	SOUTH VIETNAM	NORTH VIETNAM
ARMY	71	0
NAVY	5	85
MARINES	53	11
AIR FORCE	28	332

~~SECRET~~

DTG: 272104Z DEC 67

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~~SECRET~~

71

FROM WALT ROSTOW
TO THE PRESIDENT
CITE CAP671165

DECLASSIFIED 207 000 27 00 80
E.O. 12356, Sec. 3.4
NEJ 94-52

~~SECRET~~

By ing, NARA, Date 12-27-94

Pres file

LAOTIAN SITUATION REPORT
(AS OF 6 P.M. EST, 26 DECEMBER 1967)

1. COMMUNIST FORCES ARE KEEPING UP THEIR PRESSURE AGAINST GOVERNMENT POSITIONS IN LAOS.

2. AN ENEMY UNIT, ESTIMATED AT ABOUT BATTALION STRENGTH, RAIDED THE GOVERNMENT BASE AND AIRSTRIP AT MUONG PHALANE ON 25 DECEMBER, AND DESTROYED MOST OF THE CAMP'S FACILITIES, INCLUDING THE USAID AND AIR AMERICA BUILDINGS. ALTHOUGH GOVERNMENT REINFORCEMENTS APPARENTLY HAVE MOVED INTO THE AREA, THEY HAVE NOT YET REOCCUPIED MUONG PHALANE.

3. PRELIMINARY REPORTS SUGGEST THAT THE ATTACK WAS SPECIFICALLY AIMED AGAINST THE U.S. PRESENCE AT MUONG PHALANE. TWO AMERICAN TECHNICIANS WHO MANNED A NAVIGATIONAL STATION WHICH ASSISTS U.S. AIR OPERATIONS IN SOUTHERN LAOS ARE MISSING. THE STATION ITSELF APPARENTLY WAS NOT DAMAGED.

4. THE ATTACK ON MUONG PHALANE IS THE FIRST SIGNIFICANT ENEMY ACTION IN THIS PART OF THE PANHANDLE IN OVER A YEAR. IT MAY BE RELATED TO RECENT ATTACKS FARTHER SOUTH IN THE BOLOVENS PLATEAU AREA. THESE OPERATIONS APPEAR TO BE PART OF A NEW COMMUNIST CAMPAIGN TO FORESTALL STEPPED-UP ALLIED EFFORTS TO INTERDICT THE INFILTRATION CORRIDOR.

5. IN NORTHERN LAOS, THE COMMUNISTS LAUNCHED A MORTAR ATTACK ON THE GOVERNMENT AIRSTRIP AT NAM BAC ON 24 DECEMBER. CONTINUING REPORTS OF A COMMUNIST BUILD-UP IN THE VICINITY SUGGEST THAT MORE GROUND ASSAULTS AGAINST NAM BAC'S OUTLYING DEFENSES MAY BE IN THE OFFING. GOVERNMENT TROOPS ARE BEING REPOSITIONED IN AN EFFORT TO REDUCE THEIR VULNERABILITY.

6. ALTHOUGH THE COMMUNISTS APPEAR TO BE PUTTING A LITTLE MORE BITE INTO THEIR DRY SEASON OFFENSIVE THIS YEAR, THERE IS NO EVIDENCE THAT THEY INTEND TO MOUNT A CONCERTED DRIVE INTO GOVERNMENT-HELD TERRITORY. WE AGREE WITH THE U.S. EMBASSY'S APPRECIATION THAT THE LAO REPORTS OUT OF VIETNAM ON THE STATUS OF THE NORTH VIETNAMESE THREAT ARE HIGHLY EXAGGERATED. IN FACT, THE RECENT COMMUNIST EFFORT AGAINST NAM BAC IN THE NORTH AND THE BOLOVENS POSITIONS IN THE SOUTH, APPEARS DESIGNED TO RESTORE THE STATUS QUO. UNTIL LAST YEAR, BOTH AREAS LONG HAD BEEN UNDER PATHET LAO CONTROL.

7. NEVERTHELESS, WE BELIEVE THAT THE COMMUNISTS WILL MAKE THINGS EVEN HOTTER IN THE COMING MONTHS AS THEY ATTEMPT TO REGAIN SOME OF THE MILITARY INITIATIVE IN LAOS. THIS PROBABLY WILL BE PARTICULARLY TRUE IN THE PANHANDLE, WHERE STEPPED-UP ALLIED OPERATIONS INTO THE INFILTRATION CORRIDOR WILL HIT A HIGHLY SENSITIVE NERVE.

DTG: 270000Z DEC 67

RESERVATION COPY

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INFORMATION

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Tuesday, December 26, 1967
6:30 p.m.

Mr. President:

Herewith Sec. McNamara's response
to Gen. Westmoreland's suggestions
concerning returning Vietnam veterans.

Pres file

W. W. Rostow

WWRostow:rlh

THE SECRETARY OF DEFENSE
WASHINGTON, D.C. 20301

22 DEC 1967

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Vietnam Veterans

I have reviewed General Westmoreland's letter to you of 11 December concerning actions which are being taken or could be taken to facilitate the transition of the departing serviceman to a useful, productive life as a civilian.

With regard to General Westmoreland's suggestion for a motion picture film to illustrate for the serviceman the magnitude of our achievement in Vietnam and the role the individual serviceman has played in that achievement, I am sure that such a picture would be useful. We will begin joint planning with General Westmoreland's staff on the production of such a film. With regard to the other films which General Westmoreland suggested, the Veterans Administration now has one in production designed to cover the specific education and training programs which are available. I understand that this film will be ready for distribution soon. It is possible that this film will serve the purpose of the other films suggested by General Westmoreland. In any case I agree with the desirability of using motion pictures for the purposes suggested and I will have the matter explored further.

We have in being, a number of programs designed to assist the serviceman who is being separated from the service. The military departments have updated and improved their separation counselling programs. In accordance with your instructions, we now inform the Department of Labor of the home address for every discharged serviceman, and that Department is now providing a personalized service to those men. Under this program, each discharged serviceman is to be contacted by the U. S. Employment Service in his local community and offered assistance in securing employment or in retraining or upgrading his skills. As part of this program, each separating serviceman receives a letter from the Secretary of Labor and from the Governor or other high official in his home state welcoming him back into the civilian community and offering assistance in his transition to civil life.

There is in the planning stage a Federal Inter-Agency program spearheaded by the Veterans Administration, to insure that every veteran is given the maximum assistance to which he is entitled in effecting the adjustment to civilian life. This program envisions a single centralized location where returning veterans can receive one-stop service concerning their rights, benefits, and educational and job opportunities, to include possible affiliation with social action programs such as the Peace Corps, Job Corps, Teachers Corps, etc.

One of our principal concerns involves the serviceman who has not had the opportunity to acquire a civilian related skill or to upgrade his education prior to his return to civilian life. For this man we have established Project TRANSITION, which will provide maximum in-service skill training or education during the last 6 months of his service. This program will reach many of the Vietnam servicemen who have returned to duty stations within the United States. The concept of this skill and education program is to provide marketable civilian skills so that the men may make a favorable economic adjustment after they leave military service. During the last few months we have already developed training programs sponsored by our own military bases, Federal agencies and private industry at our pilot installations. For example, at the Naval Hospital at Oakland, California, and Walter Reed Army Medical Center we are giving training for post office workers to combat disabled Marines and soldiers prior to separation. During the last 6 months at Fort Knox, some 800 men, many of whom were Vietnam veterans, completed training in a variety of skill trades or for completion of high school equivalency level of education.

There has been great interest by industry in satisfying its manpower needs through cooperative transition training programs at or near military bases. The program has high promise not only for the man without a marketable skill but for others who wish to upgrade existing skills. Furthermore, Project TRANSITION -- which I have directed be in operation at all our major installations in January 1968 -- is an ideal vehicle for counselling and training servicemen to take up vocations where significant civilian shortages exist, e.g. policemen, medical technicians, etc.

With regard to the role suggested for national veterans and service organizations, it is of interest to note that several of these have already undertaken special projects to assist returning veterans. The

Department of Defense is currently cooperating with the National Urban League and the Junior Chamber of Commerce (JAYCEES) in two such endeavors.

These various programs are in complete accord with General Westmoreland's stated views. They are designed to channel the returning veteran into gainful and meaningful employment or to assist in the furtherance of his education to the maximum of his abilities -- all to the end that he will continue to make a significant contribution to the Nation -- this time as a responsible citizen in the local civilian community.

Robert S. Westmoreland

Tuesday, December 26, 1967, 11:40 A.M.

MEMORANDUM FOR THE PRESIDENT

SUBJECT: New Year's Messages

Pres file

The State Department is recommending that again this year special New Year's messages be sent by you to the Chiefs of State and to the Heads of Government in certain cases.

There is no doubt that these personal messages are useful.

Messages sent by you during your recent trip which contained reference to the New Year would not be duplicated.

If you approve the dispatch of New Year's messages, we will instruct the State Department to begin preparing them now so that they will be available to you for your approval in sufficient time to allow for dispatch before New Year's Day.

W. W. Rostow

_____ Have the messages prepared

_____ Prefer not to send messages this year

BKS:amc

INFORMATION

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~~TOP SECRET TRINE~~

Tuesday, December 26, 1967
9:00 a.m.

Pres file

Mr. President:

This is a report of how a North Vietnamese trade official really feels about the war -- more pessimistic than their propaganda would suggest.

W. W. Rostow

~~TOP SECRET~~

WWRostow:rla

DECLASSIFIED
E.O. 13292, Sec. 3.5
NLJ/RAC 03-261
By is, NARA, Date 2-27-04

Pessimistic Views of North Vietnamese Official

A high-ranking North Vietnamese trade official recently told a European [REDACTED] that Hanoi's talk about winning the war was propaganda and described it as "boasting necessary to cheer up the spirit -- a mental defense." He declared that North Vietnam was suffering losses it could not replace. He remarked that Soviet aid was "quantitatively sufficient" but that it was not being used effectively because it "could not be unloaded and distributed well enough."

When asked about the possibility of negotiations with the US, the official stated that Hanoi must cling to an end of the bombing as a precondition because the US "must show us that much respect." He described North Vietnam's insistence on the cessation as a matter of national pride and prestige.

The source disclosed nothing new, but his somewhat pessimistic outlook was unusual. When asked about his expression of pessimism, he reacted with uncertainty, explaining that he felt it a matter of national duty to describe the situation to a foreign

[REDACTED] ~~(SECRET NO FOREIGN DISSEM/NO DISSEM ABROAD/CONTROLLED DISSEM/BACKGROUND USE ONLY)~~

SANITIZED
E.O. 13292, Sec. 3.5
NLJ/RAC 03-262
By is, NARA, Date 4-6-04

INFORMATION

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~~TOP SECRET~~

Tuesday, December 26, 1967
8:55 a.m.

Pres file

Mr. President:

This is a first-rate response by
Gen. Westmoreland to the question: Why
do we fight the enemy near the borders?

I thought you would like to read it.

