

## WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
#10c rpt	"The Supply of Enriched Uranium..." C 4 p <i>Open NLT 97-269 10-8-98</i>	<del>undated</del>	<del>A</del>
#11 memo	Rostow to President, re: Israel S 2 p <i>sanitized 3-9-80 NLS 97-273</i> [Duplicate of #163, NSF, CF, Israel, Vol. 9] [Sanitized 1980]	4/22/68	A
#13 memo	Rostow to President, re: India S 1 p <i>open 6-5-97</i>	4/22/68	A
#13a memo	Zwick to President, re: India <i>Open NLT 97-269 1-15-99</i> S 3 p	4/12/68	A
#13b memo	Gaud to President, re: India <i>open 12-23-97</i> S 5 p	4/10/68	A
#13c rpt	"Tab A" S 1 p <i>Open NLT 97-268 1-15-99</i>	undated	A
#13d rpt	"Tab B" S 4 p " " "	undated	A
#13e rpt	"Tab C" S 2 p " " "	undated	A
#14 memo	Rostow to President, 5:10 p.m. " " " S 1 p	4/22/68	A
#17a memo	Rusk to President C 1 p <i>open 6-2-97</i>	4/18/68	A
#19 memo	Rostow to President C 1 p <i>open 3-3-98 NLS 97-80</i>	4/22/68	A
#26 cable	Rostow to President (CAP 81025) S 2 p <i>sanitized 3-9-80 NLS 97-273</i> " <i>NLS 019-032-3 2(9/02)</i>	4/21/68	A
#27 cable	Rostow to President (CAP 81024) TS 4 p <i>open NLT 97-272 2/2/98</i>	4/21/68	A

FILE LOCATION

NSF, Memos to the President, Walt Rostow, Volume 72, April 12-23, 1968 Box 32

## RESTRICTION CODES

- (A) Closed by Executive Order 12356 governing access to national security information.  
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#1a cable	Paris 13000 <i>Open NLJ 97-269 10-8-98</i> S <del>2 p</del>	4/23/68	<del>A</del>
#2 memo	Rostow to President, 4:00 p.m. <i>open 10-29-92</i> C <del>1 p</del> <i>NLS 92-56</i> [Duplicate in NSC Meetings, "4/24/68"]	4/23/68	A
#2a rpt	"Summary of Eastern Europe Paper" PCI 1 p [Duplicate in NSC Meetings, "4/24/68"]	undated	A
#2b rpt	"Eastern Europe" <i>Open NLJ 97-269 10-8-98</i> C <del>8 p</del> [Duplicate in NSC Meetings, "4/24/68"]	undated	<del>A</del>
#7a memo	Rusk to President <i>Open NLJ 97-269 10-8-98</i> C <del>2 p</del>	4/15/68	A
#8 memo <i>Sanitized 2-25-04 NLS 03-102</i>	Rostow to President <i>Open NLJ 97-269 10-8-98</i> S <del>2 p</del> <i>not open</i> [Duplicate of #162, NSF, CF, Israel, Vol. 9]	4/23/68	A
#8c ltr	Dacus to Peled <i>Open 3/25/98 NLS 92-276</i> S <del>2 p</del> [Duplicate of #162e, NSF, CF, Israel, Vol. 9]	4/8/68	A
#8g memo	Intelligence Memorandum <i>Open 11-4-99 NLJ 97-271</i> S 3 p [Duplicate of #162g, NSF, CF, Israel, Vol. 9]	4/10/68	A
#10 memo	Rostow to President <i>Open NLJ 97-268 1-15-99</i> C <del>1 p</del>	4/22/68	<del>A</del>
#10a memo	Katzenbach to President <i>Open NLJ 97-269 10-13-98</i> C <del>4 p</del>	4/15/68	A
#10b ltr	President to Pastore <i>Open NLJ 97-268 1-15-99</i> C <del>2 p</del>	4/20/68	A

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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
#29 cable	Rostow to President (CAP 81020) S 2 p <del>Sanitized 3-7-85 NLS 97-273</del> <i>More info released 3-15-85 NLS 04230</i>	4/20/68	A
#31 cable	Rostow to President (CAP 81019) C 1 p <i>Open 12-77-96</i>	4/20/68	A
#32 cable	Rostow to President (CAP 81016) S 1 p <i>Open NLT 97-268 1-15-99</i>	4/20/68	A
#39 cable	Rostow to President (CAP 80991) S 10 p <i>Open NLT 97-269 10-8-98</i> <del>[Sanitized NLI/CBS 10, 1983]</del>	4/19/68	A
#41 cable	Rostow to President (CAP 80995) TS 1 p <i>Open 5-24-98</i>	4/19/68	A
#44a ltr	Barr to President C 1 p <i>Open 10-17-97 NLS 97-274</i>	4/9/68	A
#44b ltr	Barr to President C 3 p <i>Open 10-17-97 NLS 97-274</i>	4/9/68	A
#44d memo	Usami, Ogata, Barr, Weiss, Cross C 4 p <i>Open NLT 97-269 10-8-98</i>	4/9/68	A
#45 cable	Rostow to President (CAP 80990) S 2 p <i>Open NLT 97-268 1-15-99</i>	4/19/68	A
#46 cable	Rostow to President (CAP 80988) C 1 p <i>Open 8-15-94 NLS 94-82</i> <i>[Dup. of #21, NSF, H of S Corresp, Pakistan, Ayub, Vol 3, Bx 6]</i>	4/19/68	A
#47 cable	Rostow to President (CAP 80987) S 1 p <i>Open 3/18/98 RAC</i>	4/19/68	A
#48 cable	Rostow to President (CAP 80984) C 4 p <i>Open 6-2-97</i>	4/19/68	A
#50 cable	Rostow to President (CAP 80982) S 3 p <i>Open 8-15-94 NLS 94-82</i> <i>[Dup. of #23, H of S Corresp, Pakistan, Ayub Corresp, Vol 3, Bx 6]</i>	4/19/68	A

