

Wednesday, February 7, 1968  
1:00 p. m.

MR. PRESIDENT:

*Pres. file*

My recommendations on the attached are as follows.

1. I agree that there is a tendency to view the political problems of South Viet Nam by analogy with those of Chiang Kai-shek in the period 1945-49.

2. I do not believe the analogy is accurate as a matter of history and social science analysis. The present leadership in South Viet Nam contains some "old family mandarin" elements; but, basically, South Viet Nam is in the process of transition from the old-fashioned rule of Diem (Syngman Rhee, Chiang Kai-shek) to rule by young nationalist technically-trained men of whom Thang has become a symbol, although there are many others like him. Thieu is trying to make that transition cautiously -- the transition Diem tragically never attempted.

3. This was the transition which Park has carried through fully since 1961 in South Korea.

4. Our job, therefore, with the South Vietnamese, is not to force them to marry the NLF. Our job is to encourage Thieu to complete the transition by bringing into authority in Saigon and in the provinces the younger, competent, dedicated men who are emerging, whether they are military or non-military.

5. You may remember David Lilienthal's reaction to the young economists and cabinet ministers he met. They are also part of the new group; and I suspect you can find men like them in every province.

6. Therefore, I would not accept at this time, on present evidence, the prescription in paragraphs 5 and 6.

7. What I would do is to use every resource of persuasion and pressure that we can with Thieu to accelerate the transition by:

-- keeping Ky and Thang at the work of military-civilian coordination after the recovery of the cities has been achieved;

-- making a quick purge of the army and province chiefs on the basis of man-by-man performance during the Viet Cong uprising;

-- using the crisis in the cities to hold on to austerity and move seriously against corruption;

-- winning the race back to the hamlets and villages from which both VC and allied forces have been withdrawn temporarily;

-- exploiting the rallying of non-Communist political leaders throughout Viet Nam to the government to build the framework for a national political party; etc.

8. In short, we have a battle to fight which is not yet completed. We have men and attitudes and assets on our side which have withstood the full brunt of the maximum enemy attack on the cities, survived, and rallied. It is much too soon to adopt the proposed policy of pessimism and despair.

W. W. Rostow

NOTE ON VIETNAM

1. There is unquestionably a very solid concensus that supports the President's policy of holding the line in Vietnam and preventing undue escalation. This con-  
census is to be found in the universities inspite of much active protest. Nevertheless, even among supporters of the policy, I find uneasiness and even alarm growing over the issue of South Vietnam's ability to play its part. The resignation last week of General Thang is bound to stir this up.
  
2. The root of the worry is, in a sense, historical. The experience with Chiang Kai-shek and the Soong family in China (and before them with the Manchu dynasty) suggests that when a Mandarin society becomes corrupt, the decay can be virtually unlimited.
  
3. The symptoms of this in South Vietnam are so vast that they need not be documented. At the core of all of them is the determination of those in power or in luck to enjoy all the benefits possible under "American occupa-  
tion" with little thought for tomorrow and no thought at all for the country. One American official recently ex-  
pressed this point of view to a visitor: "Our local American leaders are convinced that they are climbing steadily up the ladder on the side of the Vietnamese ship of state. But they are too near to see that the ship is sinking".
  
4. The Americans' dilemma is acute. If they threaten to leave, the North Vietnamese terms will stiffen; if they promise to stay, the South Vietnamese quite cynically

continue to exploit the "occupation".

5. Is there a way out of the dilemma? One possibility is worth examining, once the next largescale Northern offensive has been beaten off. This new step might not only put pressure for reform on Saigon. It could also lead the way to negotiations. It would consist in America scaling down/a "clear and hold" policy with repeated bombing pauses and a general and even ostentatious de-escalation of the military effort. Saigon's protests would be met (a) with a strong public guarantee that America would stay but (b) a strong private warning that this de-escalation has been prompted by the total failure of the government to do anything about the villages and the statement that continued apathy and failure might persuade the American voter to demand further de-escalation. Such a shock might galvanize new energies, while still leaving America with its largest bargaining counter its presence.
  
6. Moreover, the possibility of negotiations could just possibly encourage the local South Vietnamese leaders to begin their own manoeuvres to produce a "national coalition". Hitherto, they have simply played the hard line, believing America to be wholly committed to supporting them. A controlled deflation of American support might give them, in the interests of sheer self-survival, a more flexible approach. That possibilities of a broad coalition exist is suggested by many commentators - the latest Shaplen piece in the New Yorker is reasonably specific. But no political movement is possible if America's continued "presence" is used as a cloak for local immobilisme.

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INFORMATION

~~CONFIDENTIAL~~

Wednesday, February 7, 1968  
11:55 a. m.

*Pres file*

Mr. President:

Herewith a balanced assessment  
from Bunker, much like our own.

W. W. Rostow

~~CONFIDENTIAL~~

WWRostow:rla

DECLASSIFIED  
E.O. 12356, Sec. 3.4(b)  
White House Guidelines, Feb. 24, 1983  
By *ag*, NARA, Date: 1-31-92

Wednesday, February 7, 1968

FOR THE PRESIDENT

TEXT OF CABLE FROM BUNKER (Saigon 18399)

SUBJECT: Hanoi's Expectations From and Reaction To Its Recent Offensive

As information from documents and prisoners captured in the recent fighting begins to accumulate, the evidence is growing that Viet Cong/North Vietnamese Army planning relied heavily on prospects of a "general uprising" and large-scale defections of Army of the Republic of Vietnam units to make possible a Communist take-over of the administration of many provincial capitals and territorial units. Their tactics were designed to encourage such a development.

One technique was to try to render Army of the Republic of Vietnam units leaderless. In several cases, enemy forces were given the specific mission of killing or kidnapping various high-ranking Army of the Republic of Vietnam Commanders and paralyzing Army of the Republic of Vietnam command posts (the Joint General Staff compound itself was one specific object of the attack) in the belief that the Army of the Republic of Vietnam units concerned would then defect to the Viet Cong/North Vietnamese Army side. The Communists invented a special organization -- the Revolutionary Armed Forces -- to enable defecting Army of the Republic of Vietnam units to team up with the Viet Cong/North Vietnamese Army without having to join the People's Liberation Armed Forces as such. The other prime target of the Viet Cong/North Vietnamese Army operation was the administrative and police structure throughout the country, and Communist propaganda from the earliest hours of the offensive referred to the importance of establishing revolutionary administrations to supplant those of the "puppet government" destroyed by the Viet Cong/North Vietnamese Army attack. There are reports of individuals having already been nominated for key jobs in the new Viet Cong administrative apparatus and of plans even having been made for a flag-raising ceremony for the new Viet Cong administration in Kontum on the first day of the lunar new year.

The virtually total absence of the usually elaborate Viet Cong withdrawal plans as well as the "no retreat" instruction given to the units concerned strongly suggest that it was believed that all they would have to do was to seize their objective and hold it for a brief period of time while the masses of the people and the defecting Army of the Republic of Vietnam could be mobilized for their support.

There is growing evidence, in captured documents and interrogation reports as well as Communist propaganda, that a mass shift in popular support to the Viet Cong/North Vietnamese Army was anticipated as the allied military situation deteriorated and Government of Vietnam administrative authority crumpled. Here again a special organization -- the Alliance of National and Peaceful Forces --

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Authority State ltr 3/6/79

By yp/rg, NARA, Date 2-3-92

~~CONFIDENTIAL~~ 2  
was invented to make it possible to defect from the government side without actually becoming part of the National Liberation Front itself. Some enemy units even had instructions not -- repeat not -- to damage installations and equipment (at Tan Son Nhut Airfield, for example), as these should be kept intact for Viet Cong/North Vietnamese Army use.

The tenacity with which the Viet Cong/North Vietnamese Army have held on to some of the areas they have captured (in Hue and parts of Saigon, for instance) also suggests that the leadership envisaged a seize-and-hold, not a hit-and-run operation. The only way this would be possible with the forces available to the Viet Cong/North Vietnamese Army would be if they received massive popular and Army of the Republic of Vietnam support.

It is clear by now that the Viet Cong/North Vietnamese Army expectations were not fulfilled -- we know of no Army of the Republic of Vietnam unit which defected to the enemy, and the popular uprising simply did not take place. In part, this may have been due to the failure of specific operations -- the attempts to kill or kidnap commanders almost all failed, as did many efforts to seize key installations. The principal point, however, is that the Communists misjudged the temper of the people and the Army -- they simply were not ready to throw in their lot with the Viet Cong/North Vietnamese Army. The result is that the new groups which the Viet Cong set up for defectors among the Army and people remain unmanned; the areas which the Viet Cong/North Vietnamese Army wrestled from the Government of Vietnam are being taken back; the Government of Vietnam is pulling itself together; and it is the Government of Vietnam, not the Viet Cong/North Vietnamese Army or the new front groups, which is in control of the cities and is starting the long -- and potentially politically profitable -- rehabilitation effort.

In sum, we can say that, while the recent offensive without question brought definite successes for the Viet Cong/North Vietnamese Army, it would appear that the enemy's expectations were fairly sharply disappointed and Hanoi is now confronted with quite a different situation than it had anticipated.

Hanoi's response to the current situation is not yet clear, and it may indeed still be taking shape. We have noted one interesting straw in the wind on a key subject -- negotiations with the allies. It is a Cabanes piece from Hanoi (reporter from Paris AFP transmitted in English, February 5) which analyzes a February 5 Nhan Dan article on President Johnson's February 2 press conference. According to Cabanes, the Nhan Dan article indicates that Hanoi now feels that it has given sufficient signs of goodwill on the negotiation issue and that it is up to President Johnson to make the next move. Cabanes says Hanoi "no longer expects a positive reply in the near future from Washington to its offer to negotiate", though it will not close the door to talks if President Johnson should eventually come around. This sounds to us as if Hanoi leadership, disappointed in any hopes that their recent offensive would put them in a position of strength which they might have felt would have permitted them to bring some flexibility into their negotiating posture, have decided that negotiations should not be pursued at present unless President Johnson knuckles under.

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This one sign, then, points to a digging in of heels on Hanoi's part, a posture that would be consistent with Hanoi's earlier responses to adversity. However, what their final position will be remains to be seen, and indeed may not be determined pending further developments -- Khe Sanh, for instance.

INFORMATION

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Wednesday, February 7, 1968  
10:45 a. m.

*Pre file*

Mr. President:

Herewith Gen. Wheeler's Khe Sanh  
daily -- key passages marked.