W. W. Rostow

TOP SECRET

WWRostow:rla

DECLASSIFIED
E.O. 12958, Sec. 3.4(b)
White House Guidelines, Feb. 24, 1983
By reg, NARA, Date 12-26-91

75a

TOP SECRET

Tuesday, December 19, 1967

TEXT OF CABLE FROM GENERAL WESTMORELAND (MAC 11956)

I have received your message which raises the old spectre of "Why do we fight the enemy near the borders?" I welcome the opportunity to state my views again on this subject, because it gets at the basic issues of how this war must be fought.

The enemy has chosen to concentrate major elements of his NVA forces along the borders in Quang Tri, Kontum/Pleiku, and northwestern III Corps so that he can launch major attacks against SVN to gain a psychological and political victory, while at the same time retaining the best hope of disengaging when defeated. He has demonstrated this strategy by his recent incursions near Con Thien, Dak To, and in the Loc Ninh/Song Be areas. In each of these battles, the targets of the enemy attacks, and the big chance for an exploitable psychological victory, were the closest major GVN/US positions to the border and the populated areas surrounding them. In the north his targets were marine and ARVN positions at Con Thien, Gio Linh and Dong Ha and the populated areas of Quang Tri. In Kontum it was the position at Dak To and the whole of the populated valleys along Route 14. At Loc Ninh and Song Be it was the district and province headquarters and the population centers nearby--as graphically demonstrated by the grisly attack on the village of Dak Son where the murder of civilians was abominable.

When the enemy moves across the borders we must strike him as soon as he is within reach, and before he can gain a victory or tyrannize the local population. We cannot permit him to strike the confidence of the SVN people in ultimate victory or to bolster his own morale with successes. To do otherwise would be to deliver to him, without contest, the very objectives which he seeks. However, we do not stand along the border and catch the enemy as he enters. Rather, we take every step to meet him and stop him before he reaches his objectives. The recent battle of Dak To is a good example. We knew the enemy was on the move towards Dak To and Highway 14. We moved forces, not to the border, but to Dak To, from which we could base our operations so that the enemy could not overrun any portion of the populated areas of Kontum, and at the same time maneuver against him. It is important to realize that our most

TOP SECRET

DECLASSIFIED
E.O. 12958, Sec 3.3
DA Memo, Jan. 5, 1988
By 149 NARA Date 1-16-92

recent Hamlet Evaluation Survey shows the 84.3 percent of the population of Kontum Province is under GVN control. If we intentionally let the enemy deep into Kontum Province, we would be taking a major step backwards. In time people (in that Province) could feel, justifiably, that they had been let down, the Refugee Program would be enormous and the first step in total erosion of our posture in this country would have begun.

In addition to the psychological, political and economic impact of a withdrawal policy, it is also unsound from a military standpoint. If we let the enemy into such places as Kontum, he will be in a position to isolate GVN positions (which must be maintained to protect the people and their land), interdict the roads and forces US deploy and support our forces entirely by air. This is a very difficult task, as was proven in 1965 in the highlands when the enemy succeeded in cutting all roads and isolating all towns. Also, once the enemy gets established in SVN Proper, he is not necessarily an easier target to destroy. In fact, the opposite is the case. If, for example, we had to engage the enemy along the populated valleys of Kontum, rather than in the difficult (but unpopulated) terrain southwest of Dak To, we would have a much more serious proposition. We cannot apply our firepower with as much freedom, we permit him to get at potential sources of food to sustain his forces and we give him more maneuver room, also I am certain that, if we did not fight the enemy at Con Thien or near Dak To, it would have cost us at least twice as much in military casualties (not to mention civilian casualties) and would have taken at least twice as long to do the job. We have had plenty of experience in fighting NVA Divisions that have gotten adrift deep within SVN and it is not an attractive proposition. To surround and destroy such an enemy is most difficult. The 2d NVA Division got into Quang Tri Province last year and we have been fighting it ever since. We have had an almost uninterrupted battle in that area since May of this year, in which we have inflicted approximately 7,000 casualties on the enemy, and have suffered nearly 1,000 killed in action on our part. The 3d NVA Division has been in southern Quang Ngai and northern Binh Dinh for over a year. And, the 1st Cavalry Division has had its hands full in searching them out and destroying them in that highly populated area. In addition to fighting NVA Divisions in the populated areas we have plenty of evidence that fighting combinations of local forces, main forces and guerrillas in such places as Hau Nghia and Tay Ninh is not a fast, cheap road to victory. Since May 1967 the 25th US Division has been devoted entirely to this task in operations Kolo Kolo, Barking Sands and Diamond Head. During the period 11 May - 7 December the

Division has suffered 324 killed in action, while killing 1,686 enemy. These figures are remarkably comparable to the Dak To fighting--except that the Hau Nghia - Tay Ninh fight kept a whole division tied down for seven months whereas Dak To took three weeks.

If we do not violently contest every attempt to get NVA units into SVN, we permit him to expand his system of bases in-country. He is in a better position to support the local forces and the guerrillas in the vital battle for the people. Conversely, the main forces are in a better position to levy taxes on the people, to get their rice and to prove to the people, visibly, that the NVA is very much alive in SVN. When we engage the enemy near the borders, we often preempt his plans and force him to fight before he is fully organized and before he can do his damage. Although such fighting gets high visibility in the press, it has low visibility to the people of South Vietnam since it is not being fought in their front yard. This is how they would like it to continue.

The idea that we can't fight the enemy along the borders without seriously diverting forces from the populated areas is not entirely sound. Again, let's look at Dak To. When the battle started to shape up we had one battalion in Kontum. As the enemy moved, we took advantage of our mobility and rapidly built up our US forces to nine battalions, drawing down from selected areas for minimum periods of time. We have already returned the two 1st Cavalry Battalions to Binh Dinh. One was away for about ten days, the other for about one month. Temporary drawdowns, of this nature do not raise havoc with the pacification process, but they do contribute enormously to the defeat of the enemy in the areas where he elects to concentrate. In general, I keep my reserves in the populated areas (along the coast in II Corps) where they can be productively employed to grind down the enemy while awaiting other missions.

As to the idea that fighting near the borders creates pressures for escalatory action against the out-of-country sanctuaries, I find this reverse reasoning. The fact that the enemy is gainfully using these sanctuaries from which to mount his attacks is what stimulates our desire to strike them. If we elect not to protect the border provinces, the enemy would still use these sanctuaries to avoid the attacks by fire that we can apply to in-country bases. We would still be faced with the decision of attacking or granting immunity to these bases. By contacting him at the borders and thereby exposing the fact that he is making tactical use of these sanctuaries as a part of the border

battlefields, we are simply putting the spotlight on a hard fact of life which cannot be ignored by the tactical commander, despite a full realization of the political implications. We have had a hard time in the past convincing the world that this war was an invasion. By forcing the enemy to fight on the borders, from his sanctuaries, we bring frontier defense into sharp and realistic focus.

I can see absolutely no psychological or military advantage to a strategy that would intentionally invite the war east towards the coast. It would be retrogressive, costly in casualties and refugees, and almost certainly prolong the war.

TOP SECRET

INFORMATION

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Tuesday, December 26, 1967
8:50 a.m.

Mr. President:

This is how a Soviet diplomat talks about a Viet Cong-Saigon settlement -- the Viet Cong as a "political factor in the South," not "the sole legitimate representative" of the South Vietnamese people.

This is at least verbal progress.

Pres file

W. W. Rostow

~~SECRET~~

Memcon, 12/21/67

Mr. Yuri K. Linkov, Soviet Emb; Fred Greene and John H. Holdridge, State Dept

WWRostow:rla

DECLASSIFIED
E.O. 12958, Sec. 3.5
NSC Memo, 1/30/95, State Dept. Guidelines
By jc, NARA, Date 7-21-03

INFORMATION

~~SECRET~~

Tuesday, December 26, 1967
8:05 a.m.

Pres. file

Mr. President:

Here is the draft memorandum we shall lay before the group at 10:00 a.m. this morning.

As you see, it marches through all the possible items but, in its conclusions -- para 17, page 4 -- it backs away from unilateral action in the trade and tourist fields.

W. W. Rostow

~~SECRET~~

WWRostow:rla

DECLASSIFIED

Authority Inauguration, 7-11-78; N.S.C. 8-27-80
By rg/lap, NARA, Date 1-3-92

~~SECRET~~

12/25/67

77a

MEMORANDUM FOR THE PRESIDENT

Subject: Action Program for the Balance of Payments

1. The balance of payments deficit in 1967 is likely to turn out at between \$3.5 and \$4 billion, after a number of special transactions. In part, that high figure reflects the effects of the sterling devaluation -- perhaps without that shock and the collateral gold market unrest, it would have been between \$2.5 and \$2.75 billion.
2. For 1968, on the basis of present trends, the deficit could be about \$3 billion. We expect some slight improvement in the basic accounts (trade, service, and capital), but this may be more than offset by reductions in the level of special transactions. The deficit could be more than \$3 billion, if we don't get a tax bill, or if there is a steel strike.
3. A deficit of \$3 billion in 1968 would be a source of acute disturbance in the gold and foreign exchange markets. It probably would cause adverse short-term capital movements, making the figures even worse.
4. It is essential, therefore, that we move decisively to change the present climate and prospects and create conditions under which we can negotiate and move toward an improvement in the international monetary system. We believe this requires that we program balance of payments savings in 1968 of \$2 to \$2.5 billion. Because of leakages in the programs and offsets in other areas, this would probably leave us with a deficit of \$1 to \$1.5 billion.
5. Reduction in the domestic budget deficit is a key element in any program.
 - It would prevent deterioration in the trade account in the short-term and have a positive trade impact thereafter.
 - It would build confidence at home and abroad in the strength of the dollar and, therefore, help the short-term capital account.
6. Effective wage-price guideposts would work in the same direction.

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DECLASSIFIED

Authority Treasury 6-23-78

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

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7. A sharp reduction in capital outflow is the major means of getting a substantial improvement in our accounts in the short run. Our judgment is that we must seek savings from 1967 totals of at least \$1 billion in direct investment and \$.5 billion in the Federal Reserve program on bank credits.

8. A saving of \$1 billion in direct investment would mean an immediate cut of almost 25 percent in our worldwide investment (including earnings reinvested abroad). The program we envisage would:

- Call for a moratorium on new investment in Continental Western Europe (this would bring savings of about \$700 million and would help reduce surpluses in these countries).
- Cut investment in the U. K., Canada, Australia, and Japan by approximately 25 percent (this would bring savings of about \$350 million but would fall on countries that are in a weak balance of payments position or are essentially part of the dollar area).
- Leave investment in developing countries alone.

Secretary Trowbridge is convinced that this program would require mandatory controls on investment. Such controls involve serious risks and difficulties (outlined in Tab A) but probably would be preferred by the business community as the most equitable way of reaching an unpopular objective. It may be desirable for you to discuss the situation with Secretary Trowbridge's Advisory Committee.

9. Savings of \$500 million in the Federal Reserve program would, in fact, require a liquidation of bank credit abroad. It probably could be managed under the present program, because the Fed has strong supervisory powers. The banks would accept this much tighter program more gracefully if mandatory controls were imposed on direct investment. (The bank program is at Tab B.)