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#51 cable	Rostow to President (CAP 80983) <i>Exempt 3-4-00 NLJ 97-273</i> S — 2 p — [Duplicate of #42, NSF, CF, VN, "6 G (4)a, Talks with Hanoi"] [Exempt NLJ 91-259] <i>Open 5/7/00 NLJ 97-273</i>	4/19/68	A
#57 cable	Rostow to President — <i>Open NLJ 97-269 1-15-99</i> C — 1 p —	4/19/68	A
#59 memo	Rostow to President, 7:12 p.m. " " " PCI — 1 p —	4/18/68	A
#62 cable	Rostow to President (CAP 80825) " " " S — 2 p —	4/14/68	A
#64 cable	Rostow to President (CAP 80818) " " " S — 2 p —	4/13/68	A
#65 cable	Rostow to President (CAP 80819) " " " S — 1 p —	4/13/68	A
#68 cable	Rostow to President (CAP 80812) C — 2 p — <i>open 6-5-97</i>	4/13/68	A
#70 cable	Rostow to President (CAP 80810) <i>open 12-14-95 NLJ 95-207</i> C — 1 p — <i>(dup # 42, NSF, and County, Fels, Vietnam, 75(3) Box 102)</i>	4/13/68	A
#71 cable	Rostow to President (CAP 80809) S — 4 p — <i>open 6-5-97</i>	4/13/68	A
#72 cable	Rostow to President (CAP 80808) <i>Open NLT 97-268 1-15-99</i> S — 4 p —	4/13/68	A
#73 cable	Rostow to President (CAP 80805) S — 2 p — <i>Open NLJ 97-269 10-8-98</i>	4/13/68	A
#74 cable	Rostow to President (CAP 80800) PS — 2 p — <i>open 6-5-97</i>	4/13/68	A
#76 cable	Rostow to President (CAP 80799) C — 1 p — <i>open 6-2-97</i>	4/13/68	A

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#77 memo	Rostow to President, re: Australia <del>PCI</del> 1 p <i>open 6-2-97</i>	<del>4/13/68</del>	<del>A</del>
#78 memo	Rostow to President, re: Japan <del>PCI</del> 1 p <i>Open NLJ 97-268 1-15-99</i>	<del>4/13/68</del>	<del>A</del>
#79 memo	Rostow to President <del>C</del> 2 p <i>open 6-5-97</i>	<del>4/13/68</del>	<del>A</del>
#82 memo	Rostow to President, 1:55 p.m. <del>S</del> 1 p <i>Open NLJ 97-268 1-15-99</i>	<del>4/12/68</del>	<del>A</del>
#83 memo	Rostow to President, 1:05 p.m. " " "	<del>4/12/68</del>	<del>A</del>
#83a rpt	"At 8:00 a.m. this morning..." <del>S</del> 2 p <i>Open NLJ 97-269 10-8-98</i>	<del>4/12/68</del>	<del>A</del>
#83b cable	Warsaw 2798 <del>S</del> 2 p " " "	<del>4/12/68</del>	<del>A</del>
#91a memo	"Report on Conversations in Hanoi" <del>S</del> 25 p <i>sanitized 1-12-96 NLJ 95-253</i>	<del>4/10/68</del>	<del>A</del>
#91b rpt	"Aide Memoire" <del>PCI</del> 2 p <i>Open NLJ 97-269 10-8-98</i>	<del>4/5/68</del>	<del>A</del>
#93 memo	Rostow to President, 7:50 a.m. <del>S</del> 1 p <i>sanitized 5-30-95 NLJ 93-368</i> [Dup. # 43, NSF, CF, Korea, Vol. 6"] [Dup. #110 - same file]	<del>4/12/68</del>	<del>A</del>
#93a cable	Seoul 5638 <del>S</del> 1 p <i>open 3-30-94 NLJ 93-367</i>	<del>4/11/68</del>	<del>A</del>
#94a cable	Seoul 5662 <del>S</del> 2 p "	<del>4/12/68</del>	<del>A</del>
#94b cable	Deptel to Seoul <del>S</del> 1 p "	<del>undated</del>	<del>A</del>

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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
#6 memo	Rostow to President, 11:20 a.m. TS- 1 p <i>sanitized 3-4-03 NW/RAL 00-322</i>	4/23/68	A
#16 memo	<del>Rostow to President, 12:15 p.m.</del> <del>TS- 1 p</del> <i>Apr 5/3/01 NS/RAL 00-323</i>	<del>4/22/68</del>	<del>A</del>
#24a cable	Intelligence Cable TS- 1 p <i>exempt 3-4-03 NW/RAL 00-322</i>	4/6/68	A

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*Free file*

THE WHITE HOUSE  
WASHINGTON

Tuesday, April 23, 1968  
9:05 PM

Mr. President:

At least one other man agrees with you  
and me about Paris: our Charge in Paris,  
Woody Wallner.

Then follows a Saigon cable denying the  
Star story on Do and Paris.

*[Signature]*  
Rostow





Department of State

1a  
TELEGRAM

~~SECRET~~

RR RUEKC  
DE RUENCR 13000 1141925  
ZNY SSSSS ZZH  
R 231815Z APR 68  
FM AMEMBASSY PARIS  
TO SECSTATE WASHDC  
STATE GRNC  
BT

5722Q  
1968 APR 23 PM 3 15

~~SECRET~~ PARIS 13000

NODIS

REF: STATE 149364

SUBJECT: PARIS AS A SITE FOR VIETNAM TALKS

WHILE WE ARE IN NO POSITION TO JUDGE RELATIVE ADVANTAGES AND DISADVANTAGES OF OTHER CAPITALS SUGGESTED AS SITES FOR VIETNAM TALKS, I WISH TO GO ON RECORD AS APPLAUDING THE PRESIDENT'S DECISION TO EXCLUDE PARIS FROM CONSIDERATION. HOWEVER, AS IT SEEMS NOT UNLIKELY THAT THE PARIS CARD WILL CONTINUE TO TURN UP IN THE SHUFFLING AND RESHUFFLING OF CAPITALS, I TAKE THE LIBERTY TO REHEARSE THE DISADVANTAGES WHICH AS SEEN FROM HERE, FAR OUTWEIGH THE OBVIOUS MATERIAL AND TECHNICAL ADVANTAGES OF ACCESS TO ALL PARTIES, GOOD COMMUNICATIONS AND EXCELLENT ACCOMMODATIONS.

PAGE 2 RUENCR 13000 ~~SECRET~~

1. PRESTIGE TO DE GAULLE - SEVERAL THOUGHTFUL AND INFLUENTIAL FRENCHMEN IN AND OUT OF OFFICIAL LIFE AND SEVERAL DIPLOMATIC COLLEAGUES, INCLUDING THE BRITISH AMBASSADOR, HAVE APPROACHED ME IN RECENT DAYS TO EXPRESS THEIR EARNEST HOPE AND CONFIDENCE THAT WE WOULD CONTINUE TO OPPOSE CHOICE OF PARIS FORCEFULLY AND THEIR DISTRESS AT IMMENSE INCREASE IN DE GAULLE'S PRESTIGE AND INFLUENCE IN FRANCE AND ABROAD AND INTERNATIONAL LOSS OF FACE FOR U.S. WHICH OUR CONSENT WOULD MEAN. TO QUOTE ONE VEHEMENT VIEW, CHOICE OF PARIS "WOULD CONSTITUTE PROOF OF DE GAULLE'S INFALLIBILITY OF JUDGMENT AND PRESCIENCE IN INTERNATIONAL AFFAIRS: HE WOULD AGAIN BE CROWNED A "WINNER", ONE WHO COULD THROUGH DIRECT AND INDIRECT MEANS LEAD THE ATTACK ON U.S. FOREIGN POLICY AND THE AMERICAN IMAGE IN THE WORLD AND EMERGE UNSCATHED." THE CONSENSUS IS THAT DE GAULLE COULDTGLOSE AT THIS GAME: IF THINGS GO RIGHT FROM HIS STANDPOINT IN NEGOTIATIONS, HE WILL TAKE THE CREDIT, AND IF THEY DON'T, HE WILL BLAME THE U.S. IN ANY CASE WHATEVER WEIGHT HE IS ALLOWED TO THROW WILL NOT BE ON THE U.S. SIDE.