W. W. Rostow

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WWRostow:rla

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E.O. 12356, Sec. 3.4(b)  
White House Guidelines, Feb. 24, 1983  
By 176, NARA, Date 1-31-92



THE JOINT CHIEFS OF STAFF  
WASHINGTON, D. C. 20301

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CM-2971-68  
7 February 1968

MEMORANDUM FOR THE PRESIDENT

Subject: Situation in the Khe Sanh Area

1. The enemy has renewed his efforts against US and South Vietnamese forces in the Khe Sanh - Lang Vei area. During the early morning hours yesterday (approximately 3:00 PM on 6 February, South Vietnam time) the Khe Sanh Combat Base and US Marine units in the surrounding area received 58 rounds of mixed mortar fire and an undetermined number of rockets resulting in five US Marines wounded. At 11:45 AM EST yesterday (12:45 AM on 7 February, South Vietnam time), the Khe Sanh Combat Base began receiving a heavy volume of rocket and mortar fire. At approximately the same time, the Lang Vei Special Forces Camp came under a heavy ground attack by an estimated enemy infantry company supported by nine armored vehicles believed to be Soviet PT-76 Amphibious Tanks (description attached). By 1:50 PM EST (2:50 AM on 7 February, South Vietnam time) five of the tanks were reported to have been damaged or destroyed. The attacking enemy also directed heavy supporting mortar and artillery fire on the Lang Vei defenses, and an aerial observer saw the enemy employing flame-throwers in the assault on Lang Vei. Despite poor weather conditions US tactical aircraft provided continual close air support during the heavy fighting and the Khe Sanh Combat Base delivered a large volume of supporting artillery fire throughout the battle. The supporting fire included 28 rounds of 105-mm COFRAM ammunition, but no report of its effectiveness has been received. The intensity of the fighting began to diminish at 10:00 PM EST last night (11:00 AM on 7 February, South Vietnam time). US tactical aircraft continued to strike enemy concentrations throughout the Khe Sanh - Lang Vei area during the day (7 February, South Vietnam time). A reaction force was en route to Lang Vei at 3:30 AM EST this morning (4:30 PM on 7 February, South Vietnam time). Latest reports indicate fighting still prevails, but on a limited scale. There are no reports as yet of the exact extent of enemy or friendly casualties, but a preliminary report states

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Authority JCS letter 10-3-78  
By up/hg, NARA, Date 2-3-92

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that 16 US Special Forces advisors, who had been wounded, were evacuated from Lang Vei at 2:00 AM EST today (3:00 PM on 7 February, South Vietnam time). Fourteen wounded South Vietnamese were also evacuated at the same time. A preliminary report also indicates that all buildings in the Lang Vei camp were destroyed. The military population of the Lang Vei Special Forces Camp included 18 US Army Special Forces advisors, 494 members of the South Vietnamese Civilian Irregular Defense Group organized into three companies and a mobile strike force, and 29 other South Vietnamese personnel. The Khe Sanh Combat Base continued to receive enemy fire throughout the night and early morning hours (South Vietnam time) until it ceased completely at 9:47 PM EST last night (10:47 AM on 7 February, South Vietnam time). The runway at Khe Sanh airfield was cratered, but it was repaired and the airfield was fully operational at 9:30 PM EST last night (10:30 AM on 7 February, South Vietnam time). In another action at 9:40 AM EST yesterday (10:40 PM on 6 February, South Vietnam time), the US Marine company on Hill 861 was hit by a light ground attack from the southeast. The attack ended about one hour later. The results of the attack have not yet been reported.

2. During the past 24 hours, US Air Force B-52 bombers flew 30 sorties against enemy targets in the Khe Sanh area. The number of B-52 sorties flown in the Khe Sanh/DMZ area since 15 January 1968 now totals 684 with approximately 19,900 total tons of bombs delivered on the enemy.

3. US tactical aircraft flew 199 strike sorties in support of units at Khe Sanh during the past 24 hours (83 US Air Force, 67 US Marine Corps, 49 US Navy). Bomb damage assessment of the reported air sorties was somewhat hindered by weather, however, one very large explosion and 15 other secondary explosions were reported by tactical support aircraft.

4. During the period, 136 short tons of supplies were delivered to the Khe Sanh Combat Base by air, over half of which was ammunition.

5. The latest weather observation at 5:00 AM EST (6:00 PM 7 February, South Vietnam time) today in the Khe Sanh area reflects cloudy conditions with visibility at five miles in fog. The forecast for the next 14 hours is cloudy with low ceilings, poor visibility, drizzle and fog. From 9:00 PM EST, 7 February (10:00 AM, 8 February, South Vietnam time) until 7:00 AM EST, 8 February (8:00 PM, 8 February, South Vietnam time) the outlook is improved: cloudy with intermittent light rain, higher ceilings and visibility at seven miles.

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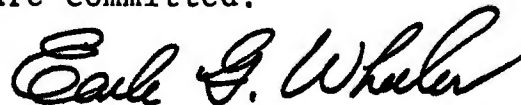
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6. Planned operations in support of Khe Sanh:

a. During the next 24 hours, 39 US Air Force B-52 sorties are scheduled against targets in the Khe Sanh/DMZ area. Four of the targets are in the vicinity of Khe Sanh, and one target is adjacent to the Demilitarized Zone, approximately six miles north-northwest of Camp Carroll.

b. For the period until 11:00 PM EST today (12:00 noon 8 February, South Vietnam time) 152 tactical air sorties are scheduled into the Khe Sanh area. 16 additional sorties are available on immediate call to augment the scheduled sorties. An additional 396 US Air Force and 250 US Navy sorties could be diverted into the Khe Sanh area, for a total of 646 additional sorties.

7. US Marine units defending the Khe Sanh area have a vast amount of fire support available to them from external sources (16 175-mm guns, all-weather tactical aircraft, armed helicopters, and B-52 bombers). These units also have considerable fire power from their own assigned weapons, which, in addition to a large number of automatic weapons, include 102 mortars (60-mm, 81-mm, and 4.2 inch), 32 106-mm recoilless rifles, and 24 howitzers (105-mm and 155-mm). Also available are two vehicles which mount four .50 caliber machine guns (quad 50s) each and two track-type armored vehicles with two 40-mm guns (twin 40s) on each vehicle. The quad 50s and twin 40s are dual-purpose and can be used either for air defense or against ground targets. In addition, there are five M48 tanks (90-mm guns) and ten light track-type vehicles (ONTOS) on each of which are mounted six 106-mm recoilless rifles. Because of the significant fire power of the units defending Khe Sanh and the reinforcing fires immediately available from the heavy artillery east of Khe Sanh along with the supporting strikes of tactical aircraft, armed helicopters and B-52 bombers which can be delivered against the enemy, it is not considered necessary to deploy additional supporting weapons and forces to the Khe Sanh Combat Base. Moreover, additional weapons and units within the Khe Sanh defensive perimeter would inordinately increase the concentration of our resources in a relatively confined area, correspondingly increasing the risk of losses to enemy fire, and would add a significant amount of logistic support requirements. It is considered preferable to retain additional fire support means for employment in concert with counter-attacking and exploitation forces when they are committed.



EARLE G. WHEELER

Chairman

Joint Chiefs of Staff

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7-67 Printed by Army Map Service

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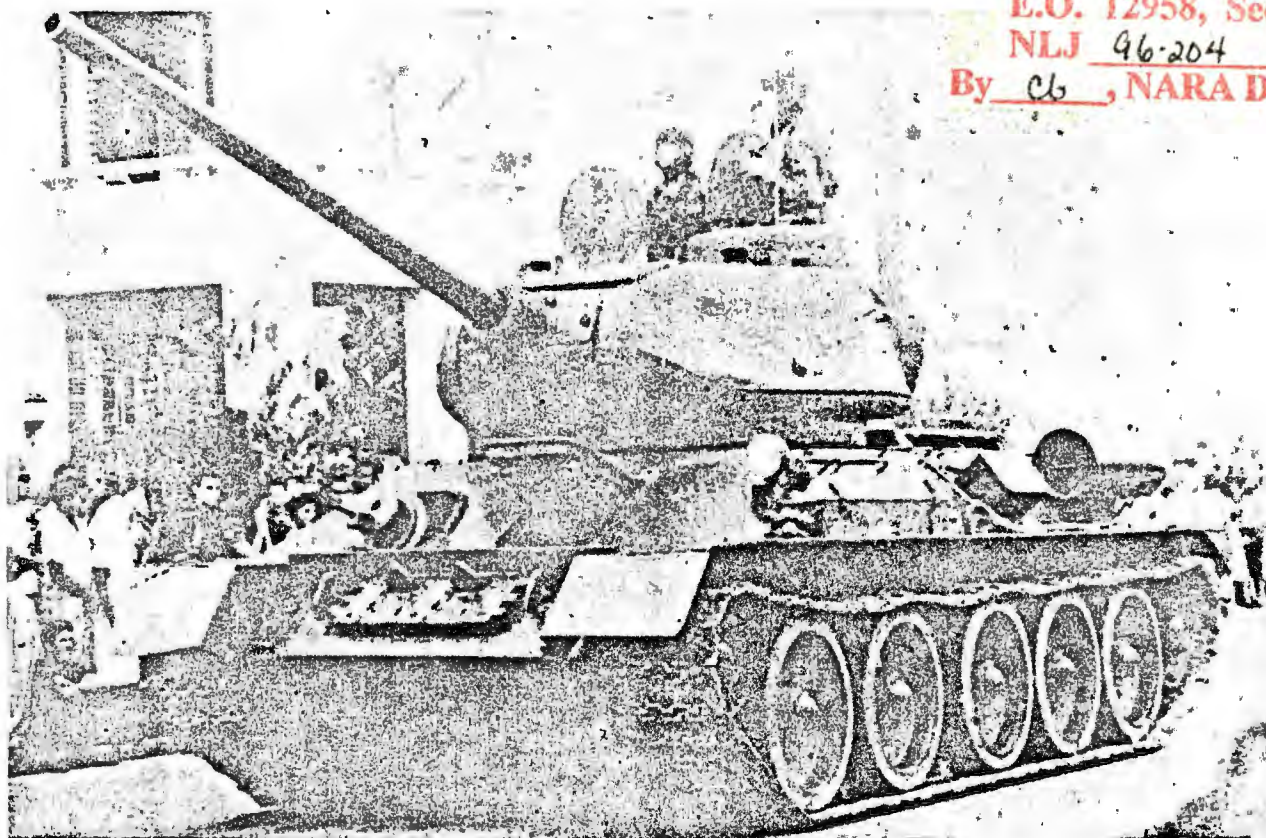
Authority *GC Letter 10-3-78*

By *plg* NARA, Date *2-2-92*

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**E.O. 12958, Sec. 3.6**

**NLJ 96-204**

**By CB, NARA Date 3-2-97**



**T-34/85 MEDIUM TANK**

The T-34 medium tank was the principal Soviet combat vehicle in World War II. The original version (T-34/76) mounted a short-barreled 76-mm gun, giving way later to a longer barreled version. In 1944, an 85-mm weapon was mounted in an improved turret. Although outmoded and to a large extent replaced by more modern tanks, the T-34/85 is still found in some Soviet units as well as in other Communist armies. In addition, it has also been supplied to many non-Communist forces.

From a technical standpoint, the T-34 remains an interesting example of excellent tank design, featuring low silhouette, sloped armor, a cast turret, relatively heavy main armament, and good over-all cross-country performance. It employs a flat track suspension system with large individually suspended road wheels which serve as a principal recognition feature.

**CHARACTERISTICS AND PERFORMANCE**

<b>Vehicle:</b>		
Weight	35.2 short tons	32 mt
Length over-all (w/gun)	26.5 ft	8.08 m
Width	9.8 ft	3 m
Height	7.9 ft	2.4 m
Engine	493-hp @ 1,800 rpm, V-12 Diesel	
Crew	5	
Speed	35 mph	56 km/h.
Cruising range	190 miles (on main fuel tanks)	306 km
Maximum gradeability	35°	
Trench crossing ability	7.5 ft	2.29 m
Vertical obstacle ability	2.3 ft	0.7 m
Fording depth	4.2 ft (12-15 ft w/snorkel)	1.28 m
Infrared	No (can be added)	
Maximum armor (hull)	1.8 in (46 mm) @ 60°	
(turret)	3.25 in (83 mm) @ 20°	
<b>Armament:</b>		
Main	85-mm Tank Gun M1944 (ZIS-S53)	
Muzzle velocity (AP-T)	2,670 fps	815 m/s
(HVAP-T)	3,380 fps	1,030 m/s
Armor penetration	550 yd (500 m)	1,100 yd (1,000 m)
0° obliquity (AP-T) (BR-365K)	4.4 in (111 mm)	4.0 in (102 mm)
(HVAP-T)(BR-365P)	5.6 in (143 mm)	4.1 in (103 mm)
Secondary armament	Two 7.62-mm DTM machineguns (one coaxial and one front hull-mounted)	



**PT-76 AMPHIBIOUS TANK**

The PT-76, introduced in 1952, is the standard tactical reconnaissance tank of the Soviet and some Eastern European Communist armies. It has been supplied to Cuba and has also appeared in Laos. The chassis has proven to be rather versatile, being used for the BTR-50P armored personnel carrier and, in a non-amphibious mode, for the FROG-2, 3, 4, and 5 rocket launchers. Propulsion in the water is achieved by a hydrojet system with intake ports on both sides of the hull bottom and exhaust ports in the rear.

The PT-76 pictured above has the 76-mm gun D-56TM which was installed in the PT-76 after 1957. Earlier PT-76 tanks mount the 76-mm gun D-56T with a multibaffle muzzle brake. Performance figures for the two guns are the same.