10. We must push hard in 1968 to negotiate offsets against the foreign exchange costs of our military expenditures. Our major targets are Germany, Japan, Italy, Belgium, and the Netherlands. In 1967, we had the benefit of some catch-up offset payments from Germany, which kept the overall military expenditure deficit down. In 1968, our net military expenditures are going up by \$500 million, unless we can negotiate additional offset arrangements. (Tab C.)

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- 3 -

11. We believe we can make further economies in the foreign exchange cost of other Government programs abroad, but the amount involved is likely to be small.

12. Additional measures would require legislation.

13. We are already well along on an export expansion program, which, in part, requires new legislation. The program, as a whole, involves:

- A \$500 million authorization of a new Export Expansion facility.
- A substantial liberalization of the Export-Import Bank re-discount facility.
- A substantial liberalization of the Export-Import Bank's Exporter Credit program.
- An intensified Commerce Department Export Expansion Program.
- An experimental Joint Export Association Program under the Commerce Department.
- Clarification and liberalization of tax regulations dealing with inter-company pricing practices.

Essentially, these are long-run measures and unlikely to produce significant balance of payments improvements in 1968. Nevertheless, they will be useful and should be counted as plus factors but without quantification for 1968.

14. Tax incentives could be used to induce companies to return excess funds held abroad. They could also be used to increase the inflow of foreign capital into the United States. (The possibilities are outlined in Tab D.)

15. A border tax adjustment could produce some quick gains, but it could involve risks either of a trade war or of encouraging the adoption of protectionist legislation by the Congress. We estimate that a 2 to 2-1/2 percent export tax incentive, accompanied by a similar import charge, would produce a net gain in trade account of \$500 to \$750 million in 1968. If the EEC retaliated either by countervailing duties or by impairing their concessions in the Kennedy Round, the gains would be negligible and the trade policy consequences very great.

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- 4 -

16. A tourist tax program could be devised which would reduce tourist expenditures abroad -- particularly in Western Europe -- by \$500 million. Such savings would be particularly effective because they would come at the expense of surplus countries. On the other hand, the tax would fall heavily on travelers with modest incomes and would have very rough, if not impossible, going in the Congress.

17. As an interim alternative to taking unilateral action in the trade and tourist fields, we propose that you send a strong team to key European capitals, particularly those of the Common Market. This team should make crystal clear to our friends abroad that:

- We intend to get tax legislation.
- We are taking strong action in the capital field which will have very adverse effects on countries either in deficit or, at best, in weak equilibrium.
- We must improve our current account as well as our capital account if we are to move closer to equilibrium.

This means that we must work together quickly and productively to seek adjustments in the current account, which will avoid the drive for protectionism in the trade field or movements to weaken security arrangements. Specifically, they should:

- Provide more complete offset for military expenditures undertaken in the common defense.
- Suspend application of new border taxes.
- Negotiate with us changes in the GATT rules on the application of border taxes.
- Negotiate with us on the removal of nontariff trade barriers.
- Increase their capital exports.
- Untie aid.

We believe this negotiating team should be backed by a Presidential letter to foreign chiefs of state, outlining the gravity of the problem and the need for surplus countries to take appropriate action to balance the action we are now taking.

Attachments

~~SECRET~~

1. *[Signature]*
2. Per file

~~SECRET~~

December 26, 1967

FOR: THE PRESIDENT

FROM: WALT ROSTOW

sent Rostow
via
CAP 671161

To carry out your instruction this morning, State proposes that Ambassador Symmes pass the following to King Hussein:

"The President has indicated that he will make decision on Jordan arms recommendation by New Year's. He is inclined to be sympathetic to Jordan's needs, and hopes the King will not make a major decision before hearing from us."

Approved _____

Disapproved _____

See me _____

DECLASSIFIED
E.O. 12958, Sec. 3.5
NSC Memo, 1/30/95, State Dept. Guidelines
By *jc*, NARA, Date 7-21-03

~~SECRET~~

80
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THE WHITE HOUSE
WASHINGTON

Tuesday,
December 26, 1967

Pres. file

Mr. President:

Attached, for your signature, is a package of materials for the Vice President's trip to Africa. (He leaves Friday.)

If you approve, each head of state will receive a personal letter from you and an inscribed copy of This America. Three of the letters--those to Presidents Tubman of Liberia and Bourguiba of Tunisia and Prime Minister Egal of Somalia--contain invitations to visit Washington. (You approved all of these earlier this month.)

The proposed letters are at Tabs A-J.
The suggested inscriptions are at Tab K.

APPROVE ✓

Walt Rostow

DISAPPROVE _____

DEC 28 1967

Dear Mr. President:

I have asked Vice President Humphrey to express to you and to the people of Zambia my warmest wishes for a happy and productive 1968.

I am confident that the new year will be another creative chapter in the proud history of the new Africa you and your country are helping to build. As in the past, your neighbors and your friends around the world will find inspiration in Zambia's example. We and they will again have occasion to admire your dedication to progress at home and abroad.

It was good to receive your recent message about our help to the Democratic Republic of the Congo in its efforts to resolve the mercenary problem. We were guided, as you were, by a deep desire to see the Congolese people find peace and stability. We all fervently hope that the Congo can soon return to the peaceful tasks of nation building.

I look forward to the Vice President's report of his talks with you. I know we shall both benefit from his visit with you.

With warmest personal regards.

Sincerely,



**LBJ:EKH:MPH:lw
12/26/67**

**His Excellency
Dr. Kenneth D. Kaunda
President of the Republic of Zambia.**

806
DEC 28 1967

Dear Mr. Chairman:

Vice President Humphrey comes to Ghana in the same spirit in which I welcomed you to Washington last October -- with deep admiration for the achievements and vitality of the new Ghana. His visit is a reaffirmation of the strong bonds of friendship which unite our two countries.

We have watched with admiration as you and your colleagues on the National Liberation Council have continued your progressive policies at home and abroad. And you, Mr. Chairman, continue to play a vital and statesmanlike role in the community of nations. I know the Vice President's visit to Accra will be rewarding in every way. I look forward to his report of your conversations.

With warmest personal regards.

Sincerely,



Lieutenant General Joseph A. Ankrah, O. O. V., M. C.
Chairman, National Liberation Council
Republic of Ghana.

LBJ:EKH:RPM:lw
12/26/67

50c
DEC 28 1967

Dear Mr. President:

Vice President Humphrey carries my warmest wishes to you and to the people of Kenya. You honor us by welcoming him to your beautiful country.

The Vice President comes to see and experience the spirit of the new Africa. The foundation of this new spirit is cooperation, and Kenya is playing a vital role in making it a reality at home and abroad. Under your wise leadership, her people are working together to build the schools, the hospitals, the roads and the factories and farms that will mean a better life for all.

Kenya's cooperation with her neighbors is equally heartening. The Treaty of East African Cooperation and the Arusha Agreement ending border tensions with the Republic of Somalia point the way to a new era of international harmony and concord in East Africa.

I know the Vice President will find his visit to Kenya thoroughly rewarding.

With best personal regards.

Sincerely,



**His Excellency
Jomo Kenyatta
President of the Republic of Kenya.**

**LBJ:EKH:MPH:lw
12/26/67**

83d
DEC 28 1967

Dear Mr. President:

Vice President Humphrey brings to you and to the people of the Congo my warmest regards and best wishes for a peaceful and prosperous New Year.

The Vice President also brings the special tribute of all Americans for your courageous and statesmanlike leadership during a period of great trial. Your staunch defense of the unity of your nation will be an inspiring example wherever men strive to protect and preserve the fragile roots of young nationhood.

As the new year opens, we all hope the trial is past, and that you and your people can press forward with the challenging tasks of economic and social development. The Vice President will welcome your thoughts on these and other matters of mutual concern. I will look forward very much to his report of his visit with you.

With best personal regards.

Sincerely,



**His Excellency
Joseph D. Mobutu
President of the
Democratic Republic of the Congo.**

**LBJ:EKH:MPH:lw
12/26/67**

73
DEC 28 1967

Dear Mr. President:

I want you to know how pleased I am that Vice President Humphrey will visit your beautiful country. The Ivory Coast represents all that is good and hopeful in the new Africa. Her thriving economy, her growing school system, her ever more fruitful farms are true expressions of Africa's determination to command and enrich her own destiny. The Vice President speaks for me and for all Americans in hailing your achievements and encouraging you to press on.

I hope, Mr. President, that you will give the Vice President the benefit of your wise counsel on the full range of national and international matters of mutual concern. I found your many insights and observations most helpful during your stay with us in August. Your views are always most welcome.

Mrs. Johnson joins me in sending our warmest personal regards.

Sincerely,

LBJ

**His Excellency
Felix Houphouet-Boigny,
President of the Republic of Ivory Coast**

**LBJ:EKH:MPH:lw
12/26/67**

507
DEC 28 1967

Dear Mr. Prime Minister:

I have asked Vice President Humphrey to convey to you a cordial invitation to visit the United States early in the new year. It would give me great pleasure to welcome you to Washington and to seek your wise counsel with respect to the international questions which concern us both. If it is convenient, I would suggest March 14 and 15, 1968, as dates for your visit. If you find it possible to accept, Ambassador Thurston will be available to work out the details with your office.

I also want you to know, Mr. Prime Minister, that all advocates of peace and freedom in Africa have watched with admiration the distinguished efforts which you and President Shermarke have made in improving your country's relations with her neighbors. All Americans join me in wishing success to you and to all participants in this historic endeavor.

With warm personal regards,

Sincerely,



His Excellency
Mohamed Haji Ibrahim Egal
Prime Minister of the Somali Republic

LBJ:EKH:RPM:tmt
12/26/67

803
DEC 28 1967

Your Imperial Majesty:

I am most pleased that Vice President Humphrey has this opportunity to visit Ethiopia and to meet again with Your Majesty. Like all free men, he has long admired your wisdom, your courage, your constant devotion to the great people you lead. His visit is a fitting symbol of our admiration, and of the strong bonds of friendship between Ethiopia and the United States.

I hope Your Majesty will give the Vice President the benefit of your thoughts on matters of mutual interest and concern. We value his counsel more highly.

I have been deeply touched by the thoughtful messages Your Majesty has conveyed to me through Ambassador Hall. Your encouragement is always a special comfort and inspiration.

Vice President Humphrey brings to Your Majesty my deep personal regards. Mrs. Johnson and I send our warmest holiday greetings.

Sincerely,



**His Imperial Majesty
Haile Selassie I
Emperor of Ethiopia**

LBJ:EKH:RPM:lw
12/26/67

80 L
DEC 28 1967

Dear Mr. President:

I must take advantage of Vice President Humphrey's visit to send you my warm personal greetings and best wishes for 1968.

As I look forward to this coming year I am especially pleased to know that we shall have the pleasure of seeing you in Washington within a few months. Both the Vice-President's visit and your visit in May are important symbols of the continuing growth of good US-Tunisian relations. I am proud of our past record of friendship and cooperation and am confident of an even more productive future.

The Vice President will also convey my deep admiration for the progress you and your people have made at home and the courageous and convincing way you continue to speak out in the interests of peace and hope for all men. In a world still afflicted by crisis, the right course, as we both know, is not always the easiest to pursue. But I am always encouraged in trying to do what I think I must by the example of leaders like yourself who will not sacrifice duty to expediency.