~~SECRET~~

DECLASSIFIED  
E.O. 12958, Sec. 3.6  
NLJ 97-269  
By is, NARA Date 10-8-98

~~SECRET~~

-2- PARIS 13000, APRIL 23

2. ATMOSPHERE - FRANCE IS THE LEAST OBJECTIVE EUROPEAN COUNTRY, REGARDING INDOCHINA. EVERYONE HAS AN OPINION, AND WHILE THESE

~~PAGE 3 RUFNCR 13000 SECRET~~

OPINIONS ARE HIGHLY VARIEGATED, THE GREAT MAJORITY TENDS TOWARDS ENDING THE WAR AT ALMOST ANY COST TO THE U.S. FRENCH PRESS, WHILE BY NO MEANS PREDOMINATELY PRO-GOVERNMENT, IS HEAVILY WEIGHTED TOWARD QUICK SETTLEMENT, AND WILL SHOW GREAT IMPATIENCE AT DELAYS AND HARD KNOTS IN NEGOTIATIONS WHICH THEY WILL BE TEMPTED TO BLAME ON U.S. INTRANSIGENCE. A POWERFUL VOICE WILL BE THE COMMUNIST PARTY, SOLIDLY BEHIND HANOI POSITION, WHICH IT WILL SUPPORT DAILY IN ITS PRESS AND, AS APPROPRIATE, BY DEMONSTRATIONS AND ACTIVITIES OF FRONT ORGANIZATIONS. ABOVE ALL THERE WILL REIGN THE POWERFUL OFFICIAL GOVERNMENT PRESS AND TELEVISION, ORCHESTRATING THE DIS-SONANCES (INCLUDING THOSE ARISING FROM THE U.S. POLITICAL CAM-PAIGN) AND KEYING THEM TO THE OFFICIAL LINE OF THE MOMENT. IN FACT FRANCE IS UNIQUE IN HAVING ITS TWO MAJOR POLITICAL PARITIES, COMMUNISTS AND GAULLISTS, NOT ONLY SPECIFICALLY OPPOSED TO OUR VIETNAM EFFORTS BUT ALSO DEDICATED TO LIMITATION OF THE POWER AND INFLUENCE OF THE U.S. IN WORLD AFFAIRS.

3. FRENCH OFFICIAL INTERFERENCE - HOW MUCH DE GAULLE WILL WISH TO INTERFERE IN THE NEGOTIATIONS AND THE DEGREE TO WHICH SUCH INTERFERENCE WOULD BE HEEDDED BY HANOI IS NOT PREDICTABLE AS OF

~~PAGE 4 RUFNCR 13000 SECRET~~

NOW FROM HERE, BUT THE OPPORTUNITIES FOR FRENCH MEDDLING ARE VASTLY INCREASED IF NEGOTIATIONS ARE HELD IN PARIS AMID INNUMER-ABLE FOREIGN PRESSMEN, WHO WILL BE AT BEST HALF-EMPLOYED IF TALKS ARE PROLONGED. BY THE SAME TOKEN, PRONOUNCEMENT BY DE GAULLE, IF AND WHEN HE CHOOSES TO MAKE THEM, WILL HAVE FAR GREATER RE-SONANCE IF UTTERED FROM THE SITE OF NEGOTIATIONS. ONE CANNOT EXCLUDE THE POSSIBILITY, OF COURSE, THAT DEGAULLE MIGHT AT SOME TIME PLAY A USEFUL ROLE IN THE NEGOTIATIONS FROM OUR STANDPOINT AND IN THIS CASE THEIR TAKING PLACE IN PARIS WOULD BE FAVORABLE, BUT THIS SEEMS LONG SHOT AT PRESENT JUNCTURE.

WALLNER

BT

~~SECRET~~



SENT 1:04 P.M.

26

1569 APR 21 18 04

EEA441  
00 WTE12  
02 WTE 1593

FROM WALT ROSTOV  
TO THE PRESIDENT  
CITE CAP81025

*Free file*

1569 APR 21 PM 1:22

SUNDAY

~~SECRET~~

THE FOLLOWING MEMO RECEIVED FROM CIA THIS MORNING.

US MILITARY SOURCES IN SAIGON HAVE JUST INDICATED INCREASED CONCERN OVER THE POSSIBILITY OF NEW MAJOR ATTACKS ON SAIGON AND PERHAPS IN OTHER AREAS DURING THE PERIOD 22-30 APRIL.

CAS OFFICERS WERE TOLD THAT THE ATTACKS MIGHT BE ON THE SAME SCALE AS THE TET OFFENSIVE. [REDACTED] DATED 21 APRIL, CONTAINS SIMILAR INFORMATION AND MAY BE BASED ON SOME OF THE SAME PRIMARY SOURCES.

IN VIEW OF THE NUMEROUS AGENT, INTERROGATION, AND DOCUMENT REPORTS WHICH INDICATE LATE APRIL OR EARLY MAY AS TARGET DATES FOR RENewed ATTACKS BY THE COMMUNISTS, CAS SAIGON IS REVIEWING ITS INDICATORS AND WILL KEEP HEADQUARTERS INFORMED. CONCURRENTLY IT IS DISCREETLY ALERTING ITS EARLY WARNING APPARATUS.

THE RELEVANT TEXT FOLLOWS:

COUNTRY: SOUTH VIETNAM

1. III CORPS COMMANDER LIEUTENANT GENERAL LE NGUYEN KHANG SAID ON 21 APRIL 1968 THAT HE THINKS THERE IS A STRONG POSSIBILITY THAT THE ENEMY WILL LAUNCH COORDINATED ATTACKS THROUGHOUT SOUTH VIETNAM INCLUDING A MAJOR THRUST AGAINST SAIGON BY 27 APRIL. KHANG SAID HE BASED THIS ESTIMATE ON THREE REPORTS: ONE FROM A HIGH-LEVEL RALLIER AND TWO FROM WELL-PLACED AGENTS PLUS A NUMBER OF OTHER INDICATIONS IN HIS CORPS AREA.

2. KHANG IDENTIFIED THE SOURCE WHO PROVIDED THE 27 APRIL ATTACK DATE [REDACTED]

[REDACTED] WHO RALLIED TO THE POLICE ON 19 APRIL.