Although classified by the Soviets as a tank, the PT-76 is very lightly armored (only 0.63 inch maximum) and mounts only a moderately effective 76-mm weapon which makes it undergunned by present standards. Essentially, the tank is a member of the Soviet light armored vehicle family, which includes armored personnel carriers (BTR-40, BTR-152), amphibious armored personnel carriers (BTR-50P, BTR-60P), and an amphibious armored reconnaissance vehicle (BRDM).

**CHARACTERISTICS AND PERFORMANCE**

Vehicle:		
Weight	15.4 short tons	14 mt
Length over-all (w/gun)	25.0 ft	7.6 m
Width	10.29 ft	3.14 m
Height <sup>1/</sup>	7.4 ft	2.2 m
Engine	237-hp @ 1,800 rpm, in-line 6 Diesel	
Crew	3	
Speed (land)	27.3 mph	44 km/h
(water)	6.3 mph	10.1 km/h
Cruising range	149 miles (on main fuel tanks)	239.7 km
Maximum gradeability	38°	
Trench crossing ability	9.2 ft	2.8 m
Vertical obstacle ability	3.6 ft	1.09 m
Fording depth	Amphibious	
Infrared	Yes (on some models)	
Maximum armor (hull)	0.56 in (14 mm) @ 45°	
(turret)	0.63 in (16 mm) @ 33°	
Armament:		
Main	76-mm Tank Gun D-56T or (after 1957) D-56TM	
Muzzle velocity (AP-T)(BR-350B)	2,172 fps	663 m/s
(HVAP-T)(BR-354P)	3,167 fps	965 m/s
(HEAT)(BP-354)	1,065 fps	325 m/s
Armor penetration	550 yd (500 m)	1,100 yd (1,000 m)
0° obliquity (AP-T)(BR-350B)	2.7 in (69 mm)	2.40 in (61 mm)
(HVAP-T)(BR354P)	3.6 in (92 mm)	2.3 in (58 mm)
(HEAT)(BP-354)	4.7 in (120 mm)	4.7 in (120 mm)
Secondary armament	One 7.62-mm SGMT machinegun (coaxial)	

<sup>1/</sup> For PT-76 constructed after 1957.

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**E.O. 12958, Sec. 3.6**  
**NLJ 96-204**  
 By CG, NARA Date 3-2-97

INFORMATION

~~CONFIDENTIAL~~

Wednesday, February 7, 1968  
10:40 a.m.

*Pres. file*

Mr. President:

I'm not sure whether this response  
of Gen. Westmoreland to your note of  
confidence got to you this morning.

W. W. Rostow

~~CONFIDENTIAL~~

WWRostow:rla

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E.O. 12356, Sec. 3.4(b)  
White House Guidelines, Feb. 24, 1983  
By js, NARA, Date 1-31-92

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FM GEN WESTMORELAND, COMUSMACV, SAIGON  
TO THE PRESIDENT

ZEM

~~CONFIDENTIAL~~ MAC 01719 EYES ONLY

AM GREATFUL TO YOU FOR YOUR MESSAGE OF YESTERDAY, WHEREIN YOU  
EXPRESSED YOUR CONFIDENCE IN THIS COMMAND. BE ASSURED WE ARE DOING  
ALL POSSIBLE TO DEAL THE COMMUNIST AGGRESSOR A SEVERE BLOW. THERE  
ARE DIFFICULT DAYS AHEAD, BUT WE ARE FULLY CONFIDENT IN OUR ABILITY TO  
PREVAIL OVER THE ENEMY.

FAITHFULLY YOURS.

SSO NOTE: PRECEDENCE FOR TRANSMISSION ONLY  
DELIVER DURING DUTY HOURS

100

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E.O. 12356, Sec. 3.3

DA Memo. Jan. 5, 1988

By rg NARA, Date 8-31-92

~~CONFIDENTIAL~~

EYES ONLY

NNNN

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INFORMATION

Wednesday  
February 7, 1968 -- 10:30 a. m.

SITUATION ROOM MEMORANDUM

*Possible file*

SUBJECT: Possible Evacuation of Lang Vei

The NMCC informs us that they have just received a garbled secure telephone call from MACV which indicates that all personnel have been evacuated from Lang Vei.

They will follow up shortly with a teletype message.

W. W. Rostow

75

ACTION

*Free file*

~~SECRET~~

Wednesday, February 7, 1968 -- 10:30 a.m.

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Special Emissary to Discuss Latin American Arms Policy

Herewith a recommendation from Sec. Rusk that you send Ralph Dungan (or alternatively Covey Oliver) to Peru, Colombia, Chile and Brazil to explain the Symington-Conte-Long amendments and seek their cooperation in helping us cope with Congressional pressures on the AID Bill.

Nick believes that -- as an old opponent of arms aid -- his support for what we are doing would be credible on the Hill.

If someone from the outside is to do the job, George Ball might be considered. Otherwise, I recommend Covey Oliver.

W. W. Rostow

Attachment

OK to send Dungan \_\_\_\_\_

Alternatively, send Oliver \_\_\_\_\_

Neither \_\_\_\_\_

DECLASSIFIED  
E.O. 12356, Sec. 3.4  
NEJ 94-272  
By wp, NARA, Date 11-16-94

WMB:WWR:rlh

~~SECRET~~

75a

THE SECRETARY OF STATE  
WASHINGTON

~~SECRET~~

February 6, 1968

MEMORANDUM FOR THE PRESIDENT

Subject: Special Emissary to Discuss Latin  
American Arms Policy

We will be discussing with you in the NSC tomorrow some of the issues we face in implementing the Symington and Conte/Long Amendments on arms policy in less-developed countries. To convince our Latin American friends that we and they have a serious problem--as well as to help us with the Congress--we will have to send a special emissary to explain our policy. Hopefully, he would convince some of the Latin leadership that we need their cooperation in dealing with the strong pressures here which may again jeopardize AID bill passage.

My suggestion for the man to do this is Ralph Dungan, on two assumptions:

- that he is available and willing to do it;
- that, despite his strong views in opposition to arms for LDCs, he would agree that we are doing as much as possible on this score.

Nick Katzenbach believes that Dungan would support our current policy. There is no one with Latin American experience who would be more helpful in convincing Senate and House liberals behind the Amendments and skeptical that we are taking them seriously.

DECLASSIFIED  
E.O. 12958, Sec. 3.6  
NLJ 96-196  
By ius, NARA Date 8-28-97

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The alternative is to send Covey Oliver on the same trip. Covey would do as well with the Latins but--because of his position--will be less persuasive on the Hill.

In selecting an emissary we must keep in mind that his effectiveness on the Hill will depend on his ability to persuade the liberals.

Dungan (or Oliver) should go at least to Lima, Bogota, Santiago and Rio. He should leave early next week.

*Dean Rusk*

Dean Rusk

OK to send Dungan \_\_\_\_\_

Alternatively, send Oliver \_\_\_\_\_

Neither \_\_\_\_\_

~~SECRET~~

INFORMATION

76

~~CONFIDENTIAL~~

Wednesday, February 7, 1968  
10:30 a.m.

*Pres file*

Mr. President:

Herewith five Viet Cong prisoner  
interrogations well organized around  
seven key questions.

Worth reading.

W. W. Rostow

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WWRostow:rla

DECLASSIFIED  
E.O. 12356, Sec. 3.4(b)  
White House Guidelines, Feb. 24, 1983  
By rg, NARA, Date 1-31-92

Tuesday, February 6, 1968

SUBJECT: Views of Five Khanh Hoa Viet Cong Prisoners on Objectives of Current Viet Cong Military Activity and Future Viet Cong Plans and Strategy.

Asked what they were told the objective was of the Viet Cong/North Vietnamese Army attacks throughout South Vietnam, which began on January 29, 1968, the prisoners replied as follows:

A. Huynh Tuong, Political Cadre: The objective was to seize control of the cities, establish a new government which would include any elements opposed to President Nguyen Cao Ky, and ask the Americans to leave South Vietnam.

B. Senior Lieutenant Duong Van Xa: After studying resolution 13 of the North Vietnamese Communist Party on December 20, 1967 and studying the general instructions to attack South Vietnam on January 20, 1968, he knew the reason for the attacks was to seize government power. The Viet Cong thought it would be possible to attack South Vietnam successfully because the balance of forces between the government and the Viet Cong was favorable. Thus, the Viet Cong would be able to take over the government in Saigon. By applying the three-pronged tactic -- military, political and proselyting -- throughout the campaign, the Viet Cong believed that they could bring enough pressure on the Americans to force them to leave South Vietnam. By pressure, the Viet Cong mean the strength of Vietnamese and world opinion against the American stand in Vietnam, which would force the Americans to pull out of Vietnam.

C. First Lieutenant Le Trong Cach: He was not told of the objective or the purpose of the attacks, but personally felt that it was to regain the offensive.

D. First Lieutenant Huynh Chieu: He was told by Colonel Hoanh, Khanh Hoa Provincial Unit Commander, that the purpose of the attacks was to seize power in South Vietnam.

E. Lieutenant Nguyen Van Nho: Colonel Hoanh, the Khanh Hoa Provincial Unit Commander, told him that there had been instructions for a general assault and uprising. The purpose of the assault was to seize power and "ask" U. S. troops to retreat from Vietnam. He himself believed that one of the purposes of the attacks was to gain victories in battle for the Viet Cong so that the Viet Cong would be in a good position for peace talks.

When asked what future continuing responsibilities each of them were given beyond the immediate attack order, the prisoners replied as follows:

A. Huynh Tuong: He was to organize food supplies for the city of Nha Trang. (Interrogator's comment: In view of his position with the Viet Cong, Tuong probably had greater responsibilities than this.)

CONFIDENTIAL NOFORN

DECLASSIFIED  
E.O. 12356, Sec. 3.3  
DA Memo. Jan. 5, 1988  
By RJ, NARA, Date 1-31-92

B. Senior Lieutenant Xa: He had no orders or instructions for future operations if the attack on Nha Trang was successful. He was told, however, that he would be in charge of the military in the city. If the attack failed, his orders were to stay in the city and await further instructions.

C. First Lieutenant Cach: If the attack on Nha Trang was successful, he was to lead the people in a general uprising, order Government of Vietnam officials and Army of the Republic of Vietnam officers to go home, and publicly execute those who did not cooperate. He was also to attack and seize the radio station and to make an appeal to the people for assistance. Viet Cong armed forces would be sent to other areas as needed, and the entire 8th Battalion (of the 18/B North Vietnamese Regiment) would be sent to another area outside Nha Trang. In the event the attack on Nha Trang failed, he and his men were to withdraw to Benh Cang where he would meet and join the 8th Battalion.

D. First Lieutenant Chieu: If the attacks on Nha Trang were successful, he was to form his guerrilla unit to protect demonstrators who would be gathered to demonstrate and help set up a new government. He was also to use his guerrillas to set up defenses around sector headquarters in order to protect the Viet Cong in their political propaganda effort. In the event of failure, he was to withdraw to the Lo Voi area within Vinh Ngoc Village and contact a staff officer for new instructions.

E. Lieutenant Nho: He had no orders for future operations.

When asked if they were told, and if they believed, that the population would join in a general uprising against the Government of Vietnam and American forces, the prisoners replied as follows:

A. Huynh Tuong: He was told that the population would join the general uprising, and he believed that they would in most areas. Because of the absence of strong political feeling among the people of Khanh Hoa Province, however, he did not expect to receive much help from Nha Trang residents.

B. Senior Lieutenant Xa: Political cadres told him that after reviewing the situation they believed that the population would join in the attack by staging demonstrations. He himself believed that that would be the case.

C. First Lieutenant Cach: He was told that the people would join the Viet Cong forces in a general uprising against the Government of Vietnam and the Americans. He said that for reasons he could not put into words, it was hard for him to believe the people would help the Viet Cong.

D. First Lieutenant Chieu: He was told that the people would offer their assistance to the Viet Cong. He believed that if sector headquarters were destroyed, then the radio station were captured, and then news of the Government of Vietnam defeat were broadcast, the people would support the Viet Cong revolution.

E. Lieutenant Nho: His commanders told him; and he himself believed, that the population would join in a general uprising and support the Viet Cong by demonstrations.