Mrs. Johnson and I deeply appreciated your telegram of congratulations on the occasion of our daughter's wedding. The happiness of this event was enhanced by your personal message.

Sincerely,



His Excellency
Habib Bourguiba
President of the Republic of Tunisia
Tunis

LBJ:State:RPM:HHS:tmt 12/22/67

802

DEC 28 1967

Dear Mr. President:

Vice President Humphrey brings to you and to the people of Somalia my very warm personal greetings. His visit to Mogadiscio is an important step forward in our common endeavor to build mutual understanding between our two countries.

I have been following with special interest, Mr. President, the recent efforts of Somalia to encourage peace and harmony with her neighbors. This initiative is an inspiring act of statesmanship. It gives all men renewed hope that the quarrels of the past will yield to the spirit of peaceful and constructive cooperation.

I recall our good meeting in Washington several years ago, and I look forward with equal pleasure to welcoming Prime Minister Egal to Washington next March. I know his visit will further strengthen our friendly relations.

With best personal regards.

Sincerely,



**His Excellency
Abdirasid Ali Scermarche,
President of the Somali Republic**

**LBJ:EKH:RPM:lw
12/26/67**

DEC 28 1967

Dear Mr. President:

I have asked Vice President Humphrey to head the United States delegation to your inauguration because I wished to pay my special respect on this occasion to you as a great African world statesman and to the Liberian nation as a pioneer of liberty and dignity in a vibrant new Africa.

No American could more appropriately represent the United States than Vice President Humphrey. He carries my personal regards and those of the American people. He and his distinguished colleagues -- Ambassador Brown, Justice Marshall, and Mr. Bronfman -- will reinforce the warm feelings of respect and brotherhood which we feel for Liberia.

I have also asked the Vice President to invite you to pay an official visit to the United States. It would be a deep personal pleasure for me to receive you on American soil as have three of my predecessors in the presidency. For my part, the dates of February 27 and 28 would be convenient for the Washington portion of your visit if they are agreeable to you.

I know that Vice President Humphrey and my Special Ambassadors will be received in the tradition of hospitality for which Liberia is famous. You may speak with them as you would with me, with the frankness denoting a long friendship and mutuality of interest.

My thoughts will be with you and the Liberian people on January 1.

Sincerely,



His Excellency
William V. S. Tubman
President of Liberia.

LBJ:EKH:MPH:lw 12/26/67

Suggested Inscriptions for

THIS AMERICA

1. To President Tubman, who understands both the value and the price of freedom, from his admirer,
2. To President Houphouet-Boigny, whose recent visit to our shores so enriched this America, from his friend,
3. To General Ankrah, who is leading his people to a new and brighter day, from his friend,
4. To President Mobutu, whose courage and wisdom have shaped and preserved the independence of his nation, from his friend,
5. To President Kaunda, whose wisdom and perseverance in the cause of liberty are a beacon to all free men, from his admirer,
6. To President Kenyatta, whose gifts to Africa and to the world will live as long as freedom and justice survive in the breasts of men, from his admirer,
7. To President Scermarke, a man of courage and a man of peace, from his admirer,
8. To His Imperial Majesty Haile Selassie I, whose many visits to America have enriched our heritage, broadened our vision and reaffirmed our dedication to liberty, from his friend and admirer,
9. To President Bourguiba, whose wise and moderate counsel has meant much to all the world, from his friend and admirer,

CONFIDENTIAL

Tuesday - December 26, 1967

MEMORANDUM FOR THE PRESIDENT

Pres file

SUBJECT: Covey Oliver's Year-End Report

Herewith is Covey Oliver's report on the Latin American scene during 1967.

The bright spots are:

1. A much better rate of growth than in 1966 (2.3% compared with 1.3%) but still a shade under the 2.5% per capita Alliance target.
2. A considerable increase in food production, reversing last year's trend of faster population growth than food output.
3. Considerable progress in key countries like Argentina, Brazil and Colombia in their economic stabilization programs.
4. Greater political stability reflected in no military coups in the past 18 months.
5. Significant setbacks to Castro's guerrilla efforts.

Covey is worried about four areas:

1. Total Latin American exports did not increase in 1967 due to price declines of key products and a slow-down in world trade. This hits hard at their self-help development efforts.
2. Progress in moving toward economic integration was not as great as hoped for following Punta del Este.
3. The cut in Alliance funds this year has raised serious doubts as to our intentions, and if it is repeated next year, the Alliance could face a serious crisis of confidence.
4. We have a big job of minimizing the adverse effect of Latin American arms purchases on next year's Alliance appropriations.

W. W. Rostow

Attachment

~~CONFIDENTIAL~~

December 26, 1967

Pres file

Mr. President:

In the attached, Messrs. Fowler, Gaud and Schultze recommend you authorize a U. S. pledge of up to \$13.7 million in AID money for the Foreign Exchange Operations Fund in Laos. This fund, provided by five donor nations, is necessary to offset the inflationary effects of military operations against the Pathet Lao and the North Vietnamese. This authorization will cover our share through CY 1968.

This fund has been running since 1963. It has proved its usefulness in stabilizing the Laotian economy during a time of heavy counterinsurgency operations. It must be continued if Laos is to remain solvent.

The fund does involve one problem: it creates some drain on our balance of payments -- although we aren't sure precisely how much. Treasury and AID have been working for two years to come up with ways to stop the drain, but none has yet been developed. Fowler concurs in this proposal subject to agreement that they will continue to work on the problem.

I recommend you approve.

W. W. Rostow

EH:lw

Approve proposed pledge _____

Disapprove _____

See me _____

DECLASSIFIED
E.O. 12336, Sec. 3.4
NY 91-457
By *ijp*, NARA, Date 10-26-93

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EXECUTIVE OFFICE OF THE PRESIDENT

BUREAU OF THE BUDGET

WASHINGTON, D.C. 20503

83a
DEC 12 1967

DECLASSIFIED

Authority NLS 91-~~159~~ 457

By paper copy NARA, Date ~~10-26-93~~

MEMORANDUM FOR THE PRESIDENT

Subject: Support of the Laos Foreign Exchange Operations Fund in CY 1968

Bill Gaud requests your approval to pledge up to \$13.7 million to support for CY 1968 the Laos Foreign Exchange Operations Fund (FEOF). This Fund runs out of resources around the end of December. FEOF is one of the urgent commitments which Bill Gaud and I agreed had to be brought to you this month.

FEOF is our primary instrument for containing the strong inflationary pressure on the Lao economy caused by large Government military expenditures for operations against the Pathet Lao and the North Vietnamese. It is our most effective instrument in stabilizing the Laotian economy because

- . it ropes in other donors (Australia, Japan, the United Kingdom, and France)
- . it sops up local currency at more than twice the official exchange rate, giving us greater counterinflationary impact per dollar of aid than other methods.

Because the U. S. is the major contributor, a prompt and specific pledge from us would help secure contributions from other donors as CY 1968 replenishment negotiations begin this month.

The Laotians expect to reduce their budget deficit from \$19.2 million in FY 1966 to \$17.0 million in FY 1968. The U. S. will press strongly for a further reduction in FY 1969. If Laotian fiscal performance continues to be good, we may be able to hold our CY 1968 pledge somewhat below the maximum that Gaud requests.

Balance of payments

Because FEOF is a foreign exchange market in which customers buy and sell freely, it is impossible to tie our contribution to U. S. procurement. There is, therefore, undoubtedly some U. S. balance of payments cost connected with our pledge. While AID and Treasury have examined U. S. stabilization assistance

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X
to consider
to give AID
and Treasury
to complete
plans for
modification
in this
program
to reduce
balance of
payments
improvement.
(HIT)

to Laos with a view toward decreasing its balance of payments cost, workable alternatives to the present FEOF arrangement have not yet been found. Nevertheless, AID and Treasury agree to continue their review and propose to inform the Laotians now that release of the FY 1969 portion of this pledge (about one-third of the total) is conditional upon review at mid-year.

Recommendation

I recommend that you authorize a U. S. pledge of up to \$13.7 million for FEOF for CY 1968, subject to the condition noted above.

Charles L. Schultze

Charles L. Schultze
Director

Attachment

Approve _____

Disapprove _____

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

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

836

OFFICE OF
THE ADMINISTRATOR

DECLASSIFIED

Authority NLS 91-460

By per ip NARA, Date 3-6-92

DEC 2 1967

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Extension of Laos Foreign Exchange Operations Fund

I request your authorization to approve funds for CY 1968 support of the Foreign Exchange Operations Fund (FEOF) in Laos.

The fundamental U.S. objective in Laos is the continuation of an independent and neutral country. The ability of the Royal Lao Government (RLG) to withstand Communist aggression is crucial to this objective as well as to the U.S. interest in the security of the Mekong Valley. Since the military costs to the RLG of this resistance far exceed its capacity to finance, the threat of inflation resulting from budget deficits endangers both the economic and political stability of the country.

FEOF has proved to be an effective device to offset the inflationary pressures of such budget deficits. We have supported it since the IMF recommended its creation in 1963 as a method of absorbing excess liquidity by the sale of foreign exchange on the open market.

FEOF now has funds to last only until the end of 1967 and negotiations must begin promptly with the RLG and the other donors (the U.K., Australia, France and Japan) to extend the fund through CY 1968. Full multi-national response to FEOF is dependent upon a prompt and specific pledge by the U.S. in the initial negotiations. Thereafter, representatives of the other donors must obtain the approval of their respective governments for their contributions and negotiate the actual text of the agreement documents. Thus, if exhaustion of the fund is to be avoided and financial stability maintained, it is important that the U.S. be able to make its pledge by early December.

We estimate that total FEOF needs for CY 1968 will range between \$17.1 million and \$19.4 million. Our calculations in arriving at this range are included under Tab A. Assuming continuation of the 1967 level of support from the other donors, the maximum U.S. contribution to FEOF for CY 1968 under the above estimate would be \$13.7 million. Even if this maximum becomes necessary, our contribution would be slightly less than last year.

~~CONFIDENTIAL~~

CONFIDENTIAL

2

I propose to authorize this amount from a combination of FY 1968 and FY 1969 Supporting Assistance funds, subject to Congressional appropriations and actual FEOF requirements for the calendar year. As the FY 1968 appropriation has not yet been passed by Congress and the FY 1969 budget process is not complete, we are not certain at this time how the actual contribution will be split between appropriated funds for the two fiscal years. However, since FY 1969 funds will not become available until after mid-year we now expect that approximately three-fifths of the total contribution will come from FY 1968 funds and the balance from FY 1969 funds. The precise amounts to be utilized from each fiscal year will depend upon the actual FEOF requirement and later assessments of the availability of appropriated funds.

With a view towards possibly decreasing the dollar drain aspects of our stabilization assistance to Laos, we made our commitment of FY 1968 funds for the current calendar year subject to a U.S. review of FEOF. An initial examination was undertaken in collaboration with the Treasury Department last Spring, but no workable alternatives to all or part of our contribution to FEOF were found. Thus, in view of the importance of our economic stabilization efforts in Laos, we released with Treasury's agreement the FY 1968 funds required to complete our commitment for CY 1967. At the same time, we agreed with Treasury to keep FEOF under continuing review. We are currently studying the possibility of enlarging the U.S. financed commodity import program under a system of variable exchange rates in order to tie to the U.S. more of the procurement now taking place with the foreign exchange made available through FEOF. We do not know whether any workable proposals will emerge from this study but in any event it will not be completed in time for the CY 1968 FEOF negotiations. I propose that the U.S. make the FY 1969 funded portion of its commitment subject to a U.S. review of the Laos stabilization program to enable us to introduce any changes which prove feasible in mid-year without undue interruption of FEOF operations.