COMMENT: [REDACTED] IN PRELIMINARY FIELD INTERROGATIONS THAT ELEMENTS OF THE 165A REGIMENT, 88 REGIMENT, 15 OR 101 REGIMENT, 200 OR 20 ARTILLERY REGIMENT, AND OF SPECIAL ACTION BATTALION F100 OR F200 HAD BEEN ALERTED TO MERGE FOR A MAJOR ATTACK ON SAIGON BETWEEN 22 AND 27 APRIL.)

XEROX FROM QUICK COPY

SANITIZED  
Authority NLT OA-032-3-24  
By [Signature] NARA, Date 9-10-02

[1]



KHANG SAID HE PERSONALLY TALKED WITH THE RALLIER ON 28 APRIL AND WAS IMPRESSED BY HIS INTELLIGENCE. KHANG SAID THE RALLIER WAS BORN IN 1924 JUST NORTH OF HHA TRANG, GRADUATED FROM SENIOR HIGH SCHOOL IN 1945, WENT NORTH IN 1954 AND RETURNED TO SOUTH VIETNAM IN 1962. [ ] HE RALLIED FOR PERSONAL AND POLITICAL REASONS. [ ] FELT HIS SUPERIORS NO LONGER HAD FULL CONFIDENCE IN HIM AND HE DID NOT THINK THE VIET CONG FORCES WERE PREPARED FOR THE PLANNED 27 APRIL ATTACK.

3. KHANG SAID THE SECOND REPORT CAME FROM A PENETRATION OF A VIET CONG (VC) REGIMENT RUN BY HIS J-2. KHANG SAID THE PENETRATION AGENT WAS A RANKING OFFICER IN THE REGIMENT. THE THIRD REPORT WAS PROVIDED BY A POLICE INFORMANT WHO KHANG THINKS IS RELIABLE. ALL THREE REPORTS SUGGEST THE LIKELIHOOD OF AN ATTACK BETWEEN 22 AND 27 APRIL. KHANG SAID HE DID NOT KNOW WHAT EFFECT THE DEFECTION [ ] MIGHT HAVE ON ENEMY PLANNING.

4. KHANG SAID THAT INDICATIONS WERE THAT THE MAJOR THRUST AGAINST THE CAPITAL WOULD COME FROM THE WEST. REPORTS INDICATED THAT THE NORTH VIETNAMESE ARMY (NVA) 7TH AND VC 9TH DIVISIONS PLUS ELEMENTS OF A NEW NVA DIVISION NOW IN CAMBODIA WOULD PARTICIPATE IN THE ATTACK ON SAIGON, WHILE THE VC 5TH DIVISION WOULD ATTACK BIEN HOA. KHANG SAID [ ] INDICATED THAT THERE WERE ELEMENTS OF ONE OR TWO NEW NVA DIVISIONS IN CAMBODIA NEAR KAU NGHIA AND LONG AN PROVINCES BUT HE HAD NO CONFIRMATION OF THIS INFORMATION. HE NOTED THAT HE HAD JUST RECEIVED A REPORT THAT ONE OF THE DISTRICT CHIEFS IN LONG AN HAD BEEN KILLED DURING THE NIGHT OF 20-21 APRIL.

5. KHANG SAID HIS REPORTS INDICATE THAT THE ENEMY PLANNED TO INFILTRATE ONE SAPPER UNIT INTO EACH OF THE SAIGON DISTRICTS AND THERE WAS SOME EVIDENCE THAT THESE UNITS MIGHT ALREADY BE IN PLACE. KHANG SAID THAT THE NATIONAL POLICE HAD ROLLED UP ELEMENTS OF ONE OF THESE SAPPER UNITS IN SAIGON SEVERAL DAYS AGO BUT ALLEGED TO HAVE NONE OF THE DETAILS.

6. KHANG SAID HE THOUGHT ALLIED TROOPS WOULD BE ABLE TO PREVENT MOST OF THE ENEMY FORCE FROM REACHING SAIGON. HE EXPECTED THE ENEMY TO EMPLOY MUCH MORE SUPPORTING ARTILLERY FIRE THIS TIME THAN THEY DID DURING THEIR TET OFFENSIVE, MORE MORTAR AND HEAVY ROCKET FIRE. HE SAID THE MORALE OF HIS TROOPS IS QUITE HIGH AND UNAFFECTED BY TALK ABOUT PEACE TALKS. HE THINKS THE ALLIES HAVE SUFFICIENT FORCES TO DEAL THE ENEMY A CRUSHING DEFEAT IN THE III CORPS AREA.

7. KHANG SAID HE GOT THE IMPRESSION THAT THE HIGH-LEVEL RALLIER [ ] HAD BEEN GIVEN VERY LITTLE INFORMATION BY HIS SUPERIORS ON POSSIBLE PEACE TALKS. [ ] THAT AMONG RANK AND FILE VC THERE WAS VIRTUALLY COMPLETE IGNORANCE OF THE FACT THAT NEGOTIATION WAS UNDER WAY FOR PRELIMINARY CONTACT BETWEEN THE UNITED STATES AND NORTH VIETNAM. [ ] THAT MORALE AMONG THE RANK AND FILE VC IS VERY LOW.





Department of State **TELEGRAM**

18

31

LIMITED OFFICIAL USE 665

PAGE 01 SAIGON 25453 01 OF 02 231656Z

45

ACTION EA 15

INFO CIAE 00, DODE 00, GPM 03, H 02, INR 07, L 03, NSAE 00, NSC 10, P 04,  
RSC 01, SP 02, SS 20, USIA 12, SAL 01, SAH 03, NIC 01, IO 13, EUR 15,  
ACDA 16, RSR 01, /129 W

P R 231300Z APR 68  
FM AMEMBASSY SAIGON  
TO SECSTATE WASHDC PRIORITY 1278  
INFO AMEMBASSY BANGKOK  
CINCPAC  
AMCONSUL DANANG  
AMEMBASSY VIENTIANE

LIMITED OFFICIAL USE SECTION 1 OF 2 SAIGON 25453

CINCPAC FOR POLAD

SUBJECT: APRIL 23 PRESS CONFERENCE BY FOREIGN MINISTER TRAN VAN DO

1. IN RESPONSE TO CRITICISM OF HIS REMARK THAT THE GVN WOULD NEGOTIATE WITH THE NLF AS AN INTERNAL MATTER MUCH AS DIEM

PAGE 2 RUMJIR 25453/1 ~~CONFIDENTIAL~~ LIMITED OFFICIAL USE  
NEGOTIATED WITH THE HOA HAO AND CAO DAI IN 1955, FOREIGN MINISTER TRAN VAN DO HELD A PRESS CONFERENCE IN THE FOREIGN MINISTRY AFTERNOON APRIL 23. ONLY VIETNAMESE NEWSMEN WERE INVITED; EMBASSY LOCAL EMPLOYEE ATTENDED AND TOOK NOTES, SUMMARY OF WHICH FOLLOWS:

2. FOREIGN MINISTER OPENED WITH TWO-PART STATEMENT. HE DENIED A RUMOR THAT HE HAS RECOMMENDED PARIS AS A SUITABLE SITE FOR CONTACTS WITH NVN. THIS IS A MATTER FOR THE US AND NVN TO SETTLE BETWEEN THEMSELVES. WHATEVER SITE IS SETTLED UPON, THE GVN WOULD WISH TO MAINTAIN THE CLOSEST POSSIBLE LIAISON.