Asked what actual support they received from the people, the answers were:

A. Huynh Tuong: Viet Cong forces received almost no help from the populace.

B. Senior Lieutenant Xa: So far as he knew, people did not support the Viet Cong.

C. First Lieutenant Cach: The people gave no support to the Viet Cong because they were too busy trying to celebrate Tet.

D. First Lieutenant Chieu: The people provided no support because the people had not had enough contact with revolutionary ideas. The Viet Cong had not had enough time to educate them. Fleeing the city he tried to buy an incense stick and a bottle of beer, but was recognized as a Viet Cong and the shop owner would not sell to him. The people were directly responsible for the arrest of many Viet Cong.

E. Lieutenant Nho: The people gave no support to the Viet Cong.

Asked if they were led to believe that the Viet Cong/North Vietnamese Army attacks in the South would be supplemented by major offensive action in the North at Khe Sanh or the demilitarized zone, the prisoners replied that they had not been told this would happen. Huynh Tuong remarked, however, that the Viet Cong were very happy to hear that 52,000 Army of the Republic of Vietnam troops were being sent to the DMZ to replace American troops, because if the American troops could not control the situation, how could the Army of the Republic of Vietnam?

First Lieutenant Chieu replied that Hoanh, the commanding officer of the Khanh Hoa Provincial Unit, had told him that every province capital would come under attack.

Asked if they were aware of any effort to organize "alliance for peace and democracy" as a coalition movement to negotiate with the National Liberation Front, the prisoners made the following replies:

A. Huynh Tuong: He had first heard of the alliance for peace and democracy at a committee meeting in early December, 1967. At that meeting, he and about 40 other military and political cadres were instructed on how to organize this front. All elements who would oppose Thieu and Ky, including high-level Government of Vietnam officials such as Province Chiefs, could join the Front. The Viet Cong had not organized the Front in Khanh Hoa Province because that could be done only where the Viet Cong dominated the situation. If the Viet Cong had held Nha Trang,

the Viet Cong would have organized this front immediately. Alliance for peace and democracy was not the name of the front; it was what the front was. The actual name of the front would be chosen later. Tuong said that he had heard over the radio that the front had been formed in Ban Me Thuot, Darlac Province, and in Saigon, and that the front in Saigon was called "Alliance Front for People, Peace, and Democracy in South Vietnam.

B. Senior Lieutenant Xa: The National Liberation Front has formed an organization called "Lien Hiep Luc Luong Dan Toc, Dan Chu Va Hoa Binh" (Alliance of the People's Forces for Democracy and Peace). The organization is to gather enough popular support to force the present government in South Vietnam out of power and to put in power a new government which would then accept a coalition government:

C. First Lieutenant Cach: He believed that the purpose of the attack was to induce the Viet Cong armed forces to support the Viet Cong political structure which would then set up a government composed of all Viet Cong parties and the best military officers. The primary purpose of this new government would be to force the U. S. to change its political stand in South Vietnam.

D. First Lieutenant Chieu: He was not aware of any efforts to organize an alliance for peace and democracy.

E. Lieutenant Nho: He had not been told about this front.

Asked if they were aware of any plans for follow-up steps in the current strategy and if so, what were they. The prisoners answered:

A. Huynh Tuong: If the current strategy succeeds, there will be peace.

B. Senior Lieutenant Xa: He was not aware of any further moves.

C. First Lieutenant Cach: He was unaware of any future plans, but stated that the Viet Cong forces could continue to fight.

D. First Lieutenant Chieu: An unidentified person told him that after success, the hard core Communist elements in Saigon would issue new and further orders.

E. Lieutenant Nho: He did not know anything about future Viet Cong plans.

Asked how they expected the National Liberation Front and/or Hanoi to explain the failure of current military activities, if in fact current military strategy fails to achieve Viet Cong military objectives, the prisoners replied:

A. Huynh Tuong: He did not know. He believed current Viet Cong military activities, had been successful because the National Liberation Front radio had announced many victories and the fronts had been established.

B. Senior Lieutenant Xa: The National Liberation Front and Hanoi will deny the negative facts presented by the Government of Vietnam and will tell only about the good points of the attacks.

C. First Lieutenant Cach: He had no idea.

D. First Lieutenant Chieu: He did not know. He stated "the stronger our belief in victory before, the weaker it is now."

E. Lieutenant Nho: He did not know because in his position he was not able to find out. If it is true that Viet Cong attacks have failed to achieve Viet Cong military objectives, then the failure will strongly affect the morale of North Vietnamese Army troops as well as that of the people in North Vietnam.

~~CONFIDENTIAL~~

DECLASSIFIED

E.O. 12958, Sec. 3.6 Wednes. , February 7, 1968

10:30 a. m.

77

MR. PRESIDENT:

NLJ 96-25  
By ing, NARA Date 11-6-96

You may recall that, with Sect. Rusk's clearance, I wrote the attached letter to Walther Casper sometime ago. He called me this morning with the following message.

1. He had forwarded my letter to Chancellor Kiesinger and Rainer Barzel. He had discussed its themes with Emminger, head of the Bundesbank, as well as with the head of the two biggest German private banks: Deutscher and Dresdener Banks. He could report two conclusions:

-- the U. S. balance of payments program is regarded favorably and as "an absolute necessity. "

-- on the basis of all his personal talks, he could predict "close collaboration" by the Germans in working with the United States on balance of payments problems. He would be dispatching today a letter to me and certain other documents which would give us a quite precise feeling for how German authorities look at the next steps in the process of collaboration.

2. He had received from Rainer Barzel this morning a telephone call saying that the highest governmental circles in Germany would approach forthcoming negotiations on the offset problem in "a spirit of cooperation. " He expressed the hope that the U. S. negotiators would approach the negotiations in "a spirit of partnership. " In particular, they should realize the limitations imposed by the German budget and the problem of "middle range financing;" and look to the solution substantially in terms of Bundesbank operations.

3. Barzel said that "he hoped Americans would regard the strength of the mark as "a stabilizing factor in the Western world. "

4. Barzel also said that he would be visiting Washington April 22-26 (Casper implied that Barzel would be wishing to see the President).

5. With respect to tourism (a special interest of Casper's), he reported the views of a Mr. Nickerman, who is the head of the German equivalent of Sears & Roebuck, a former world riding champion, and a great friend of the U. S. and the Atlantic concept. Nickerman is a strong believer in increased European travel to the United States. He believes that he could sell an extra 10,000 tickets to the U. S. if certain travel restrictions, imposed by the international air transport organization, did not exist. Casper's letter will be more precise on this point. Nickerman is willing to come over and work with our people to increase German and European travel to the U. S. He repeated: the key problems, according to Nickerman, are certain limitations imposed by the international air transport organization.

W. W. Rostow

Attachment  
cc: Ed Fried, Ernie Goldstein; State Secretariat; Sect McNamara; Sect. Fowler

77a  
          

January 3, 1963

*Chen*

Dear Walter:

Here, briefly, are the thoughts which you suggested I set down for you.

1. Now is the time to put into action a doctrine we all have agreed in the OECD; namely, that surplus as well as deficit nations have a responsibility to deal with disequilibrium in the balance of payments; and they should cooperate to that end. As I said, this is a doctrine to which German leaders, including Dr. Emminger, have made important contributions. It is also a doctrine on which we acted when we were in surplus.

2. I am sure German authorities can devise a program more wisely than we to bring down the German surplus; but, among the matters that might be considered are:

-- Efforts to encourage European tourism to the U. S. (as you suggested to me quite a long time ago);

-- An acceleration in German recovery, which would expand German imports;

-- An expansion in German capital exports to the U. S. and underdeveloped countries; etc.

3. We wish to bring the U. S. balance of payments into equilibrium in ways that are in harmony with the Kennedy Round, the continuity of our security commitments, and which will increase cooperation in the fields of international trade and monetary affairs. It should be borne in mind that there are those in the U. S. who would approach this matter by strong unilateral protectionist measures or by withdrawing troops from Europe. It is necessary, therefore, to prove that international cooperation can be effective in supplementing and supporting the difficult but necessary steps the President has initiated in U. S. policy.

4. As we are successful in bringing the U. S. balance of payments deficit down, we shall have to accelerate the schedule for

creating the IMF international reserve unit, since the U. S. deficit has been an important source of international liquidity.

I would only add my personal judgment as an economist, Walther, that a marginal adjustment of the order of magnitude of the U. S. deficit will not prove difficult if we all work together at the problem with a consciousness of the great common objectives that are at stake.

Elsbeth joins me in wishing Fenja and yourself a most happy holiday and new year.

Sincerely yours,

W. W. Rostow

Mr. Walther Casper  
Villa Norella  
Kosters, Switzerland

WWRostow:mz

*orig + 2 Xerox copies sent*

Wednesday, Feb. 7, 1968  
9:45 a. m.

Mr. President:

Herewith Ellsworth suggests a message to  
Thieu from you.

*Pres file*

You should know that we had come to the same  
conclusion at Nick's last Viet Nam meeting  
and Jordan was to draft today for your con-  
sideration.

In short, a good idea.

W. W. Rostow

~~SECRET~~ attachment

0 071302Z ZYH  
FM SAIGON  
TO WHITE HOUSE

78a

ZEM

~~SECRET EYES ONLY~~ 071150Z FEB 68 VIA CAS CHANNELS

FM AMB BUNKER SAIGON 504

TO THE WHITE HOUSE, EYES ONLY THE PRESIDENT

1. I AM MOST APPRECIATIVE OF YOUR PERSONAL MESSAGE WHICH I RECEIVED YESTERDAY. I AGREE THAT THE POINTS YOU AND DEAN RAISED ARE ONES WHICH WOULD BE DISCUSSED VERY CAREFULLY AND THOROUGHLY WITH PRESIDENT THIEU. AS YOU KNOW FROM MY EARLIER REPORTS SOME OF THESE POINTS HAVE BEEN MATTERS OF CONTINUING DISCUSSION IN OUR CONVERSATIONS OVER THE PAST FEW DAYS.
2. IT OCCURS TO ME THAT THIS MIGHT BE A GOOD TIME FOR A BRIEF PERSONAL MESSAGE FROM YOU TO THIEU. I BELIEVE THAT SUCH A MESSAGE WOULD DO MUCH TO ENCOURAGE HIM AND WOULD AFFORD A USEFUL POINT OF DEPARTURE FOR ME TO DISCUSS WITH HIM SOME OF THE SPECIFICS YOU HAVE MENTIONED. I MIGHT SUGGEST SOMETHING LIKE THE FOLLOWING:
3. QUOTE. DEAR MR. PRESIDENT:

I KNOW HOW MUCH YOU AND YOUR PEOPLE HAVE ENDURED OVER THE PAST SEVERAL DAYS FROM THE VICIOUS ENEMY ATTACKS ON YOUR CITIES. MY HEART GOES OUT TO ALL OF YOU. I WISH TO EXPRESS AMERICA'S ADMIRATION FOR THE MANNER IN WHICH SOUTH VIET-NAM HAS REPULSED THE ENEMY AT ALL POINTS.

THIS TREACHEROUS ENEMY BLOW IS ALSO A GOLDEN OPPORTUNITY, WHICH AMBASSADOR BUNKER TELLS ME YOU ARE ALREADY SEIZING. THE ENEMY HAS SUFFERED GRIEVOUS LOSSES, HE HAS NOT HELD A SINGLE CITY, AND THE PEOPLE OF SOUTH VIET-NAM MUST BE OUTRAGED AT THE PROFANING OF THE LUNAR NEW YEAR. IT IS A TIME WHEN, THROUGH DYNAMIC LEADERSHIP, SOUTH VIET-NAM CAN CONVERT A NEAR DISASTER TO A POSITIVE SUCCESS.

I KNOW THAT YOU ARE ALREADY MOVING TO SEIZE THIS OPPORTUNITY. BUT I TRUST THAT YOU WILL PERMIT ME, AS A FRIEND AND ALLY, TO URGE CERTAIN STEPS WHICH WILL MOST QUICKLY BRING ORDER AND RECOVERY AND THUS CONVERT POPULAR ACQUIESCENCE IN YOUR GOVERNMENT TO POSITIVE AND BROADER SUPPORT. I AM INFORMED THAT YOU HAVE BEGUN AN ALL-OUT EFFORT AIMED AT CIVILIAN RECOVERY AND REFUGEE CARE.