The RLG has made strong efforts to reduce its budget deficits by increasing revenues and restricting expenditures. The deficit was reduced from 9.6 billion kip in FY 1965-66 to 9.2 billion kip in FY 1966-67 (i.e. at 500:1, a reduction from \$19.2 million to \$18.4 million) and the RLG has committed itself in the FEOF agreements for CY 1967 to a deficit of 8.5 billion kip for FY 1968. We intend to insist upon a commitment from the RLG in the CY 1968 agreements to a further reduction in FY 1969. The RLG has agreed to increase its taxes on certain petroleum products and is instituting a rural capitation tax as a means of raising increased revenue. On the expenditure side, the RLG is making marked progress under our urging in tightening its control of its budgetary processes and spending.

CONFIDENTIAL

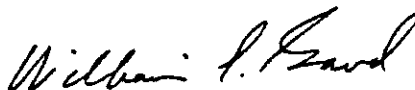
CONFIDENTIAL

3

The IMF has annually reviewed the Laos stabilization program, most recently in November of this year, and has consistently endorsed FEOF as an efficient and effective control on inflation. I concur.

Additionally, the successful operation of FEOF as a multi-national effort sponsored by the IMF enhances RLG efforts to retain international support for the Geneva Accords and its policy of neutrality in the face of continuing violations of its territorial integrity by North Vietnam.

Recommendation: That you authorize me to approve U.S. negotiation and conclusion of the CY 1968 extension of the multilateral and bilateral agreements for the Laos Foreign Exchange Operations Fund (FEOF) with a commitment of up to \$13.7 million, subject to Congressional appropriation. The Department of State concurs.



William S. Gaud

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TAB A

FEOF Requirements for CY 1968

Sales of foreign exchange by FEOF during CY 1967 are expected to total approximately \$19.5 million which compares with sales of \$20.5 million during CY 1966. The U.S. share for CY 1967 is \$13.8 million or 71 percent of the total.

It is not possible, at this point in time, to project with precision the demands of FEOF during CY 1968, since they are dependent upon a multitude of variable factors including (a) the amount of new kip injected into the economy, (b) the growth of the domestic money supply, (c) the growth in exports, and (d) the overall availability of non-FEOF dollars. Thus, we intend to state our contribution in the agreements for CY 1968 in terms of an upper limit with the actual amount of the contribution subject to FEOF needs and the availability of funds.

The IMF has just completed a review of FEOF and the Laotian economic situation. The IMF team considered the RLG budgetary performance during the first quarter of FY 1968 as highly encouraging, noting that lower expenditures and higher receipts than expected had enabled the RLG to reduce its budgetary deficit some 600 million kip below the estimated level for the period. The team also viewed with favor a number of new taxes being instituted by the RLG to widen its tax base. On the negative side, however, the team noted that this year's drought in the Vientiane region, the most monetized section of the economy, is likely to cause higher rice imports, leading to commensurately greater demands on FEOF resources.

The IMF has estimated CY 1968 FEOF requirements at \$19.7 million on the basis of (a) RLG budget deficits of 8.7 billion kip for both FY 1967-68 and FY 1968-69, and (b) a rate of 97 percent for the conversion of new money supply into foreign exchange demand.

Since the RLG is committed to limiting its FY 1967-68 budget deficit to 8.5 million kip and we intend to press strongly for a lower deficit in FY 1968-69, we are confident that the actual budget deficits will be lower than those projected by IMF. Moreover, the conversion rate used by the IMF team is conservative and we believe that a continuing availability of non-FEOF dollars in the Lao economy may lower this rate appreciably. Thus, we estimate that FEOF needs for CY 1968 will range between \$17.1 million and \$19.4 million. Assuming a constant level of support from the other donor countries, the U.S. contribution to FEOF for CY 1968 would be between \$11.4 million and \$13.7 million. Our estimates of FEOF needs for CY 1968 are thus based on the following assumptions and calculations:

Inflationary Factors

Budget Deficit -- The budget deficit for CY 1968 is estimated to range between 8.2 and 8.5 billion kip. This is based on a deficit of from 4.2 to

~~CONFIDENTIAL~~

- 2 -

4.5 billion kip for the second half of FY 1968 (assuming total FY 1968 deficit of 8.2 to 8.5 billion kip) and 4 billion for the first half of FY 1969 (assuming a total FY 1969 deficit of 8 billion kip).

USAID Expenditures -- The USAID kip budget for CY 1968 will be held between 2 and 2.2 billion kip.

French Utilization -- It is assumed that French kip desterilization will continue at the rate of 860 million kip per calendar year.

Japanese Utilization -- Japanese desterilization is estimated at 40 million kip in CY 1968 -- i.e. the same as in CY 1967.

Contractionary Factors

USIP -- USIP will absorb approximately 880 million kip during CY 1968.

Invisibles -- Our Invisibles program is estimated to absorb 260 million kip.

UKIP and AUSIP -- It is estimated that the Australian and British import programs will absorb 370 million kip, based on current usage.

Monetization -- It is assumed that during CY 1968 the conversion rate of kip into foreign exchange will be from 90 to 97 percent. This takes into account the unpredictability of net inflows of dollars from non-FEOF sources which affect the conversion rate.

<u>INFLATIONARY FACTORS</u>	CY 1968 (low)	CY 1968 (high)
RLG Budget Deficit	8.2	8.5
USAID Expenditures	2.0	2.2
French Expenditures	.86	.86
Japanese Expenditures	<u>.04</u>	<u>.04</u>
	11.10	11.60

CONTRACTIONARY FACTORS

USIP	.88	.88
Invisibles	.26	.26
UKIP and AUSIP	<u>.37</u>	<u>.37</u>
	1.51	1.51
Conversion Rate	90%	97%
Demand on FEOF	8.6	9.8
(Rate of Exchange - 500:1)	(\$17.1 million)	(\$19.4 million)

~~CONFIDENTIAL~~

84
INFORMATION

~~SECRET~~

**Monday, December 25, 1967
6:00 p.m.**

Mr. President:

**Herewith, hastily dictated, but
accurate, is the key part of the Cabinet
meeting with the Australians last
Thursday morning.**

W. W. Rostow

~~SECRET~~

WWRostow:rla

DECLASSIFIED

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

White House Guidelines, Feb. 24, 1983

By kg, NARA, Date 12-26-91

SANITIZED

~~SECRET~~

Meeting of the President With the Australian Cabinet
11:13 a.m., December 21, 1967, Cabinet Room, Canberra

Prime Minister McEwen opened by saying that he wished that we were meeting under happier circumstances. Nevertheless, he, the rest of the Cabinet, and all the Australian people were profoundly grateful to the President for taking this arduous journey on this occasion. It was an act of true greatness on the part of the President. He was likewise grateful to the British Prime Minister and others who had come.

The presence of the President, the Prime Minister and others was an indication that Harold Holt had made his mark on the world. He wished to note that the President's message to Mrs. Holt and the family had comforted them greatly.

Harold Holt was a warmhearted, generous man. He was seen by his own countrymen as a "typical Australian." There was no higher praise. His country had been proud of him. He dealt around the world with other heads of government as his peers and was accepted as such. There was more than mutual regard here. He demonstrated that, although he was a leader ^{of} ~~over~~ a small country, he and that country were being taken to people's hearts.

Moreover, he took firm positions on the great issues of his time. Be in no doubt whatsoever: the new government will carry forward the policies that Harold Holt had initiated. They will stand with the U.S. in Vietnam right through to the end. They do not seek a crushing victory over the North Vietnamese or the VC, but we have set out to frustrate an effort to enslave a nation. We

SANITIZED

Authority NSC letter 2-12-81
By LHW/ij, NARS, Date 6-8-81

~~SECRET~~

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shall make sure that nation can stand on its own feet. That is the Australian attitude and policy from which they shall not be deflected. Australia shall continue to pursue the development of understanding relations with all these Asian countries. We are learning to trust them. They are learning to trust us. Thus Australia will continue to play its part along with the U.S. in the great constructive task of building a new Asia.

President Johnson . The President thanked the Prime Minister for *the beauty,* generosity and eloquence of his expression. He said it meant a great deal. It was a privilege to ^{sit} ~~set~~ at this table again.

He was here in Australia because he wanted to be here; and he simply could not be anywhere else. A representative of the television network asked him a few days before what drew the President to Harold Holt. He answered: He was drawn to him because he was an Australian -- a man of character and tenacity, generosity and toughness, and a man of brotherly love.

Out of his whole experience with Australians, he must assume that there are bad Australians, but he had never met one. With Australians you never need develop a crick in your neck to see if they are behind you. They are either beside you or out in front of you. They crease their hat a little differently and have a slightly different accent, but I regard them as my people. Now the Australians are showing courage in taking sacrifices to prevent a little, independent country from being gobbled up. The Australian effort in Vietnam has our admiration and gratitude. The Australians show stability in the face of a great challenge -- a great confrontation.

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There really is a special quality to the U.S.-Australian relationship. We do feel instinctively the same way about problems. It is reflected in the attitude of our boys in Vietnam. When they are asked where they wish to go for rest and rehabilitation, Australia emerged ⁵ ~~essentially~~ ^{and really} as their first preference. That was the way it was as the President himself knew during Second World War.

Our Economic interests occasionally conflict. But we manage to stay reasonably close together in these matters on a live and let live basis.

His last memory of Harold Holt was of Holt stretched out in the sun at Camp David, after taking a swim, calling back to his colleagues charged with economic affairs in Canberra to work out amicably some difficult problems.

I know where you are this morning. Four years ago we faced this kind of moment when President Kennedy was killed. Permit me to say this: Now is the time for you to live together and work together by the Golden Rule. Don't shoot from the hip. Don't divide up the family firm.

I kept the Kennedy cabinet. None has been fired. Many have stayed right down to the present. In ^{adversity} ~~diversity~~ a family gets together. That is why I am here.

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I remember well that I once called at the hospital to see my father who was then under an oxygen tent. He said, get me my britches, I am going home. When we argued against him, he said, "I want to be home where they know when you are sick and care when you die." That is the way it is between us.

In these days ahead you will find the U.S. will stretch a little in the face of Australian problems to make it easier for you.

I remember when Harold Holt said he would go "all the way with LBJ." I could see that was a slogan which might get him into political trouble -- it might be misunderstood or even a disaster for him. Harold simply shrugged. I tried then to interpret it as meaning that the U.S. would go all the way with Australia.

Australia is one of the principal reasons that we have committed our power so fully in this part of the world. The U.S. could probably survive even if Southeast Asia were lost to the Communists. Perhaps the others there might not be wholly necessary for U.S. security interests. But, if we are going to keep our ANZUS commitments, we must keep our alliances with others.