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# TELEGRAM

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THE FOREIGN MINISTER THEN SAID THAT HE WOULD WRITE A LETTER TO LEADERS OF BOTH THE HOA HAO AND CAO DAI EXPLAINING THAT HE HAD MEANT NO INSULT IN HIS REMARKS ABOUT NEGOTIATIONS WITH THEM IN 1955. IN THOSE DAYS, DIEM HAD NEGOTIATED WITH THE CAO DAI AND HOA HAO AS REVOLUTIONARY GROUPS ACTIVELY ENGAGED IN A JUST WAR AGAINST THE FRENCH. THE NLF IS AN ILLEGAL ORGANIZATION ENGAGING IN REBELLION, AND HE WOULD NEVER CONFUSE THE TWO.

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3. THERE FOLLOWED A SERIES OF QUESTIONS.

QUESTION: WHAT WILL THE GVN POSITION BE VIS-A-VIS THE NLF IF NEGOTIATIONS BEGIN?

ANSWER: SINCE 1959 THE COMMUNISTS HAVE HAD ONLY ONE GOAL, AND THAT IS TO HAVE THE NLF ACCEPTED AS THE SOLE REPRESENTATIVE OF THE SOUTH VIETNAMESE PEOPLE. THIS IS OF COURSE UNACCEPTABLE. THE PROBLEM WILL ARISE WHEN WE CONSIDER THE QUESTION OF THE NEGOTIATING PARTIES. THIS WILL HAVE TO BE DECIDED BEFORE NEGOTIATIONS START. OUR POSITION IS THAT PARTIES TO THE NEGOTIATION CAN ONLY BE LEGITIMATE GOVERNMENTS AND THEIR REPRESENTATIVES. THE NLF IS NOT A LEGITIMATE GOVERNMENT. I ENVISAGE DEVELOPMENTS LEADING TO PACE AS UNFOLDING IN FOUR STEPS: THE FIRST WILL BE PRELIMINARY TALKS, ABOUT THE BOMBING OF THE NORTH ONLY. THESE WILL BE BETWEEN THE US AND NVN. SECOND WILL COME A MEETING TO SETTLE THE PROBLEM BETWEEN SOUTH AND NORTH VIET NAM. DID NOT SPECIFY WHO WOULD TAKE PART IN THESE TALKS. THIRD WOULD COME AN INTERNATIONAL CONFERENCE

PAGE 4 RUMJIR 25453/1 ~~CONFIDENTIAL~~ LIMITED OFFICIAL USE  
TO SETTLE THE PROBLEM OF THE SECURITY OF SOUTH EAST ASIA, AND ANY MANY COUNTRIES MIGHT ATTEND. AND FOURTH THERE WOULD COME, AFTER PEACE, A SETTLEMENT WITHIN SVN. HERE THE VIETNAMESE PEOPLE WOULD SETTLE THEIR OWN INTERNAL PROBLEMS, AMONG WHICH IS THE MATTER OF THE NLF.

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# Department of State

# TELEGRAM

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4. DO WENT ON THEN TO REFER TO THE MANILA CONFERENCE AND TO THE ANNOUNCED GVN POLICY OF NATIONAL RECONCILIATION. HE SAID ANY MEMBER OF THE NLFCAN BE ACCORDED HIS FULL CIVIL RIGHTS AS A CITIZEN OF THE REPUBLIC OF VIET NAM IF HE LAYS DOWN HIS ARMS AND ACKNOWLEDGES THE PRESENT CONSTITUTION AND THE LEGALLY CONSTITUTED GOVERNMENT. WE ARE ALWAYS READY TO TALK TO ANY MEMBER OF THE NLF AS INDIVIDUALS.

5. QUESTION: ARE THE SIX POINTS ADVANCED BY GREAT BRIAIN ACCEPTABLE TO THE GVN? SPECIFICALLY, THE BRITISH SUGGESTION THAT THE NLF BE ADMITTED TO THE NEGOTIATING TABLE AS A FULL EQUAL?

ANSWER: I DO NOT WANT TO COMMENT IN DETAIL ON THE SUGGESTION OF THE BRITISH GOVERNMENT. BRITAIN HAS EVERY RIGHT TO SUGGEST VARIOUS FORMULAS FOR A SETTLEMENT. AS FOR TREATING

PAGE 5 RUMJIR 25453/1 ~~CONFIDENTIAL~~ LIMITED OFFICIAL USE  
THE NLF AS AN EQUAL NEG  
MBYYSHBYBBHNALG  
GOTZQGBIRJWSR  
27-1(1)  
ACCEPTABLE.

6. QUESTION: DO YOU CONSIDER THE NLF AN OPPOSITION PARTY?

ANSWER: NO, THEY ARE REBELS.

7. QUESTION: WHAT WILL BE THE POSITION OF THE GVN IF THE US DECIDES TO ENTER UNILATERAL NEGOTIATIONS WITH HANOI?

ANSWER: YOU OUGHT TO REFER TO THE WELLINGTON COMMUNIQUE, WHERE THAT POSSIBILITY IS EXLUDED. WE OF COURSE INSIST THAT DURING ANY NEGOTIATIONS ABOUT THE FATE OF VIET NAM THE GVN MUST PLAY THE MAJOR ROLE.

8. QUESTION: WHO THOUGHT UP YOUR FOUR-PHASE PEACE SCENARIO?

ANSER: I DID.

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TELEGRAM

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9. QUESTION: DOES THE GVN HAVE A COMMITTEE OR SOME OTHER ORGAN WHICH CONSTANTLY FOLLOWS WHAT THE COMMUNISTS ARE DOING AND WORKS OUT POSITIONS VIS-A-VIS THEM?

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ANSWER: THERE IS NO SUCH COMMITTEE AS SUCH, BUT THERE ARE OF COURSE PEOPLE IN THE FOREIGN MINISTRY CONSTANTLY OCCUPYING THEMSELVES WITH THESE MATTERS. AND WE CONTINUALLY CONSULT DISTINGUISHED PRIVATE CITIZENS.

10. QUESTION: WILL THERE BE A GVN GROUP ACCOMPANYING THE US DELEGATION AT THESE INITIAL TALKS?

ANSWER: I WOULD AVOID THE WORD ACCOMPANY. YOU WILL RECALL I SAID WE WILL "MAINTAIN CLOSE LIAISON."