YOU WILL KNOW FAR BETTER THAN I HOW BEST TO RALLY YOUR PEOPLE AND ARMED FORCES. BUT I DEEPLY BELIEVE THAT THE UTMOST EFFORT WILL BRING MUCH CLOSER THE SUCCESS IN WHICH OUR PEOPLES HAVE INVESTED SO MUCH BLOOD AND TREASURE. IT COULD WELL BE THAT QUICK RECOVERY AND EXPLOITATION COULD MEASURABLY SHORTEN THE WAR. ON THE OTHER HAND, I WORRY GREATLY LEST THE INITIAL IMPRESSIONS OF SHOCK AND DISORDER CONVEYED TO THE AMERICAN PEOPLE RESULT IN SERIOUS EROSION OF THEIR WILL TO SUPPORT SOUTH VIET-NAM. IT IS IMPERATIVE THAT WE COUNTER THIS IMPRESSION. OTHERWISE I FEAR THAT THE ENEMY MAY HAVE, DESPITE HIS FAILURE, ADVERSELY AFFECTED US POPULAR SUPPORT OF OUR MASSIVE EFFORT TO HELP YOUR EMBATTLED PEOPLE.

I HAVE ASKED AMBASSADOR BUNKER TO DISCUSS WITH YOU A NUMBER OF SPECIFIC POINTS THAT CONCERN ME AND ON WHICH I BELIEVE IMPORTANT PROGRESS CAN BE MADE. I HAVE EVERY CONFIDENCE THAT YOU AND YOUR GOVERNMENT WILL RISE TO THIS CHALLENGE. WE WILL STAND AT YOUR SIDE. TO YOU WHO ARE AT THE FOREFRONT OF THE BATTLE, I OFFER ALL OUR SUPPORT AND OUR FERVENT HOPE THAT YOU WILL TURN THE TABLES ON THE ENEMY. UNQUOTE

4. IF SUCH A MESSAGE COULD BE SENT OVERNIGHT FROM WASHINGTON I WOULD PLAN TO SEE THIEU AGAIN ON THURSDAY, FEBRUARY 8 TO TAKE UP THESE MATTERS WITH HIM.

~~SECRET EYES ONLY~~ VIA CAS CHANNELS

GP-1  
550

DECLASSIFIED  
E.O. 12958, Sec. 3.6  
NLJ 96-196  
By *is*, NARA Date 8-20-98

PRESERVATION COPY

INFORMATION

Wednesday  
February 7, 1968 -- 8:40 a.m.

*Pres file*

SITUATION ROOM MEMORANDUM

SUBJECT: Latest Information from Khe Sanh

At 7:15 a.m. this morning, MACV reported that 30 personnel, of which 16 were U.S., were evacuated from Lang Vei to Khe Sanh between the hours of 2:00 a.m. and 4:00 a.m. EST this morning. We have no indication of the status of these personnel.

At 3:30 a.m., a Special Forces unit was being sent to the Lang Vei area, probably as reinforcement.

Area photography of the tanks disabled in the Lang Vei area have identified them as Soviet-type amphibious tanks. Five of the nine used in yesterday's action have been reported as disabled or destroyed.

W. W. Rostow

**PRESERVATION COPY**

INFORMATION

~~SECRET~~

Wednesday, February 7, 1968  
8:15 a.m.

Mr. President:

*Pres. file*

There is little doubt Thieu and company have a great political opportunity -- if they seize it; viz, [redacted] attached reactions.

1.5(c)  
3.4(b)(1)

W. W. Rostow

[redacted]  
5 Feb 1968

1.5(c)  
3.4(b)(1)

~~SECRET~~

**SANITIZED**  
E.O. 12958, Sec. 3.6  
NLJ 96-199  
By iss, NARA Date 8-19-98

WWRostow:rln

~~SECRET~~

80 a

Copy of intelligence report [redacted] 5 Feb. 1968

1.5(e)  
3.4(b)(1)

Subject: Attitudes [redacted] Toward Current Crisis

Source: Vietnam, Saigon

[redacted]

1.5(e)  
3.4(b)(1)

1. [redacted]

[redacted] southern Buddhist, commented that in the wake of the government's (GVN) defeat of the Viet Cong/North Vietnamese attacks, the spirit of the people in the greater Saigon area is strongly anti-Viet Cong. He compared the people's mood of excitement with that which existed after the overthrow of the Diem regime on 1 Nov. 1963.

1.5(e)  
3.4(b)(1)

[redacted] the opportunity to exploit the Saigonese's awareness of the evils of the Viet Cong must not be neglected, and that everything possible must be done to unite the peoples of all faiths. He felt particularly that the Government of Viet Nam must gain the confidence of the people by making food available immediately to prevent fear of shortages and to drive prices down. If the Government of Viet Nam can do this, he said, it will gain the people's confidence in social as well as military affairs.

2. [redacted] he planned to offer his services to the Government of Viet Nam to help mobilize Vietnam's manpower to lead the country back to normalcy. He added that he planned to talk with "all political leaders" before calling on any Government of Vietnam officials. He insisted, however, that he was prepared to work with any GVN official or organization.

1.5(e)  
3.4(b)(1)

SANITIZED  
E.O. 12958, Sec. 3.6  
NLJ 96-200  
By is, NARA Date 7-10-98

~~SECRET~~

~~Handwritten~~  
2. Pres file

Wednesday - February 7, 1968

MEMORANDUM FOR THE PRESIDENT - ACTION

SUBJECT: Reply to letter from President Trejos of Costa Rica

At the Presidential Prayer Breakfast the President of the Costa Rican Congress gave you a letter from President Trejos (Tab B).

I recommend that you reply along the lines of the draft at Tab A.

W. W. Rostow

**Attachments**

Tab A - Proposed letter to President Trejos

Tab B - President Trejos's letter

~~cc - Marvin Watson~~

81a

FEB 10 1968

Dear Mr. President:

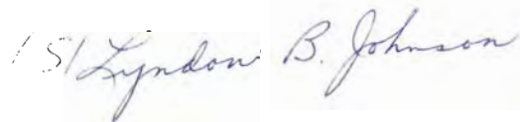
I was pleased to receive your letter which Dr. Garron gave me at the Presidential Prayer Breakfast.

Such gatherings are a measure of the solidarity which unites the governments and peoples of this hemisphere. During the Breakfast I thought of how easily world problems could be settled if leaders approached them in the spirit which drew us together at that gathering.

I understand that Costa Rica is joining the other Central American countries in a collective exhibit at HemisFair. The Fair offers a unique opportunity to acquaint millions of our citizens with the achievements and attractions of your country. I am so glad that Costa Rica will be there.

Again, thank you for your thoughtfulness in writing to me.

Sincerely,

A handwritten signature in cursive script that reads "Lyndon B. Johnson". The signature is written in dark ink on a light-colored background.

His Excellency  
Jose Joaquin Trejos Fernandez  
President of the Republic of Costa Rica

LBJ/WGB:mm  
February 7, 1968

*24002*

*82*

Wednesday,  
February 7, 1968

*Pres file*

**MR. PRESIDENT:**

Attached is a copy of Prime Minister Holyoake's recent statement on the Pueblo incident (TAB A) and also a message asking our Ambassador to thank him in your name for this statement of support.

W. W. Rostow

Atts.

**Full Text of Prime Minister Holyoake's statement on Pueblo Incident carried in week-end press (February 3)**

"I am deeply disturbed at the apparent tendency of the international community to regard the North Korean action in seizing a United States ship as no longer a matter of great urgency. "

"I have refrained from making a public statement until I had all the facts at my disposal. I think it is right, however, that I should now make it clear where New Zealand stands on this issue. In my view the incident raises issues of the gravest nature -- issues which the international community cannot possibly ignore. "

Mr. Holyoake said that information he had received made it perfectly clear that the United States ship had been seized in what were normally regarded as international waters.

"The main point, however, is that regardless of where the ship was taken, the subsequent action of the North Korean authorities in detaining the ship and its crew and in rejecting all appeals for their release ignores all accepted rules of international behaviour. There were plenty of methods available for the North Koreans to protest to the United States if they believed their national rights had been infringed. Instead they have chosen to act in a most high-handed manner and in doing so have recklessly endangered peace and stability in an area which can ill afford a renewal of military activity. "

Mr. Holyoake emphasised his view that a grave responsibility lay on all those, particularly the Government of the Soviet Union, who had any degree of influence with North Korea.

"The United States Government has acted with commendable restraint in endeavouring to use diplomatic means to secure the release of the ship and its crew. It has the full support of the NZ Government in the steps it has taken -- particularly its appeal to the UN for its good offices. I can only hope that other governments who are in a position to do so will join in determined efforts to achieve a peaceful solution to this crisis. The situation is not one that can merely be left to drift. Already, as the result of U. S. forbearance, there has been ample time for study of the relevant circumstances and the implications of the incident.

"It would represent a serious misreading of the gravity of the situation if the North Korean authorities and the international community at large, were to fail now to act with speed and good sense. "

82 b

FOR AMBASSADOR FROM BERGER

The President has seen Prime Minister Holyoake's February 3 statement regarding the Pueblo incident and has asked that you express to the Prime Minister his deep gratitude for this splendid statement of support.

END

Wednesday - February 7, 1968

MEMORANDUM FOR THE PRESIDENT

*Pres file*

SUBJECT: Response to Nixon's Statements on Latin America

Yesterday Richard Nixon made statements (Tab A) about our Latin American policy at Wisconsin State University which warrant an answer. He called for a fresh policy toward the area centering on opening the heartland of South America, and revolutionizing agriculture and education.

In typical Republican fashion he is behind the times. What he advocates is the new thrust to the Alliance which you gave it at Punta del Este.

I would like your views on how we should answer him. Covey Oliver has prepared the statement at Tab B which he would like to put out as a statement of his own. Other ways of handling would be:

- have the National Committee put out a statement.
- have a Senator answer.
- have Covey Oliver use one of his upcoming speeches to answer.

W. W. Rostow

Oliver issue statement \_\_\_\_\_

Democratic National  
Committee issue statement \_\_\_\_\_

Senator answer \_\_\_\_\_

Oliver answer as part  
of speech \_\_\_\_\_

Attachments - Tabs A and B.

# POLICY ON LATINS DEFINED BY NIXON

He Gives Views in Response  
to Heckler in Wisconsin

By ROBERT B. SEMPLE Jr.

Special to The New York Times

OSHKOSH, Wis., Feb. 6 —

Richard M. Nixon took a statement from a student heckler today and turned it into his first campaign policy statement on Latin America.

The former Vice President was nearing the end of a polite question-and-answer exchange with 1,500 students at Wisconsin State University when an undergraduate stepped to a microphone and said that Mr. Nixon would be branded a "liar" unless he could offer "specific radical programs" for Latin America.

The student indicated that he had been impressed with Mr. Nixon's suggestions for solving the problems of the cities—a subject the former Vice President had discussed at some length a few minutes before—but added in a loud voice:

"I now conclude you either want radical social change or you are a liar."

The student, later identified as James Kellerman, also said that if Mr. Nixon attempted a general answer or talked about "another Alliance for Progress," then "you chance being spit on again by Latin America."

## A 7-Minute Answer

As the crowd sat in surprised silence, and as university dignitaries fidgeted on the platform, Mr. Nixon paused, then delivered a detailed seven-minute answer filled with statistics and recollections of his trips to Latin America.

Rejecting both the "hand-out" approach of unrestricted United States aid and the rigid system "Castro has imposed upon Cuba," Mr. Nixon called for a fresh policy toward Latin America and offered these specific suggestions.

¶He said that the United States should encourage a program similar to that advanced by Peru's President, Fernando Belaunde Terry, in order to "open up the heartland" of Latin America with a system of great highways. Since most of the continent's 200 million people were trapped on its "fringes," Mr. Nixon said, such a program would do much to provide job and other opportunities.

¶He suggested that, with United States assistance, Latin America embark on a program to develop its agricultural capacity and reduce its dependency on agricultural imports.

¶"Chile has more arable land than California," he said, "but it imports \$250-million in goods to feed a population of seven million."