We have taken a hundred thousand casualties in South Vietnam, including the wounded. Hundreds of ^{dead,} thousands of wounded every month. But I am convinced in the long run this is the lesser cost. We would face a bigger war. It is better to stop this aggression at the takeoff than at the landing.

The purpose of an alliance is to make sure that if dictators start going after small countries, they will face the U.S. That is the kind of commitment we have to New Zealand and Australia, the Middle East and Europe and Latin America. Whether these commitments are right or wrong, we have them.

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I intend to honor them. ^{With} At this kind of burden, it is good to find someone to stand up beside you. I want to thank you for your help in Vietnam. I want to thank you for your sturdy position in the fact of British devaluation and your assistance in defending the dollar. The protection of our international monetary system, which is based on the dollar, is a serious matter, but somehow we shall cope with it. I shall be recommending measures next week which I almost shudder to mention here. But the speculator shall not prevail.

I want to thank you also for what Australia is doing for our boys; taking them into your homes; treating them like your own. This is what you did also when I was here in the Second World War.

Whatever you do in sorting out your domestic politics -- in whatever manner the people exercise their judgment, don't let it mix with foreign policy. Remember also that we in the U.S. are stretching out our hand in this period, not in a paternalistic way, but to be worthy of your friendship with you. We know that to have a friend one must be a friend.

We have been well served in this respect by Amb. Waller who was good enough to join us. If you have problems, let him know; he has the key to the front door and the back door of the White House. As for Ed and Ann Clark, I have been worried that he was going to run for political office -- in Australia. He has been the best Australian Ambassador to the U.S. I have ever known -- the most effective man in expressing Australian views and interests.

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These are sad hours. I know that in being here I am doing what is right. I have come to pay my respects to a fallen friend. And, when the services are over, we will be able to raise our chins a bit higher knowing that no one can come between us.

The Prime Minister replied, whatever shake out there may be in the government, the President can be assured that there will be no change in the Australian attitude and policy towards the U. S. or in its foreign policy. The President should know that Australians are proud to be your friend and ally.

The President then reviewed the troop situation; the recent accelerated delivery of 10,000 men and 600 tons in 18 days. We shall have 102 of our 106 combat battallons in place by Christmas, others will come in the spring. We look forward to an extra division from Korea; an extra 10,000 from Thailand; the extra 65,000 from South Vietnam which will soon be debated in the Assembly. [The enemy is building his forces in the South. We must try very hard to be ready. We may face dark days ahead.]

The Prime Minister responded that they face a new situation in the light of the U. K. withdrawal and will sustain forces in Malaysia.

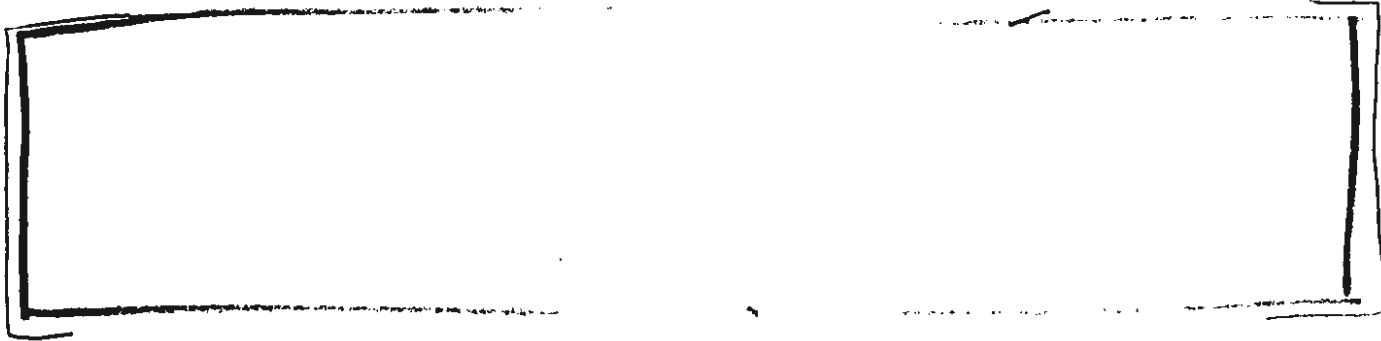
The President said that we will be responding to their thoughts to the problem of *security* in that area, but we are counting on their keeping their present forces in place. President went on to thank Australia for providing evidence to the Cambodians of Communist use of Cambodian soil. The pressure on us from that use may be more than we can put up with; although we agree with Hasluck that we must be cautious in this matter.

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But it is hard to see the troops forming up to re-attack; although we wish to keep the war from widening. We hope that Sihanouk will see the light. He didn't denounce us after we presented the evidence. Perhaps there is some room for diplomacy here. But we must constantly bear in mind that 2 more divisions from the North are coming down into South Vietnam. We must take this into account in our plans and in our thoughts.

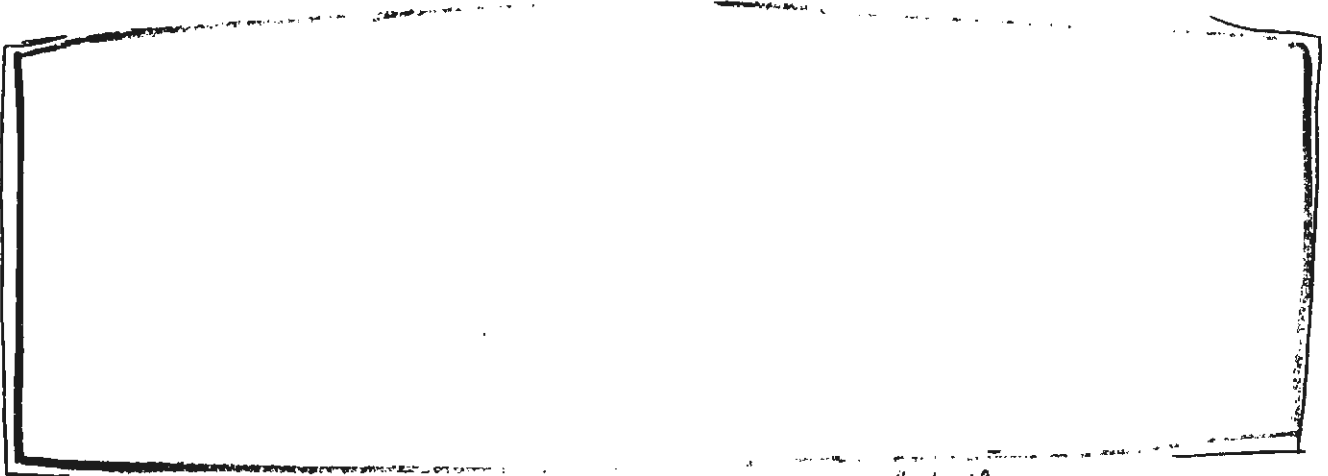


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(continuation of Meeting with Australian Cabinet, Dec. 21, 1967)



Hasluck then asked President Johnson ^{what the} ~~as to whether~~ the prospects were for negotiation to end the war and how severe the pressure on the President was to negotiate with Hanoi.

The President said there was pressure and this accounts for some of the U.S. statements on the subject. He said that we went as far as we could at San Antonion with respect to ~~cessation~~ of bombing. He explained that there was ample time for Hanoi to react to this formula and mentioned the two months during which a circle was held around Hanoi. He said we are careful not to make a commitment on negotiations without consultation with our allies; but there will be ^{when} ~~times when~~ we will have to state our own ideas about peace. [On the TV program, for example, he said we would stop our part of the war if they would stop their part of the war. We could not stop half of the war. There was no indication that Hanoi was now interested in negotiating, and bombing pauses would not help.]

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We have a new government in Saigon. It will not recognize the NLF knowing it is controlled by Hanoi. Thieu, however, stated that he would talk informally with members of the NLF. We ourselves feel that the best chance for peace is one worked out inside South Vietnam by the South Vietnamese. The other points the President made in his TV program related to the DMZ, the cessation of infiltration; and a constitutional government based on one-man, one vote. He is sure that Thieu would respond to any bona fide offer if it came; but it is ^{Johnson's} ~~the~~ President's view that it is not imminent. Hanoi, thinking of the French, is ~~testing~~ the will of the U.S. and its allies. He believes they will wait until after the U.S. elections. In the meanwhile, [we must maintain our posture; not widen the war; not cut and run. We must avoid flirting with either extreme, and keep the pressure on. The President said that he felt that Hanoi was under extreme pressure to achieve some tactical victory. Northern forces were being infiltrated into the South. He foresaw kamikaze attacks in the months ahead. That is one reason he is pressing so hard for additional allied manpower. The President foresaw a sequence in which we maintain pressure without widening the war; imposed upon North Vietnamese increased losses; and then in time they would have to decide what to do in the face of the high cost and the continued frustration of their objective. Then, he believed, they would talk.]

Hasluck asked about an initiative in the UN on Vietnam.

President Johnson said Congress is anxious for us to make a proposal in New York. We had failed twice. We would probably fail again. There

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-10-

was some doubt as to whether we had enough votes to inscribe the issue. If inscribed, we did not know what would happen; for example, would the Soviet Union veto it. We know that Hanoi will pay no attention to this forum of possible negotiations. But a hundred Senators want it done. We have not yet decided ~~how~~ to act in these circumstances, but we shall act with extreme caution. We do not wish to see an amendment imposed on us requiring unilateral bombing cessation. On the other hand, we do not wish to be put in ~~the~~ position where we would have to exercise a veto.

McMahon then said he did not understand the President's reference to increased North Vietnamese forces. He was under impression the forces were decreasing.

The meeting broke up before the President was able to make a full response.

(WWR saw McMahon at the airport and explained that while VC forces in the South were diminishing, there was evidence of an increasing role for the North Vietnamese, including the ~~problem~~ early introduction of elements of 2 divisions.)

WWRostow:rla

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86

ACTION

Free file

Monday, December 25, 1967 -- 5:00 p.m.

Mr. President:

The Shah has a kidney stone problem. He may want U.S. medical help.

This draft message is recommended.

"Your Imperial Majesty: I was very concerned to learn of your illness shortly after I returned to Washington. Both Mrs. Johnson and I send heartfelt wishes that you will be well again in the shortest possible time. I do hope that you will inform me at once if we can be helpful to you in any way. Again, our best wishes for a speedy recovery.

"Sincerely,

"Lyndon B. Johnson"

W. W. Rostow

Approve message_____

Disapproved_____

See me_____

WWRostow:rla

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INFORMATION

~~CONFIDENTIAL~~-SENSITIVE

T

Pres file

Monday, December 25, 1967 -- 6:00 p.m.

Mr. President:

I put Joe's case to Charlie as strongly as I could. He replied as follows:

1. Trade. To act unilaterally would destroy all we have achieved in the Kennedy Round. There are powerful forces in the U. S. and Europe who wish to do just that. Our unilateral imposition of import tax and export rebate would give them a handle.

Therefore, if we feel trade inequity in the face of EEC harmonization rates -- negotiate about it: do not act unilaterally.

2. Tourists. Don't touch it. Makes us look ridiculous abroad and is politically lethal at home.

3. Capital: Figures may be right but they do not take into account possibilities of repatriation and attracting foreign capital.

If we forgive (say) 50% of income tax on repatriated capital -- for two years or duration of war in Vietnam -- we could get billions so fast it would be an embarrassment.