11. QUESTION: IN THAT CASE, WILL A GVN DELEGATION GO TO THE SITE OF SUCH TALKS?

ANSWER: YES, IT MAY CONSIST OF 4 OR 5 PERSONS, WHO WILL FOLLOW DEVELOPMENTS EVERY MINUTE, EVERY HOUR.

12. QUESTION: IS IT TRUE YOU SUGGESTED THAT THE ALLIED COUNTRIES HOLD A SUMMIT MEETING? IF YOU DID, WHY DID YOU DROP THE IDEA? WAS IT BECAUSE OF PRESSURE FROM SOME SOURCE?

ANSWER: I ADVANCED THIS AS AN IDEA WITH OUR ALLIES TO SEE IF IT HAD ANY MERIT. I NEVER MADE IT A FORMAL PROPOSAL.  
BUNKER

(#) NOTE: AS RECEIVED.  
CORRECTIONS TO FOLLOW

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Department of State

TELEGRAM

31

LIMITED OFFICIAL USE 663

PAGE 01 SAIGON 25453 02 OF 02 231601Z

45  
ACTION EA 15

INFO CIAE 00, DODE 00, GPM 03, H 02, INR 07, L 03, NSAE 00, NSC 10, P 04,  
RSC 01, SP 02, SS 20, USIA 12, SAL 01, SAH 03, NIC 01, IO 13, EUR 15,  
ACDA 16, RSR 01, /129 W

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P R 231300Z APR 68  
FM AMEMBASSY SAIGON  
TO SECSTATE WASHDC PRIORITY 1281  
INFO AMEMBASSY BANGKOK  
CINCPAC  
AMCONSUL DANANG  
AMEMBASSY VIENTIANE

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CINCPAC FOR POLAD

13. QUESTION: IF, DURING THIS PARTIAL BOMBING HALT, THE VC CONTINUE TO INSERT MORE MEN AND SUPPLIES, WILL THE GVN URGE THAT BOMBING BE RESUMED?

ANSWER: THAT WILL DEPEND ON THE SITUATION AT THE TIME.

PAGE 2 RUMJIR 25453/2 ~~CONFIDENTIAL~~ LIMITED OFFICIAL USE  
THE GVN WILL ALWAYS PROTECT ITS OWN INTERESTS; WE HAVE AN ARMY AND OUR OWN NATIONAL INTERESTS TO DEFEND. SO DOES THE US.

14. WHEN YOU HEARD OF THE BOMBING LIMITATION, WERE YOU SATISFIED OR WAS IT ANNOUNCED IN A WAY WHICH HURT YOUR NATIONAL PRIDE AS A RESPONSIBLE VIETNAMESE OFFICIAL?

ANSWER: WE WERE INFORMED BY AMBASSADOR BUNKER ON SATURDAY AFTERNOON. PRESIDENT THIEU KNEW OF IT SEVERAL DAYS IN ADVANCE. WHEN A PRESS CORRESPONDENT MET ME AND ASKED ME WHAT I FELT ABOUT THE BOMBING LIMITATION, I REPLIED THAT THE

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# Department of State

# TELEGRAM

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PAGE 02 SAIGON 25453 02 OF 02 231601Z

BOMBING HAD NOT BROUGHT THE DESIRED RESULTS, AND TO JUST GO ON WOULD HAVE A BAD EFFECT ALL OVER THE WORLD. SO I WAS IN FAVOR OF THIS INITIATIVE NO, I DID NOT FEEL THAT THE BOMBING LIMITATION HURTS MY PRIDE AS A VIETNAMESE.

15. COMMENT (A) THIS ACCOUNT SHOULD BE TREATED WITH CAUTION AS IT IS TAKEN FROM NOTES MADE BY LOCAL EMPLOYEE WHO MAY HAVE MISSED SOME POINTS, DETAILS AND NUANCES.

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(B) FURTHER COMMENT FOLLOWS SEPTEL.  
BUNKER  
BT

NNN

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Tuesday, April 23, 1968, 4:00 P.M.

MEMORANDUM FOR THE PRESIDENT

*Pres file*

SUBJECT: NSC Meeting on Eastern Europe - Wednesday noon, April 24

The purpose of the NSC meeting is to look at our policy toward Eastern Europe in the light of the major political and economic changes taking place in the area.

A paper prepared by the State Department has been circulated to Council members. (See Tab A for one-page summary and copy of State paper)

Secretary Rusk is prepared to present the paper and comment on it.

Questions which you may wish to ask:

1. What would we do if the Soviets started to put economic or military pressure on Czechoslovakia?
2. What is the position of NATO members toward developments in the area?
3. Can we do what needs to be done now to encourage closer East European ties to the West without asking Congress to revise existing legislation?

To conclude the meeting you might ask Secretary Rusk to make specific recommendations to you as to how we can turn to our advantage the changes taking place in the Soviet bloc.

DECLASSIFIED  
E.O. 12356, Sec. 3.4  
NJ 92-56  
By ing, NARA, Date 10-5-92 W. W. Rostow

BKS:amc

## SUMMARY OF EASTERN EUROPE PAPER

Our bridge-building policy and that of our Western European allies is producing some results. However, Vietnam is a brake -- both to our ability to pursue the policy with Congressional support, and to the East European response.

Czechoslovakia. The new Dubcek regime has ousted the Stalinist Novotny and many of his followers. The press has been extraordinarily unrestrained and public discussion virtually free.

Czechoslovakia's New Action Program calls for greater personal freedom (including travel abroad), greater freedom to act for governmental organizations, economic decentralization and National Assembly control over the security police.

Czechoslovakia remains loyal to its Soviet alliance, but is interested in better relations with us. Our posture is discreet and cautious encouragement, but we are restricted by Congressional strictures and are reluctant to release the Nazi-looted gold we control without a full and satisfactory claims settlement.

Poland. Government representation has damped down student unrest, but resentment persists. There has been a blatant anti-Semitic campaign, particularly against Communist Jews.

Our bilateral relations have been difficult -- with incidents involving military attaches, etc. Our planned English Language Teaching Program -- which Ambassador Gronouski negotiated with the Poles -- is still pending Congressional authorization to use our holdings of Polish currency.

Romania. Romania continues to show independence in foreign affairs. and its relations with us are improving. The Romanians want to buy several plants from us, including a heavy water plant for their nuclear power program.

Yugoslavia. Economic reforms are going forward, and our relations continue good.

Hungary, Bulgaria and Albania. Hungary and Bulgaria continue to hue closely to the Soviet line, while Albania clings to its Red Chinese tie and its unrelieved internal repression.

DECLASSIFIED  
E.O. 12958, Sec. 3.6  
NLJ 97-269  
By isa, NARA Date 10-8-98



28

EASTERN EUROPE

I. Perspective on Eastern Europe

Evolutionary changes in the direction of internal liberalization and economic reform, increased independence, and limited movement toward association with the West continue. These positive trends reflect the vitality and aspirations of the peoples and the growing recognition which East European leaders are giving to political and economic realities.