¶Mr. Nixon said, that a systematic effort should be made to help Latin America lift its educational system—which he called the "worst" in the world—to higher levels of achievement and productivity.

## A Major Deficiency

He said that one of the main deficiencies of the present system was the very heavy preponderance of students training for professional careers over those training for careers in business and agriculture.

He suggested that the United States "could help" with all three efforts but did not specify the dimensions of possible United States aid.

Mr. Nixon received sustained and enthusiastic applause from the audience.

This morning in Appleton, and this evening in Fond du Lac, Mr. Nixon, who is campaigning for the Republican Presidential nomination, addressed responsive Republican audiences.

The response generally to Mr. Nixon's two-day tour of Wisconsin has delighted his organizers here.

John MacIver, who heads the state Nixon for President Committee and presides over 3,000 volunteers with a campaign budget of \$500,000, is confident that Mr. Nixon will defeat Mr. Romney.

February 7, 1968

Draft Statement on Nixon Remarks

I have read the newspaper accounts of Mr. Nixon's statement at Wisconsin State University on Latin America. Mr. Nixon has been out of the mainstream of activity for some time but has recently begun to acquaint himself with the full scope of our activities under the Alliance for Progress. I certainly welcome him as a supporter of the Alliance for Progress.

In a strange way, Mr. Nixon's own career has had a direct effect on mine. I viewed with dismay the events of 1958 in which Mr. Nixon was stoned in Lima and Caracas and this prompted me to re-commit myself to inter-American affairs. These events in 1958 were the product of many factors but certainly an important element was the failure of the United States to take proper account of the situation then developing in Latin America and the national interest of the United States in that situation. President Eisenhower recognized and set in motion steps to correct the situation. The actions of the late 1950s, such as the Charter of Bogota, set the stage for the dramatic

launching of the Charter of the Alliance for Progress at Punta del Este in 1961. Our efforts in Latin America since 1961 have had support on both sides of the aisle, although I have in all candor expressed my regret at the decisions taken during the last session of Congress which cut funds for the Alliance for Progress substantially below what I regard as essential if we are to keep this hemisphere moving forward.

Now I will address myself specifically to the points which Mr. Nixon made in his statement in Wisconsin.

1. The President in his speech on August 17, 1966 urged the members of the Alliance to press forward in developing the inner-frontiers of Latin America. The Inter-American Bank is giving priority to this effort. The President asked and obtained from the Congress at the last session a \$50 million increase in the funds of the Inter-American Bank, to be matched by \$50 million to be contributed by the Latin American countries, to help finance the effort to open the inner-frontiers of Latin America. The countries bordering on the River Plate have entered into an agreement to promote the development of that area. Colombia

and Venezuela are developing their frontier areas. There are many other examples. The fact is that we have been moving ahead in these areas vigorously since the Alliance was launched in 1961.

2. Agriculture and education are difficult areas in which to make advances. In fiscal year 1967 we made loans totaling \$200 million for agriculture and education. At the Summit Meeting in April 1967 the Presidents agreed that these two areas of activity would receive priority under the Alliance for Progress. In response to that decision we will increase our loans to \$250 million this fiscal year.

So, we are making progress. In 1967, one of the bright spots was the improvement in agricultural production. Our own experience in the United States tells us that agricultural policies do not lend themselves to easy and facile solutions. But there is no doubt that the hemisphere is determined to move ahead in this key area.

The hemisphere will next week take another firm step forward in the field of education. A United States delegation, headed by Dr. Milton Eisenhower, will go to Maracay, Caracas to the Fifth Meeting of the Inter-American Cultural Council to launch a significant multilateral program in science and education. We are prepared to play our full part in this multilateral effort.

The United States, under the leadership of President Johnson, is working with our Latin American friends to achieve a peaceful but far-reaching social revolution in Latin America. In this effort we have firm bi-partisan support. I earnestly hope that the Congress this year will approve the strong recommendations that the President is making to further the objectives of the Alliance for Progress. We welcome whatever support we can get in this effort.

~~Mr. Rostow~~

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~~1. P. P.~~  
2. P. P. file

INFORMATION

LIMITED OFFICIAL USE

Wednesday, February 7, 1968

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Reply from Ben-Gurion

I just thought you would like to see this answer to the condolence message you sent David Ben-Gurion on the death of his wife:

"From the bottom of my heart I thank you and your wife for the condolences sent to my children and me. As you know I am now only an ordinary citizen but I am sure I express the feelings of the majority of my people in wishing you that during the forthcoming five years during which you are to lead the great American people you succeed in carrying out for it the establishment of the Great Society without poverty, ignorance and racial discrimination. You bring east and west closer to each other and you assist in the unification of Europe. Both of these will more than anything else secure world peace."

W. W. Rostow

LIMITED OFFICIAL USE

~~SECRET~~

DECLASSIFIED  
E.O. 12958, Sec. 3.5  
NSC Memo, 1/30/95, State Dept. Guidelines  
By ju, NARA, Date 5-19-98

85

Wednesday, February 7, 1968

*Pres file*

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Your Meeting with Prime Minister Wilson  
Thursday, February 8, 11:30 a. m.

Wilson is in trouble at home. His visit here is designed to boost his prestige in Britain.

He still commands a comfortable majority in Parliament. But his failure to deal decisively with Britain's economic problems has lost him the confidence of much of his party and most of his countrymen. There are even signs he has lost some confidence in himself.

His main concerns here are: the impact of our balance of payments program on Britain's program to defend the pound; the future of US/UK relations following Britain's defense cuts; and Vietnam.

At Tab A is a good briefing memorandum from Secretary Rusk with talking points.

The main issues Secretary Rusk suggests you raise are:

- Vietnam and Korea;
- our balance of payments program;
- the UK balance of payments program;
- UK promotion of regional security arrangements in Southeast Asia;
- the need for continued UK presence (other than military) in the Persian Gulf;
- the need for the UK to maintain its forces in Europe.

In addition:

- there is at Tab B a memo from Secretary Fowler reporting rumors primarily from London of another sterling crisis in March, followed by a "floating rate" for the pound. This is only gossip but it underscores the importance of your pressing

~~SECRET~~

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Wilson for his assessment of prospects for the pound and for a budget program that will make devaluation work.

- You agreed to talk to Wilson about George Woods' proposal for an international study group on aid. (The memo I sent you on this is at Tab C.)
- You may wish to thank Wilson for his initiative in support of the East-West Center (which would study common problems of advanced societies) and express your own interest in the project. At Tab D is Mac Bundy's letter to me on this.

\* \* \* \* \*

Wilson will be accompanied by Sir Patrick Dean (UK Ambassador), Sir Burke Trend (Cabinet Secretary), Sir Dennis Greenhill (Deputy Under Secretary of the Foreign Office), Mr. Donald Murray (Foreign Office Far East expert), Edward Tomkins (Minister, UK Embassy), T. Lloyd-Hughes (Wilson's Press Secretary), G. Kauffman (Wilson's Public Relations Adviser), A. N. Halls (principal private secretary), A. M. Palliser (private secretary).

John Leddy, Ambassador Bruce, Bob Bowie and Harry Shullaw will be coming from State.

I will be standing by with Ed Fried.

W. W. Rostow

~~SECRET~~

THE SECRETARY OF STATE  
WASHINGTON

February 3, 1968

MEMORANDUM FOR THE PRESIDENT

Subject: Your Talks with British Prime Minister  
Harold Wilson on Thursday, February 8, 1968

You have agreed to see Prime Minister Harold Wilson at 11:30 a.m. on Thursday, February 8. You have also agreed to give a dinner in his honor at the White House at 8:00 p.m. the same day.

Wilson last visited Washington in June 1967, but you most recently saw him in Melbourne on December 22.

This current visit takes place against a background of increasing troubles for Wilson at home. The Cabinet battle in January over the cuts in governmental expenditures deepened the divisions in the Labor Party and further weakened Wilson's standing in the country.

You will probably wish to:

- bring Wilson up to date on the Viet-Nam situation and the Pueblo incident;
- stress that the US balance of payments program is vital to the stability of the dollar which, like the pound, is essential to world-wide confidence in the international monetary system as a whole;
- stiffen his resolve to follow through on the difficult decisions on domestic economic policy

necessary to strengthen sterling;

- reiterate our distress at the UK's accelerated withdrawal from Southeast Asia and the Persian Gulf. In the case of Southeast Asia, urge that the UK concert with the countries of the area to promote regional security arrangements prior to the British departure. In the case of the Persian Gulf, stress importance of maintaining other elements of British position thereafter;
- emphasize the importance of avoiding further BAOR cuts because of the unravelling effect such cuts would have on the ability of the US and other countries to maintain their present force levels in Europe.

Wilson will probably want to cover the following in this meeting:

- review his recent talks in Moscow (January 22-24);
- brief you on the new British economic program;
- discuss Britain's future relationships with Europe, including discussions with the Common Market, the offset problem with Germany, and NATO.

There are no US-UK bilateral issues outstanding at this time.

These are the high points. Additional talking points are enclosed.



Dean Rusk

Enclosure:

Talking Points.

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VISIT OF  
British Prime Minister Wilson  
February 1968

TALKING POINTS

Points You May Wish to Raise

1. Viet-Nam

- Express appreciation for Wilson's public support on this issue in the face of mounting political criticism in the UK.
- Wilson will review his recent talks in Moscow.

2. Pueblo Incident

- Express appreciation for George Brown's recent support in Parliament and Lord Caradon's assistance in the Security Council.

3. U.S. Balance of Payments Program

- Confirm that the U.S. believes it vital to achieve a decisive improvement in our balance of payments this year.
- Acknowledge that the improvement of the U.S. payments position will have some effect on the U.K. We have tried to minimize the effect by selective application of our measures on direct investment and bank lending.

Wilson may say

- His Government will have to retain its export rebate (scheduled for elimination on March 31) should the U.S. introduce border tax adjustments.

**DECLASSIFIED**

E.O. 12958, Sec. 3.6

NLJ 93-269

By is, NARA Date 4-23-98

~~SECRET~~

~~SECRET~~

- 2 -

- Proposed US restrictions on foreign travel will substantially reduce UK's dollar earnings.

#### 4. Middle East

- Ask Wilson for his impression, following his recent visit to Moscow, of the Soviet position on achieving an Arab-Israeli political settlement. Are the Soviets really interested in having the Jarring mission succeed?
- We have repeatedly made it clear we would like to have some effective arms limitation for the Middle East, and have put this up to the Russians. Did Wilson get any ideas in Moscow of the possibilities of Soviet cooperation on this issue?
- As Wilson knows, we feel it essential that Israel have the means to defend itself. We also believe it very important that we have good relations with the Arab moderates. Does Wilson have any thoughts on how we could solidify our relations with the Arab moderates?

#### Points Wilson May Wish to Raise

##### 1. UK Economic Program

His determination to make devaluation work will be further illustrated in the upcoming Budget (March 19) which will provide for substantial tax increases and other measures to restrict domestic demand.

You may wish to say

- The success of British efforts is vital to the stability of the international monetary system.

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## 2. Withdrawal from Singapore/Malaysia

Wilson will discuss the necessity his government saw for both the decision and the explicit announcement to withdraw all forces from this area by the end of 1971.

You may wish to say

- We regret this removal of an important element of military and economic stability from Southeast Asia at a critical time.
- We have no intention of expanding our commitments or responsibilities as a result of the British decision. Instead we look to the UK and other Commonwealth members to make any adjustment in security arrangements necessary to assure continued stability in the area.

## 3. Persian Gulf Withdrawal

Wilson will say that the withdrawal from the Gulf followed inevitably from the decision to withdraw from Southeast Asia because there would be no carriers or bases available to support or relieve British troops in the Gulf. Also Aden demonstrated that a foreign military presence could have more divisive than unifying political effects.

You may wish to say

- We regret the British decision to withdraw their troops from the Gulf by the end of 1971. However, we continue to place a high value on the maintenance of other elements of the special British position thereafter.

## 4. Offset Questions and the BAOR

He may say that BAOR force levels may have to be reduced

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- 4 -

if foreign exchange costs are not offset 100 percent by the Germans. He may ask for U.S. help with the Germans or even suggest another round of Trilateral Talks.