If we lifted 30% withholding tax requirement for foreign investment in the U. S., their money would rapidly flow our way.

4. Offsets. We should go hard at Germany and Italy for offsets and other forms of balance of payments help. Should be able to pick up at least an extra \$300 million.

W. W. Rostow

DECLASSIFIED
E.O. 12958, Sec. 3.5
NSC Memo, 1/30/95, State Dept. Guidelines
By jc, NARA, Date 7-21-03

WWRostow:rlh

~~CONFIDENTIAL~~-SENSITIVE

INFORMATION

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Monday, December 25, 1967 -- 4:00 p.m.

Mr. President:

Purple

Joe Fowler just called. He had been told of the 10:00 a.m. meeting and Fred Deming had explained the plan which we are outlining.

Joe said that he cannot accept the standdown of tourism and the trade proposals without being heard by you. He said: "I am a lawyer: I will abide by the decision of the judge; but I want the judge to hear my argument directly." He said he cannot go along with a program which does not promise a short-run solution to the pressures on the dollar and which does not make a meaningful contribution to the long-term solution. I then explained to him why you felt the tourist restriction was politically unviable; and the dangers in putting the trade restriction operation into a protectionist Congress. He said, I know very well the protectionist mood of the Congress. If we don't move on trade, we are going to get a whole lot of quotas. We might head them off "if we build abridge to that protectionist sentiment by means of the trade proposals I support."

I then explained that we wanted to go to our allies, notably the two surplus countries, Italy and Germany, to see what we could negotiate by means other than the cut in their tourist revenues and pressure on their trade. These items would be ~~rather~~ background of the negotiation. We ought to know what we could get from them before we considered taking these very painful steps.

He said, "That is a lot of nonsense." We must have the tourist and trade proposals in hand before we talk.

He ended by insisting that we make a case directly to the President.

I said I would report to you immediately.

W. W. Rostow

WWRostow:rlh

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

Monday December 25, 1967

MEMORANDUM FOR THE PRESIDENT

Herewith a decision about \$1500 urgently required , apart from the circumstances that this case may be a significant precedent, if we have more parties visiting Vietnam.

As you may recall, Mr. Mc Clure, a Vermont publisher, thought it a good idea for a group of citizens to go to Vietnam to express the nation's feeling of solidarity with the men fighting there; I sent the idea up to you, you probably checked the box "idea acceptable". I informed Mc Clure by telephone that we thought the idea sensible; but that his group would have to pay their own expenses to and from Saigon. He had volunteered in his earlier talk that these were all people who ^{could} ~~good~~ financially look after themselves.

All they wanted was clearance that the idea of going for Christmas was judged in the White House to be a good idea.

Mc Clure would like to have the lodging costs in South Vietnam paid for by the Government. Unless we take the view that we don't wish to refuse anyone at the inn early on Christmas morning, the Mc Clure group on the record of its contacts with me has no claim for lodging in Vietnam.

WWR

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ACTION PER 02

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DIRGEN CHANNEL

RIMESTAD FROM ABRAHAM

REF: STATE 37452

VERMONT CITIZENS GROUP HEADED BY J. WARREN
MCCLURE UNDER IMPRESSION THAT AS WHITE HOUSE
INVITEES THEIR QUARTERS AND SUBSISTENCE HERE WOULD
BE TAKEN CARE OF BY THE GOVERNMENT. ESTIMATE
\$1,500 MAXIMUM REQUIRED. AS GROUP DEPARTING
DEC. 26(WASHINGTON TIME) REQUEST IMMEDIATE REPLY. BUNKER

~~CONFIDENTIAL~~

DECLASSIFIED

E.O. 12356, Sec. 3.4

NJ 93-249

By fw, NARA, Date 12-17-93

Pres file

Friday, December 22, 1967

Mr. President:

Attached for your signature is the proclamation of a supplementary income-tax convention with Canada, signed at Washington on October 25, 1966.

The Senate gave its advice and consent to ratification on November 2, 1967. You signed the instrument of ratification on November 8. On December 20, instruments of ratification were exchanged at Ottawa, bringing the convention into force.

W. W. Rostow

ERF:mst



21564

DEPARTMENT OF STATE

Washington, D.C. 20520

December 20, 1967

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1-Filed

2-Ret

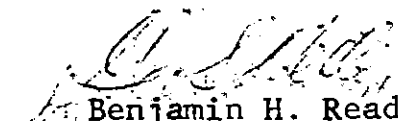
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MEMORANDUM FOR MR. WALT W. ROSTOW
THE WHITE HOUSESubject: Proclamation of supplementary income-tax
convention with Canada

I enclose for the President's signature the proclamation of the supplementary convention between the United States and Canada, signed at Washington on October 25, 1966, modifying and supplementing the convention of March 4, 1942, for the avoidance of double taxation and the prevention of fiscal evasion in the case of income taxes, as modified by supplementary conventions of June 12, 1950, and August 3, 1956.

The 1966 supplementary convention was transmitted by the President to the Senate on January 25, 1967, for advice and consent to ratification. On November 2, 1967, the Senate advised and consented and the President signed the instrument of ratification on November 8. On December 20, in accordance with the terms of that convention, instruments of ratification were exchanged at Ottawa, bringing the convention into force.

The 1966 supplementary convention contains a single substantive article, the sole purpose of which is to add to Article XI of the 1942 convention, as modified, a new paragraph whereby it is provided that paragraph 1 of Article XI shall not apply in respect of a specified category of income. The effect of the amendment is to eliminate unintended preferential treatment accorded by the 1942 convention to persons living outside both countries who receive investment income from the United States at substantially reduced tax rates. It had been discovered that the unintended result was to allow certain Canadian companies to be used by third-country residents as a device to avoid United States taxes.


Benjamin H. Read
Executive SecretaryEnclosure:
Proclamation.



SPANISH EMBASSY
WASHINGTON

No. 2 of 6 copies

91a

The Director General of the Office of Diplomatic Information of the Spanish Ministry of Foreign Affairs, Mr. Adolfo Martín Gamero, arrived in Havana on the 25th of November to accomplish a mission on behalf of Minister Castiella, which resulted from a recent conversation with the Secretary of State, Mr. Dean Rusk.

Mr. Martín Gamero took all necessary precautions to avoid any publicity and any knowledge of the mission entrusted to him. He was surprised by the quickness with which the Cuban Prime Minister gave him an audience, which was interpreted as proof of the Prime Minister's interest. Mr. Martín Gamero was invited by Fidel Castro to have dinner with him on Monday the 27th; the interview lasted for three and a half hours, alone in the house of the Minister Under Secretary for the Presidency, Celia Sánchez, where he was taken by Ambassador Meléndez, Chief of Protocol. Neither of them were present at the interview.

On Tuesday the 28th, the Cuban Prime Minister invited Mr. Martín Gamero to accompany him in a "jeep" tour of the countryside, during which Castro expressed a lively interest and great knowledge of the different elements of the agricultural development plan. This interview lasted from two to eight o'clock that afternoon.

DECLASSIFIED
E.O. 13292, Sec. 3.5
NLJ/RAC 08-78
By isL, NARA, Date 10-14-08

Both interviews were characterized by their cordial and relaxed atmosphere:

When the discussion began on the subject of his mission, Martín Gamero commenced with some previous considerations which would allow for a better appraisal by Castro of the contents of the message that was to be transmitted. He underlined the need to maintain the greatest secrecy on the mission, to which Castro readily agreed; as an added precaution, Martín Gamero referred to the intention of the Spanish Government to deny any leaks which might take place. He then spoke of the credit that Spain enjoys in the world because of her independent position, and the confidence that she inspires in her friends, since an enlightened self-interest has always been the only motive of Spanish behavior, as was made evident in the recent Middle East crisis. He pointed out the friendly relations maintained by Spain with the United States and the agreements that exist between them, a commitment that has not, however, influenced Spanish policy towards Cuba. On the other hand, he referred to the ideologic discrepancies between the Spanish and Cuban regimes which, however, cannot erase the very special characteristics of Spain's relationship with Spanish-American nations. In the same spirit, he underlined the fact that Spain was acting on this occasion as an intermediary, between, on the one hand, the United States - a friendly country - and, on the other hand, Cuba, with whom Spain is historically linked. The reason for which Spain undertook these good offices was the expectation of finding the same response in Havana. Castro accepted all these arguments.

Martín Gamero referred to the recent conversations held by Minister Castiella and the Secretary of State, Dean Rusk, in New York and Washington. Señor Castiella once again explained to the Secretary of State the well-known Spanish point of view regarding the relations between Spain and Cuba. After examining other questions that had been scheduled in the Agenda, the Secretary of State suddenly asked Mr. Castiella at the end of the meeting whether Spain had any official and personal contact with Fidel Castro. The answer was that in effect our representative in Havana had seen the Prime Minister on several occasions. Martín Gamero then repeated to Castro almost literally the words of the Secretary of State: "it would perhaps be beneficial to remind Castro at this moment that there are only two non-negotiable questions: Cuban intervention, support of subversion and guerrilla activities in other Latin American nations, on the one hand, and the presence of soviet arms in Cuban territory, on the other. The United States does not have the intention of interfering in the internal political situation of Cuba".

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He informed Castro that this declaration had been verified several times afterwards, at different levels, and that the United States had fully confirmed its desire that "Castro should know through a valid and duly authorized intermediary that the United States was determined to follow a policy of non-intervention in internal Cuban affairs, in agreement with the promise that President Kennedy made to Krushchev during the missile crisis. Castro should also know that in order to be eventually re-admitted in the community of American nations, Cuba must, in the first place, renounce her

policies of intervention in the internal affairs of other Spanish American nations and cease its subversive activities and the promotion of guerrillas. In the second place, she must put an end to the Russian military presence on the Island, which is contrary to previous agreements signed by Cuba with the other nations of the Hemisphere.

These points were repeated, clarified and commented in order not to leave any doubt or confusion about their scope and meaning. His instructions, continued Martín Gamero, were to transmit this clear message to him and to be at his disposal if at any moment he should like to give an answer through the same channel. Spain would then respond in the same way. It would be enough to inform the Spanish Chargé d'Affaires in Havana of his wish to renew these conversations.

After listening to the foregoing, Fidel Castro kept silent for a long time, as if he were surprised. He then expressed his gratitude for Spain's good offices and he reassured Martín Gamero that the mission would be kept secret.

He insisted on his surprise at hearing all the above, and asked "why would the Americans think of this now"? Mr. Gamero answered by speculating, as a purely personal opinion, on the news that had been circulating in the sense that subversive activities in Spanish America had entered a deep crisis with the death of Che Guevara; he also mentioned the news according to which there was a cooling of Soviet-Cuban relations. If there was any truth in all this, Gamero concluded, perhaps the United States had the feeling that the right atmosphere had been created for Havana to be

interested in the suggestions that Mr. Rusk was now putting forth. Mr. Martín Gamero was aware that Castro was taking good note of these arguments; but the Cuban leader made not the slightest comment on them, either at that moment or afterwards, on the several other occasions when these aspects were touched on.