These changes are a cause for satisfaction. However, their pace and character vary significantly from country to country. Experience shows also that further forward progress is likely to be subject to interruptions and even, as in the case of Poland, substantial retrogression.

These changes provide us with improving opportunities for our policy of "building bridges" to Eastern Europe. At the same time, they show that the policy of "building bridges" both by us and by western European countries, is achieving positive results.

II. Policy Objectives and Inhibiting Factors

We seek, within the framework of building world peace and a secure and stable European community, to encourage the positive trends in Eastern Europe and to use the opportunities they provide (1) to improve the general climate of relations, (2) to reestablish the bases for reassociation with the West, and (3) to resolve our outstanding bilateral problems.

Apart from continuing ideological differences, the impact of Viet-Nam has limited, although not precluded, our bridge building efforts by inducing restraints on both sides. This has been most applicable to the development of better political and

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

**NLJ 97-269**

**By iso, NARA Date 10-8-98**

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economic relations. To a lesser degree, it has influenced our cultural relations. We operate, therefore, under substantial restrictions resulting from negative public and Congressional attitudes.

### III. Recent Developments in Eastern Europe

The current ferment is most dramatically shown in Czechoslovakia and Poland. While it is too soon to assess the full meaning of recent events, their impact on the Soviet system, on life and society throughout Eastern Europe generally and on future developments is sure to be significant.

1. Czechoslovakia: Party First Secretary Alexander Dubcek, who replaced hard-liner Novotny in January, has formed a coalition of intellectuals, students and, to an extent, workers, which has been able to force Novotny's resignation from the Presidency and to remove pro-Novotny members from the Party Presidium and major Government positions. The new Action Program, published on April 10, emphasizes national reconciliation with some compromises based on recognition of individual and group rights and a balanced federation between Czechs and Slovaks. The Program reaffirms the Party's leadership role but emphasizes this is to be one of guidance rather than of detailed direction and that the Government will be allowed to carry on its proper functions.

It calls for decentralization and management reforms in the direction of a socialist market economy, constitutional guarantees of individual rights and liberties, freedom to travel abroad and National Assembly control over internal security forces. There will be many difficulties in implementing the Program but there has been extraordinary freedom of the press, speech and assembly during the past several months.

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3

Dubcek has reassured the Soviet Union of Czechoslovakia's socialist direction, solidarity and loyalty. He expressed the desire, however, for good relations with all countries, including the US.

The Party daily "Rude Pravo" said on April 19 Czechoslovakia would not be "a weak brew of a common political line or of the policy of the Soviet Union. Nobody can prescribe for a party or a country what is and what is not its international duty."

US Position: Our position, like that of other Western countries, is to make clear informally and discreetly to the Czechs on appropriate occasions that we welcome the steps they are taking toward liberalization. We believe it advisable to avoid any steps at this time likely to embarrass the new leadership in its internal course or in its delicate relationships with the Soviet Union and other East European neighbors.

Contingencies involving Soviet economic pressures or other developments which might occasion Czech appeals to the US for economic support have been studied. Under present legislative restrictions (no aid, PL-480, Exim loans or guarantees, MFN tariff treatment), our ability to respond in such circumstances is limited. In this connection, Czechoslovakia has been a substantial supplier of arms to North Viet-Nam.

While prospects for improved bilateral relations appear more favorable, the major issue of a claims/gold settlement remains. The Czechs have said they will shortly respond negatively to our November 1967 proposals for a settlement of these problems. We have urged they leave the door open for negotiation.

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4

We are not prepared to consent, as the Czechs desire, to release the Nazi-looted Czech gold (held by the Tripartite Gold Commission) until there is a satisfactory settlement of US financial claims. The gold is our only effective leverage for such a settlement. The Czechs have mounted a major propaganda campaign, most recently with an April 19 interview by the new Foreign Minister Hajek, to pressure us for the return of the gold.

The case of the Czech defector General Sejna, whose extradition has been requested by the Czechs, is still under consideration. Our probable decision in due course to refuse extradition is not likely to have any permanently damaging effect on US-Czech relations.

2. Poland: Student demonstrations against censorship and restrictions on cultural freedom, which began on March 8, have now quieted down. Deep-seated resentments remain. The Party/Government leadership has used repressive policy measures and warned it would not tolerate further disturbances. The leadership has launched an anti-Semitic propaganda campaign aimed primarily at removing from the Party, State and cultural apparatus those Communists of Jewish origin who played a key role in Poland during the Stalinist period. Many Polish Government and Party officials, as well as intellectuals, have been fired as part of the drive against diverse "opposition" elements including not only those identified with the Polish regime during the Stalinist period but also "Zionists", revisionists and liberals. Many, although not all, of these are of Jewish background. In this atmosphere created by anti-Semitic utterances of the leadership, the small Jewish community (20-30,000) feels under strong psychological pressures. There is, however, as yet

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no firm evidence that the Jewish community, generally has been subjected to physical persecution or to religious persecution in the sense of interference with worship.

The current use of harsh police measures and the resort to an anti-Semitic campaign evidence the failure to materialize of the dream of freedom which took form with the events of October 1956 and Gomulka's return to power at that time.

US Position: The Department's press spokesman on April 1 made clear that the US deplors anti-Semitism wherever it occurs. While declining to discuss recent Polish events, he drew attention to the tragic consequences which historically have resulted from the encouragement of anti-Semitism. We are following developments in Poland very closely but until this complex situation, involving chronic Party-Government factionalism, is clarified we are exercising great care and restraint in any US official public comments.

Over the past several years our bilateral relations have not developed favorably. We have encountered various difficulties in matters such as the size and treatment of our military attache staff, treatment of US citizens, and US Social Security payments to annuitants in Poland. Planning for an English Language Teaching Program in Poland is continuing but the implementation of this program is dependent on a Congressional local currency appropriation.

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~~CONFIDENTIAL~~

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3. Romania: Internally, the Party-Government leadership maintains firm orthodox control. Externally, Romania continues to pursue a course based on national interest highly independent of the Soviet Union. It gains freedom of maneuver from its rich endowment in natural resources. Romanian public media have reported objectively on recent Czech developments and the Romanian Government seems to approve Czechoslovakia's new course.

US-Romanian bilateral relations have not been materially affected by Viet-Nam and continue to show improvement, including progress in cultural exchanges. Romanian Deputy Premier Birladeaneau, Chairman of the National Council of Scientific Research, has accepted an invitation from the President's Science Adviser to visit the US in May. Romania continues to explore the possibilities of purchasing equipment and technology in the US for a heavy water plant for its nuclear power program and for a synthetic rubber plant.