You may wish to say

- Britain's more forthright commitment to European security would seem to require that it maintain sufficient forces on the Continent.
- BAOR reductions would intensify demands in Congress for a reduction of U.S. forces in Europe, not only those stationed in Germany.
- UK should undertake their own offset negotiations with the Germans to avoid the appearance of undue Anglo-Saxon pressure.
- As regards US-UK offset balances, our projections since the cancellation of the F-111 show that, on US-UK military account, the US will have a deficit of \$690 million over the next ten years.
- If Wilson asks about what the US expects to negotiate with Germany, you may wish to say that we probably will come out with an arrangement broadly similar to last year's, i.e., substantial investments by the Bundesbank in U.S. Government securities but no specific commitment on the volume of German defense expenditures in the US.

##### 5. UK and the European Community

Wilson will probably wish to tell you about recent developments with regard to the British application to join the European Community.

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You may wish to

- Tell him about your talks with Jean Rey and to inquire about his expectations on the evolution of British relationships with the Continent pending definitive action on their application for membership.
- Say that the US will continue to maintain a posture of non-involvement; however, at UK request we have made known quietly to the Germans our opposition to an open-ended association agreement without a definite understanding as to membership. Such an arrangement would discriminate against US exports without European political integration.

#### 6. Rhodesia

If Wilson raises this subject, he will probably discuss the erosion of sanctions by various industrialized countries.

You may wish to

- reaffirm our support of the present UN sanctions program;
- request Wilson's views on prospects of a settlement and the future of the sanctions program.

#### 7. Gibraltar

Wilson may raise this subject in connection with the Spanish protest over the recent visit to the colony by elements of the U.S. Sixth Fleet.

- You may wish to reiterate that we continue to see no constructive alternative to a policy of strict US neutrality and the resolution of the problem by bilateral negotiations between the UK and Spain.



THE SECRETARY OF THE TREASURY  
WASHINGTON

FEB 7 1968

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~~SECRET-SENSITIVE~~

DECLASSIFIED  
E.O. 12958, Sec. 3.6

MEMORANDUM FOR THE PRESIDENT

NLJ 96-209  
By iq, NARA Date 1-7-97

There is some belief in financial circles, particularly in the City of London, that a new international financial crisis may occur in March. This belief seems to be based on the following series of points:

- (1) The present parity of sterling, \$2.40, is not supportable without a very strong domestic economic program -- significant budget cuts, higher taxes, and a continued strong wage/price policy.
- (2) There is a significant body of opinion in the U.K. that sterling should have been devalued more than it was, or that it would have been better for sterling to "float," that is, not to have a fixed (e.g. \$2.40) rate which can vary only between \$2.38 and \$2.42, but one that could vary much more widely.
- (3) The new Chancellor of the Exchequer, Sir Roy Jenkins, is a very able man, but, according to some, he is not strong enough to carry through a tough austerity program or, according to others, has designs on Party leadership. Under either assumption, he would be expected to sponsor a less austere program than needed.
- (4) Therefore, the British budget, to be announced as of March 19th, is not likely to be tough enough. And, to try to compensate for this, it is likely that the U. K. would announce a floating rate for the pound -- perhaps from \$2.30 to \$2.50.
- (5) This would not be acceptable to the rest of the world; there would be a wave of devaluations, and another international financial crisis.

I want to stress that this is all gossip, primarily coming out of the City of London. Each of the points noted above may contain some truth, but it is the chain of reasoning that produces the belief in a financial crisis.

~~SECRET-SENSITIVE~~

- 2 -

We do not get any sense that this kind of belief is held widely in Continental Europe. Our representatives have not heard any gossip from the Continent on this question.

There is, of course, some doubt in the minds of the Continental Europeans as to whether the British program will be tough enough. Nevertheless, they do not seem to be looking for an early crisis.

The Europeans probably are convinced that the U. K. would not try to "float" the pound. They made quite evident to the U. K., at the time of devaluation, that there would be no help from Continental Europe if the devaluation were too big or the pound "floated." The U. K. apparently gave some fairly hard assurances on this matter.

Furthermore, the exchange markets do not seem to be looking for an early crisis. Sterling is not as strong as we would like, but it has behaved fairly well and U. K. reserves have strengthened somewhat.

In sum, I think the probability of a March crisis is not all that great, but I think it well for you to have this background as you talk to the Prime Minister. I do not think, however, you can go directly to this point with the Prime Minister. Furthermore, I doubt that he will be in a position to give you hard facts and numbers about the budget, because it is still being worked on.

Nevertheless, I hope that you could press him fairly hard on -- (a) his candid appraisal of U. K. prospects; (b) his frank judgment as to how the devaluation has worked; and (c) what he can tell you about the British budget. It would be useful to get from him a hard personal appraisal about prospective measures and their ability to do the job.

*Henry H. Fowler*  
Henry H. Fowler

Monday, February 5, 1968 -- 1:00 p. m.

Mr. President:

George Woods called me from Rome this morning. He asked if it would be possible for you to say a few words to Prime Minister Wilson in support of an idea he has been supporting; namely, that a group of independent, well-known citizens of various countries, preferably chaired by Lord Oliver Franks, undertake this year a study of how foreign aid has evolved in the past 20 years and where it should go in the future. This idea was supported by our representative at a recent meeting of the OECD. It would be completed by the end of the year.

The idea has the advantage of looking at foreign aid on an international basis and implying for our people and the Congress that any moves forward in the future would be on the basis of multilateral commitments.

If you would have a few words with Wilson about this, he believes Pearson will also talk to Wilson in support of his proposition. He has talked to officials of the UK Treasury who are favorable. But they believe that Britain, with its weak economy at the present time, should not be too far out in front. George Woods is personally taking on the Germans.

He plans to make a further statement in support of the proposition on Friday in New Delhi at the UNCTAD meeting.

Woods also reported that the IDA replenishment, at \$400 million, is "now buttoned up." He assured me that the terms are acceptable to our Treasury balance of payments position. Only the Australians and South Africans now have to be brought aboard.

W. W. Rostow

85e

THE FORD FOUNDATION  
320 EAST 43<sup>RD</sup> STREET  
NEW YORK, NEW YORK 10017

McGEORGE BUNDY  
PRESIDENT

February 3, 1968

Dear Walt:

I promised you a note bringing you up to date on my explorations of a possible East-West Center for the consideration of the complex problems of advanced societies. (One of the troubles with this thing is that it has such a long-handled name.)

The British have taken a welcome and helpful lead in proposing a planning conference for early summer. At their request, I have been probing Gvishiani through Tommy Thompson, and now Solly Zuckerman has taken the discussions a considerable step ahead by talks which he had with Gvishiani during Wilson's visit to Moscow. I attach a copy of Zuckerman's letter to me reporting his conclusions (Francis Bator and I both suspect that Solly has overstated the degree of harmony here, but with all due allowance, he seems to have moved the discussion usefully).

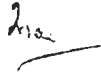
Meanwhile Thompson has seen Gvishiani and reports that Gvishiani is interested in knowing what the level of our representation would be at such a conference, and specifically whether I would go. I have recommended to Walt Stoessel (who has the duty on this at the Department) that we tell Tommy I would certainly plan to come. The other problem Thompson encountered is of course the German one, and on this we are holding firm to the line that the Federal Republic must be in and the Pankow people out. The escape hatch we see is that Gvishiani might bring some other East European friend if he wanted. (The Sit Room can get you the exchanges here I am sure.)

Gvishiani and Zuckerman seem to have been talking in terms of a "confidential" conference. In a strict sense this is foolishness, because when I was in Europe last spring I talked to some dozens of people, and Joe Bower of the Harvard Business School has just done the same thing in four capitals. Nevertheless, I certainly do agree that it should be a low-key affair, and for this reason I would strongly urge that the President and the Prime Minister keep their own discussions private -- if indeed it is necessary for them to spend more than a minute on the problem anyway. What I would hope from our side is that the President would be willing to congratulate Wilson for taking this initiative and tell him at first hand of his own interest in it. That reinforces my own credibility.

If I were the President I would want to know what possible U.S. advantage may come out of this. The answer I would make is that this really is a sensible and safe form of bridge-building in the best traditions of his own balanced policy. I also think that if by any chance the planning conference made progress in late June or early July, both the President and the Prime Minister would then have a real piece of good news to report. This prospect would not be helped by any publicity now, but it would be helped a lot if the President would give one of his good private needles to the Prime Minister - *exactly as he did with Koyun at Geneva.*

At least that is how it now looks to me, and if you need any more information on the matter please give me a ring.

As ever,



McGeorge Bundy

The Honorable Walt W. Rostow  
The White House  
Washington, D. C.

*WWR*

*86*

*Pres file*

Wednesday,  
February 7, 1968

MEMORANDUM FOR THE PRESIDENT

I think you will want to acknowledge personally this very strong statement of support from the National Executive Committee of the Disabled Veterans. It represents total support of our policy in Viet-Nam and Southeast Asia and warm approval and backing for your leadership.

*Draft attached.*

W. W. Rostow

Att.

Approve \_\_\_\_\_

Disapprove \_\_\_\_\_

Call me \_\_\_\_\_

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86a  
1330 FEB 5 PM 4 18  
WA064 PDB 4 EXTRA  
WASHINGTON DC 5 353P EST  
THE PRESIDENT  
THE WHITE HOUSE  
THE NATIONAL EXECUTIVE COMMITTEE, DISABLED AMERICAN VETERANS  
BY UNANIMOUS VOTE HAVE JUST APPROVED THE FOLLOWING RESOLUTION  
SUPPORTING YOUR POSITION IN SOUTHEAST ASIA AND VIETNAM; "WHEREAS,  
THE UNITED STATES HAS COMMITTED ITSELF TO A COURSE OF ACTION  
IN VIETNAM, AND WHEREAS, THE PURPOSE OF AMERICA'S  
COMMITMENT IS TO FIGHT A SUCCESSFUL WAR TO HALT COMMUNIST  
AGGRESSION IN SOUTH VIETNAM. AND WHEREAS, THE GOVERNMENT OF  
SOUTH VIETNAM AND THE GOVERNMENTS OF SOUTHEAST ASIA LOOK  
TO THE UNITED STATES FOR HELP IN PROTECTING THEIR FREEDOM AND THEIR  
RIGHT TO BE LEFT IN PEACE, AND WHEREAS, THE PRESENT ADMINISTRATION  
NEEDS AND MUST HAVE THE UNQUALIFIED AND UNIFIED SUPPORT OF ALL  
CITIZENS LOYAL TO OUR COUNTRY IN THESE PERILOUS TIMES, AND  
WHEREAS, SHOULD COMMUNISM WIN IN SOUTH VIETNAM, OTHR NATIONS  
IN THAT AREA WILL BECOME PRINCIPAL TARGETS UNTIL ALL  
SOUTHEAST ASIA IS UNDER COMMUNIST DOMINATION, AND WHEREAS,  
THE PRESIDENT HAS MADE EVERY EFFORT WITHIN REASON TO OBTAIN A

1330 FEB 5 PM 4 18

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WASHINGTON DC 5 353P EST

THE PRESIDENT

THE WHITE HOUSE

THE NATIONAL EXECUTIVE COMMITTEE, DISABLED AMERICAN VETERANS  
BY UNANIMOUS VOTE HAVE JUST APPROVED THE FOLLOWING RESOLUTION  
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SOUTHEAST ASIA IS UNDER COMMUNIST DOMINATION, AND WHEREAS,  
THE PRESIDENT HAS MADE EVERY EFFORT WITHIN REASON TO OBTAIN A



86 b

February 7 1968

Dear Commander Beaton:

I write to thank you and the National Executive Committee of the Disabled American Veterans for your unanimous support of our position in Viet-Nam and Southeast Asia. Your resolution was a forceful statement of our purposes. I believe the vast majority of Americans would applaud the determination you have expressed -- to back our commitments and to resist aggression and defend freedom.

I thank you too for your expression of support for the Commander-in-Chief and your prayers and good wishes. It is clear that shattering the will and weakening the resolve of the American people is a prime goal of our enemies. They shall not succeed.