After this explanation by Martín Gamero, Castro again asserted his surprise at this initiative and concluded that "we will have to think very carefully about this surprising message; we will have to analyze and study all its elements in close relation to what we see and hear every day, for my initial reaction is that I do not believe in the sincerity of the Americans. This could be a new trick. We have suffered from too many years of deceit to be able to believe them now, without further ado."

He embarked then on a long tirade about the efforts of all sorts and in all parts of the world that the Americans had made to soften Cuban resistance: a constant military threat, pressures of all kinds on other Governments and individuals to prevent them from trading with Cuba; maneuvers and blackmail in international organizations; obscure and secret activities of the CIA; millions spent to buy at a higher bid goods already committed to his Government, and the takeover of commercial firms that were ready to trade with him...

Castro's digression at this point became very long and can be summarized in the following points:

1) The United States is perfectly aware that Cuba no longer needs them: her life has been oriented away from the United States' sphere of interests; sacrifices have been

accepted, other friends sought and found. The worse is past.

2) No one can rationally believe that the United States is afraid of a small country like Cuba, no matter how strong her friends might be, as these are too far away.

3) The United States has made incredible and extremely expensive efforts to "sink" Cuba, to no avail. Today, said Castro, even American opinion is changing and already wide sectors in the United States are beginning to see the Cuban question from a different point of view. Perhaps the Administration is beginning to realize this.

4) "How can the Americans speak of non-negotiable questions, how can they impose conditions?" How can they speak of a cessation of subversion in other countries of the Hemisphere, after what they have done in Santo Domingo? How can they ask for an end to foreign military aid to Cuba when they provoked Cuba to seek it in order to resist their constant threat?"

5) Cuba finds it very difficult to negotiate with the United States in the present circumstances for the following reasons:

- a) External reasons. Cuban foreign policy is based, in good part, on the fact that Cuba is the flag-bearer of a revolutionary effort. This is obvious in all Spanish-America and in the countries of the third world. Cuba sets an example for the revolutionary movements of these countries, and this is partly because of her posture against the United States.
- b) Internal reasons. Cuba perfected her independence when she broke her formal ties with the United States, for Cuba gained her independence from Spain only to fall under a

constitutional mortgage which allowed the United States to interfere permanently in the political life of the Island. The American Ambassadors were authentic viceroy. The Cuban revolution has provided the only way of gaining independence; Cuba cannot easily renounce this very important gain.

c) Economic reasons. One advantage of the blockade of Cuba has been that the Castro Regime was forced to find other markets and other economic fields both within and abroad. Today Cuba is exploiting resources that had never been tapped before, whereas her economic life had previously depended for everything on the United States, when the country was financially controlled by the Americans. Many hardships have had to be endured in order to transform this economic structure; during the initial eight years of the Castro regime the worse was passed and everything points to a new start within the economic framework of the Revolution. This is another gain that Cuba cannot renounce.

d) Moral reasons. Cuba cannot modify her attitude if she wishes it to be looked up to as a model for other nations of the Hemisphere. Spanish America faces in her present state the alternative of, either, a continued subjection to "yankee capitalism" that curtails its possibilities for development, through the deceit of a so-called altruistic economic aid; or their attainment of a full political and economic personality through sacrifice and discipline, which will require a traumatic end of American influence by means of revolutions such as the

Cuban one. There is no other alternative and Cuba cannot renounce her moral commitment to the other nations of the Continent.

7. In order to believe that the United States has really changed her attitude towards Cuba, something more than messages and declarations will be necessary. Tangible proof and specific proposals will be needed on a bilateral basis. A general reorientation of United States policies towards the Spanish American nations, towards the third world, and towards all those who struggle for development will have to be clearly visible. The political conditioning of these peoples through the interested administration of "wheat surpluses and cans of powdered milk" will have to disappear. Cuba would believe in the good faith of the United States when she sees that great country ready to share its enormous resources, sincerely and generously, with the developing countries instead of devoting them to their exploitation. An end will have to be put to situations such as that of Vietnam. Cuba will have to be sure that there will not be further interventions, either open and blatant such as the one in Santo Domingo, when they lost control of the situation, or covert ones such as those that the CIA and similar Agencies undertake whenever they can hide their intentions.

The United States must surely know what military aid Cuba receives from abroad and they must also know the limited scope of Cuban resources. "I fail to understand why they are afraid of us". The level of our present potential depends only on the American attitude. The United States must not forget that whatever exists today in the military field in Cuba is due to the fact that Cuba

fears an invasion and must be ready to defend herself. Cuba will not take the first step; she will not attack if she is left in peace, but she will defend herself to the limit of her means if she is attacked. Castro deplored at length and with a bitter tone the fact that so many resources and energies had to be diverted by the Revolution for her military readiness and away from enterprises that would be so useful in her struggle for development.

These points only summarize a protracted and confused exposition which was renewed again on Tuesday during an outdoor excursion. Both on Monday and Tuesday, Castro ended with a final declaration that is considered to be important:

a) Castro was intent on underlining that this initial reaction to the message was purely spontaneous and impromptu. The ideas expressed were merely those suggested to him by an initial approach to the message and therefore they cannot be interpreted as a definite answer, which could only come after the exhaustive analysis that the message would be put to. He would study it immediately weighing its different elements in order to ascertain its motivation and to foresee its eventual consequences; he would contrast it with other data already presented to him or that might arise at this time; he would pay special attention to any new symptoms that might have some relation with a new American attitude. In other words, the impression was that any aperture implicit in this American initiative was not automatically rejected.

b) Castro was visibly impressed by the Spanish attitude and he repeated several times his gratitude for these good offices which he fully valued.

c) It also seemed quite clear that he realized perfectly well the importance of keeping the whole question secret. He promised on several occasions, even in a very formal way, to maintain the whole thing under the utmost reserve.

Many other subjects arose during the course of these prolonged conversations. The following is a summary of the more important ones:

- 1) In relation to the O.A.S. he said that Cuba had gained a considerable advantage when she was "thrown out" under the pressure of the United States. At that time not even the revolutionary movement understood what it meant. It is now clear, he said, that it was in a certain way a decisive step in the process of Cuban liberation from American influence. He spoke with contempt about the Organization in which, he insisted, there is no other will than Washington's.
- 2) He was asked about the present state of his relations with China. He answered that they had been very good, but that today "they had somewhat deteriorated". There is still an important commercial trade, "but political understanding is simply not feasible between us".
- 3) In reference to the news in the world press on the cooling off of Soviet-Cuban relations, he smiled and commented that the inevitable moment of differences arises even amongst the best of friends.
- 4) Castro declared his great friendship for the Arab countries, with reference to the Middle East crisis, but he did not try to hide his disappointment at the lightning victory of Israel. He only excused Syria and Algeria, especially the latter, which he considered a country with a great future due to the strong personality that she developed in her struggle with France and which has resulted in the start of an authentic revolution.

He praised Nasser "whose survival after the rout is "inexplicable"; he attributed the Egyptian failure to

the fact that the regime had not found a way to carry the socialist revolution to its last limits and allowed the survival of certain elements of the old regime which are undermining its structure. He criticized very harshly and referred with contempt to "those other countries where the sovereign is still the absolute lord of everything". He did not see a solution for the present crisis and was afraid that the Middle East will remain for a long time as a permanent point of international friction.

5) He praised the good and efficient state of readiness of the Zionists and he alluded to the "revolutionary sacrifices that they underwent". He is, however, convinced of their expansionist intentions and that they will never return an inch of what they have occupied. He commented on their commercial ability and said with much laughter that some Jewish intermediaries had recently offered him soviet arms and equipment captured in the Sinai from the Arabs.

6) Vietnam was an inevitable subject. His extraordinary admiration for the Vietnamese people is only comparable to what he feels for the North Korean. He made a reference to his frequent contacts with Hanoi and praised their easy and modest way of being, the Vietnamese desire to learn and the fact that they have asked him several times for aid and advice.

He considers admirable the war effort that the North Vietnamese have been exerting for years against the Chinese, Japanese, French and Americans. The French were very realistic in withdrawing from Indochina. The Americans have again made a mistake by being dragged into a war which

will become progressively harder and which they will lose no matter what they do. He described the horrors of all the armaments that, short of atomic weapons, the Americans are already using with all the means at their disposal.

7) More than once, whenever France came into the conversation, he spoke with respect of President de Gaulle and said that his relations with France were very good and that there was a reciprocal interest in increasing relations of every sort.

8) He could not understand the attitude of the British in Gibraltar, particularly "on account of their realism, which they have always proved in trading with us".

9) It was impossible to obtain from him any comment on the disappearance of Che Guevara. When directly asked about the interior and exterior consequences of his death, he only answered that he preferred not to talk about this, the personal impression that this blow had had on him still being very intense.

10) Speaking about the events that led to the Revolution, he referred to Batista. He spoke of him without hate. He said that he could not forget that after all he had been a sargent whose political career had started as a revolutionary who wanted to change the country. Half jokingly and half seriously he said that he had been one of his greatest partners because without his government and its excesses his Revolution would not have been possible. He knows that he lives in Portugal and sometimes passes through Spain and he appeared surprised to have learned by the press that Batista had prayed for Cuba in a church in Barcelona during the missile crisis. It was explained to him that

Spain offers asylum to all who request Spanish hospitality if they refrain from political activities.

December 21, 1967

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Letter from Mrs. Anna Lord Strauss

*Pres file
sus*

Mrs. Anna Lord Strauss was one of the three VIP ladies (the other two -- Mrs. Eugenia Anderson and Mrs. Norman Chandler) who visited Saigon recently. She has written expressing her deep appreciation to you for the opportunity to go to Saigon, and some concern about the situation there. She intends to do her very best to share with her fellow citizens her own conviction that the USA must continue to work with the Vietnamese, but on a de-escalating scale.

A suggested reply is attached for your approval.

W. W. Rostow

Att.

MWright:wpt

Dec. 28, 1967

Dear Mrs. Strauss:

Thank you for your letter of December 12. I am very glad that you were able to go to Vietnam. I think it is of the highest importance that people like yourself be in a position to speak to their friends with the authority of first-hand information about what we are doing in Vietnam, and why it is necessary.

There is no question but that the hope of the Viet Cong and of Hanoi is that they can win, in this country, the struggle they cannot win in the field in South Vietnam. They believe that they can sap and wear down the will of the American people. I believe they are wrong, but I do not believe that real peace will come in South Vietnam until they know that they are wrong. The issue, then, goes to the heart of the relationship between the American citizen and his government.

Because I believe the above to be true I am much encouraged by your pledge to share with your fellow citizens your own convictions about the situation in Vietnam.

I noted with interest your belief that we must continue to work with the Vietnamese but on a gradually de-escalating scale, and your concern that unless we are careful our own efforts may serve to sap Vietnamese initiatives and lead to resentment. I am sure that Ambassador Bunker and his staff made it plain to you that we share that hope and that concern. There is a delicate line between leaving essential things undone and taking too much upon ourselves. Ambassador Bunker, in particular, is aware of this problem and I believe he is the ideal man to strike the golden mean.

If we can be of any assistance in providing you with information you need in presenting your views to your fellow citizens, please let us know.

Sincerely,

/s/ Lyndon B. Johnson

Mrs. Anna Lord Strauss
27 East 69th Street
New York, New York

Mailed from
Johnson City, Texas