Sincerely

Mr. Francis J. Beaton  
National Commander  
Disabled American Veterans  
1221 Massachusetts Avenue, N. W.  
Washington D. C.

LBJ:WJJ:pas:2/7/68

~~2247~~  
87

*Pres file*

Wednesday, February 7, 1968

Mr. President:

Attached for your approval is a suggested message, prepared in State, from you to the new Danish Prime Minister Hilmar Baunsgaard congratulating him on his appointment as Prime Minister.

W. W. Rostow

Approve \_\_\_\_\_  
Disapprove \_\_\_\_\_  
Call me \_\_\_\_\_

*MWG*  
MWG:em

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SUGGESTED MESSAGE FROM THE PRESIDENT  
TO PRIME MINISTER BAUNSGAARD

Please accept my warm congratulations on your appointment as Prime Minister. I look forward to collaborating with you in further strengthening the tradition of close cooperation and mutual respect that has been the proud hallmark of the relationship between Denmark and the United States. The American people join me in wishing you every success in the work of your high office.

Wednesday - February 7, 1968

*Pres file*

Mr. President:

Following up on your talk to the Border Development Commission last Friday, Governor Peabody sends you the attached notebook of clippings on the sports program he has started along the border and the good publicity this is generating.

W. W. Rostow

Attachment



THE SECRETARY OF THE TREASURY  
WASHINGTON

89a

FEB 3 1968

~~CONFIDENTIAL~~

MEMORANDUM FOR THE PRESIDENT

Subject: Japanese Balance of Payments Negotiations

To advance the balance of payments program which you announced January 1, and pursuant to your understandings with Prime Minister Sato last November, Treasury representatives have just concluded further negotiations with Japanese officials. They also joined in the meetings of the Subcommittee of the Joint United States-Japan Committee on Trade and Economic Affairs which were held in Hawaii January 25-26 under State Department leadership. These meetings covered a broad range of joint economic problems--short and long term--with emphasis on balance of payments cooperation.

I wanted you to have this report on

- the status of Japanese assistance to our balance of payments
- where we go from here.

Status

Our net balance of payments deficit with Japan from our military spending and receipts was \$473 million in CY 1967. Our military deficit is estimated at \$497 million in CY 1968. (These deficits assume U.S. receipts as reported by Japan of \$61 million in 1967 and \$70 million in 1968.)

In CY 1967 we negotiated special financial transactions with Japan which helped our balance of payments by \$243 million--and if applied against the military deficit could be viewed as reducing that drain to \$230 million. For CY 1968

**DECLASSIFIED**

**E.O. 12958, Sec. 3.6**

**NLJ 98-307**

**By us, NARA Date 5-12-99**

~~CONFIDENTIAL~~

the Japanese now propose cooperative actions totalling \$350 million. Assuming execution of this package, application of this amount against the estimated military deficit could be viewed as reducing that drain to \$147 million. Thus, negotiations with Japan so far this year have enabled us to improve our position in comparison to 1967, but a substantial drain is still in prospect.

In November Prime Minister Sato committed Japan to take cooperative actions which would have a favorable impact of \$300 million on the U.S. balance of payments in CY 1968 and agreed to further discussions on the possibilities of raising this to \$500 million. The Japanese originally listed the following ways for accomplishing the \$300 million goal:

1. Increase long-term Certificates of Deposit (CDs) or time deposits by	\$100 million
2. Increase borrowings in the Euro-dollar market by	150
3. Increase military procurement from \$61 to \$70 million	9
4. Increase direct investment from \$65 to \$90 million	<u>25</u>
	\$284 million

As a result of the latest negotiations, the Japanese agreed not to count item 2 (above) in the target figure, revised the package upward to \$350 million and strengthened the components as follows:

1. Increase long-term CDs or time deposits by	\$210 million
2. Increase military procurement and direct investment, combined, by	100
3. Find ways to increase the above items by another	<u>40</u>
	\$350 million

~~CONFIDENTIAL~~

- 3 -

The Japanese will also continue to borrow in the Euro-dollar market in order to hold net new borrowing in the U.S.--short and long--to a minimum. (We estimate they will borrow at least \$100 million less here in 1968 than in 1967; they estimate the reduction will be somewhat larger.)

In contrast to the above assistance, which is almost entirely in the capital account sector, Japan has not been cooperative in the current account category--for example, by lifting quota restrictions on imports from the U.S., purchasing materials for stockpiling in Japan, or altering Japanese trade patterns to reduce Japan's export surplus with the U.S.

At the Hawaii meetings the Japanese agreed reluctantly to provide the U.S. within 30 days a report on possible contributions in the current account area.

The U.S. Delegation emphasized the importance for both countries of achieving progress in this area, especially trade liberalization, as a way of calming growing protectionist pressures.

Backed by the approval of Finance Minister Mizuta and with the concurrence of the Prime Minister, the Japanese are proceeding with the cooperative actions in the capital account without waiting for answers to the following assurances which they have sought from us for CY 1968--namely:

1. The \$100 million IET exemption will continue in force.
2. Present preferential treatment for Japan under the Federal Reserve Guidelines will be retained.
3. Eximbank will continue to give sympathetic consideration to further credits to Japan.

Japan, of course, is presently running a balance of payments deficit of its own. There is an understanding--

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

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as in similar offset arrangements of this sort--that if the Japanese encounter serious balance of payments difficulty we will consult about the possibility of relieving them of a portion of the \$350 million commitment. There is a further understanding that if the Japanese balance of payments position improves, consideration will be given to increasing the \$350 million. If Japanese reserves "substantially increase," the Finance Ministry will consider purchase of medium-term securities.

#### Future Actions

Since the Japanese are proceeding with their \$350 million package, I plan to respond as follows--and without waiting for their response on the current account--to their requests:

1. The \$100 million IET exemption for CY 1968 will continue in force.
2. Eximbank will continue its present lending procedures with respect to Japan.
3. Changes in this year's Federal Reserve Guidelines are not now contemplated. We will be watching results to see if any changes become necessary. If there are to be significant changes affecting the Japanese, we will consult promptly with them.

I plan to write Finance Minister Mizuta expressing our appreciation for cooperation to date, but stating the need for a higher level of agreed Japanese cooperation as the year progresses--recognizing this will be affected by their balance of payments and reserve situation--to help implement your January 1 program. Our analysis leads us to believe that the U.S. bilateral trade account with Japan will move further in Japan's favor this year. I will cite this trend and the urgency for improvement in our own balance of payments--noting that Japan would still have a substantial

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windfall gain from our military expenditures even after taking into account the \$350 million package of Japanese cooperation.

I will propose that Treasury representatives have continuing consultations with the Japanese about development and implementation of maximum possible cooperative actions by Japan, and will suggest a meeting in late Spring to assess the prospects for additional Japanese steps. Also, I will reiterate the great importance we all place on cooperation in the trade field.

I have coordinated this report with the Department of State; but I have some further personal views.

I am disappointed by the extent of Japanese contributions to date to our balance of payments objectives. Apparently, their limited response stems not only from their own current balance of payments problems--but also from their failure to accept the view that our security expenditures in the Far East furnish the primary defense shield to Japan. If this attitude also prevails elsewhere in the Far East we face insurmountable obstacles to obtaining the cooperation we need for financing the foreign exchange costs of our security expenditures in the area. We will be seeking cooperation also from other countries than Japan in the coming year. However, in the absence of such cooperation, I believe that we would have no alternative but to orient our Far Eastern military planning toward substantial reductions in expenditures through re-deployments--as soon as the situation in Southeast Asia permits.

I am sending copies of this memorandum to Secretary Rusk and Secretary McNamara. (While U.S. State, Treasury and Defense officials know the specific commitments made by the Japanese Finance Ministry with Sato's approval, it is my understanding that details beyond the \$350 million total have--for reasons of political sensitivity--not been circulated within the Japanese Government. At the request of

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the Finance Ministry, U.S. officials have agreed to limit our discussion of these details to the Finance Ministry for the present.)

*Henry H. Fowler*  
Henry H. Fowler

Wednesday, February 7, 1968

*Pres file*

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Your Meeting Today with Jean Rey

When Jean Monnet met with you last November, he pointed out that our experience in negotiating the Kennedy Round with the Common Market showed how we could work more effectively with a Europe that itself was more unified. You took up this theme in speaking to a group of businessmen at the State Department and in signing the Kennedy Round Proclamation. Specifically, you pointed out that we would like to work with the institutions of the European Communities and with all industrialized nations:

- to find ways of making our economic aid more effective;
- to consider the problems and possibilities of the flow of capital and technology back and forth among us;
- to expand the area of our already close cooperation in the monetary field;
- to examine together and share our experiences on the problems of urban life and of modern cities -- problems all industrial countries face.

You may want to mention this point to Rey. His reply will have to be careful because the strict constructionists in the six countries contend that some of these problems are outside the responsibilities of the Commission. They believe the Commission should stick closely to the role specified for it in the Rome treaties. The fact is that this role is in process of evolution.

W. W. Rostow

*ERF*  
ERF:mst

Mr. Rostow

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~~Handwritten signature~~  
2 Pres

INFORMATION

~~SECRET~~

Wednesday, February 7, 1968

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Gene Black in Cairo

Gene Black will seek an appointment with you when he comes back about February 16, but I thought you might wish a preliminary report on his talk with Nasser.

On the subject of resuming relations, Black told Nasser he understood that discussions on mechanics were going on and simply expressed his view that resumption of relations would be a good thing for both of us. Nasser agreed but said he would need a little time to inform the other Arab states of his intentions. He said it would be a little harder to resume relations with the US than it had been with the UK because we have not made the same sort of gestures friendly to the Arabs as the British had.

We will just have to wait and see whether Nasser is really moving ahead or stalling. Don Bergus sees his Foreign Ministry contact tomorrow and that may shed more light.

Black also reports that Nasser was interested in the fact that Secretary McNamara will shortly take over as head of the World Bank. He may suggest that Bob visit the UAR soon.

We will wait until we hear Black's full report before doing anything further.

W. W. Rostow

DECLASSIFIED  
E.O. 12356, Sec. 3.4  
NIJ 91-448  
By cb, NARA, Date 8-21-95

~~SECRET~~

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ACTION

Wednesday  
February 7, 1968

MEMORANDUM FOR THE PRESIDENT

*Pres file*

SUBJECT: Birthday greetings to the Prime Minister of Malaysia

Herewith is the suggested text of a cable from you to Tunku Abdul Rahman of Malaysia, congratulating him on his 65th birthday:

"Dear Tunku: On the occasion of your 65th birthday, Mrs. Johnson and I extend our personal congratulations and best wishes to you. We also convey on behalf of the American people our wish for the continued progress and prosperity of all Malaysians.

Sincerely, Lyndon B. Johnson."

I recommend you approve the cable.

W. W. Rostow

Approve \_\_\_\_\_

Disapprove \_\_\_\_\_

MW:wpt

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THE WHITE HOUSE  
WASHINGTON

February 7, 1968

Dear Mike:

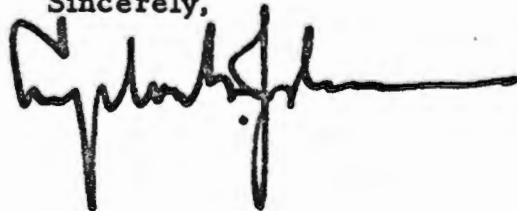
Thank you for your letter of January 23 concerning our balance of payments program.

I know that while you recognize that the strength of the U. S. dollar and the integrity of the international monetary system are important to Canada, you must also be concerned about possible problems our measures may create for Canada. We are doing our best to keep in close touch with your representatives in order to minimize these problems. I appreciate your recognition of our efforts in this regard.

I have taken careful note of your suggestion that we deal with the trade aspects of our program through international bodies. I share your interest in using appropriate international bodies whenever possible and I will certainly bear your counsel in mind.

With kindest personal regards,

Sincerely,



The Right Honorable  
Lester B. Pearson, O. B. E., M. P.  
Prime Minister of Canada  
Ottawa

DECLASSIFIED  
E.O. 12356, Sec. 3.4  
NJ 92-397  
By cb, NARA, Date 10-6-95

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