4. Yugoslavia: Yugoslavia--the first East European country to throw off Soviet domination (1948) and to pursue successfully a fully independent national course--continues to show its independence and to push aggressively the development of a free market economy. Political and social institutions are being increasingly liberalized. The response to the new Czech leadership has been favorable and there has been Yugoslav press criticism of the retrogressive tendencies in Poland.

Despite Viet-Nam and the Congressional prohibition (1966) on PL-480 sales, our bilateral relations continue to develop favorably in the political and economic as well as in the cultural exchanges field.

5. Hungary: The Kadar Government continue to follow a relatively conciliatory policy internally. The economic reforms which entered into effect on

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~~CONFIDENTIAL~~

7

January 1 are designed to adapt the existing command economy to many of the features of a socialist market economy. In foreign policy, Hungary, highly dependent on the Soviet Union politically and economically, follows closely the Soviet line.

No early progress is in prospect toward the settlement of outstanding bilateral problems, such as US claims. Reacting sharply to the defection of the former Hungarian Charge in Washington, Radvanyi, the Hungarians have still not named an Ambassador, although our Ambassador was accredited at Budapest last fall.

Hungary shows some sympathy to Czech developments. However, conscious of its own 1956 experience, it clearly believes that events should not be allowed to get out of hand. Hungarian media have generally followed the hard-line position of the Polish press on student unrest.

6. Bulgaria: The Bulgarian leadership, adhering to orthodox internal policies and bound tightly to Soviet foreign policy positions, has tried to insulate Bulgaria from liberalizing influences. Bulgarian media have given extremely restricted coverage of Czech and Polish events by stressing Czechoslovakia's continuation as a member of the socialist camp and echoing the Polish Government's official line.

US-Bulgarian relations are limited, though a consular convention is under discussion and the Bulgarians are showing some interest in acquiring US industrial plants and technology. A Bulgarian trade mission is scheduled to visit the US in May.

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

8

7. Albania: The Albanian Party-Government leadership, closely aligned with Red China ideologically and in foreign policy, maintains the most repressive internal system in Eastern Europe. Its view of liberalization in Czechoslovakia and ferment in Poland is totally negative. We do not recognize or have official relations with the Albanian regime.

~~CONFIDENTIAL~~

3

*Pres file*

ACTION

~~SECRET~~

Tuesday, April 23, 1968 - 12:50pm

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Arrangements for the Visit of President Thieu

I recommend that you approve inviting President Thieu for a State Visit on May 21 and 22. Your schedule would permit this. Mrs. Johnson's schedule would also allow the visit on those dates.

In Chicago on April 1, you mentioned that you wanted Thieu to visit in the next weeks. Thieu has indicated tentatively -- in a message of about ten days ago -- that he could come around May 15 or 20. Because of other scheduled foreign visits, May 21-22 is the best and soonest time for the Thieu visit. Otherwise, the visit would have to be arranged for June.

W. W. Rostow

Approve invitation for May 21-22 \_\_\_\_\_

Discuss with me \_\_\_\_\_

SECRET

DECLASSIFIED  
White House Guidelines, Feb. 24, 1993  
By *19*, NARA, Date *4-30-92*



**CONFIDENTIAL**

Tuesday, April 23, 1968 - 12:45pm

*Pres file*

**MEMORANDUM FOR THE PRESIDENT**

**SUBJECT: Supporting Assistance and P. L. 480 Programs  
for Korea**

**May I ask whether you approved in Honolulu the  
Supporting Assistance and P. L. 480 Programs for Korea?**

**Attached is a copy of my memorandum of April 12 on  
this subject.**

**W. W. Rostow**

**Attachment**

**Yes** \_\_\_\_\_

**No** \_\_\_\_\_

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

**AJ:mmm**

DECLASSIFIED  
White House Guide Series, Feb. 24, 1993  
By Ag, Final, Date 4-30-92

**CONFIDENTIAL**

Tuesday, April 23, 1968 --11:30

Mr. President:

Herewith Secretary Rusk recommends that you see Bert Mathews, our Ambassador to Nigeria, while he is in Washington this week for consultations. A session with you would help Mathews in Lagos.

W. W. Rostow

Approve; set up appointment

April 22 -27 \_\_\_\_\_

Disapprove \_\_\_\_\_

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

EKH/RPM/vmr

*Pres file*



DEPARTMENT OF STATE

Washington, D.C. 20520

1343  
5a  
April 19, 1968

MEMORANDUM FOR THE PRESIDENT

Subject: Appointment for Elbert G. Mathews,  
United States Ambassador to Nigeria

Recommendation:

I suggest that you receive Ambassador Elbert G. Mathews during his stay in Washington, April 22-27. The Ambassador will be on consultation in the Department.

Approve \_\_\_\_\_ Disapprove \_\_\_\_\_

Background:

You have not seen Ambassador Mathews since 1964, when he assumed his present position. I believe that a meeting now would be desirable to permit the Ambassador to discuss with you the current status of the Nigerian civil war. Although the Federal Military Government now occupies a preponderant military position, the aftermath of the war may have lasting effects on the stability and progress of Africa's most populous nation. The war is also having important repercussions in the rest of Africa.

I believe that a discussion of the effects of the war on our African policies would be useful. Since our policy of non-involvement in the civil war has caused some frictions with the Nigerians, it also would be helpful to our position if our Ambassador could meet with you. If it is convenient to your schedule, I recommend that you see him during his stay in Washington.

*Dean Rusk*  
Dean Rusk



~~TOP SECRET/SENSITIVE~~

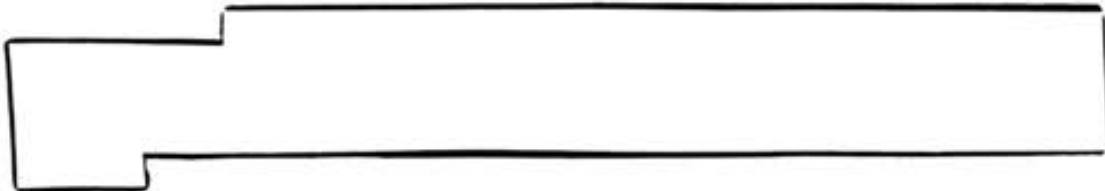
6  
*Pres. file*

Tuesday  
April 23, 1968 — 11:20 AM

Mr. President:

It appears that someone else might also be interested  
in Bucharest as a site.

3.4(b)(1),(3)



W. W. Rostow

AMcC:jsd

SANITIZED  
E.O. 12958, Sec. 3.6  
NJ/RAC 00-322  
By SJ, NARA, Date 2-7-03

~~TOP SECRET/SENSITIVE~~

Tuesday - April 23, 1968

Mr. President:

Secretary Rusk asks that you receive Ambassador Beam to discuss Czechoslovak developments. This could be any time in the next several weeks.

*Pres file*

The main usefulness of this is that it will strengthen Ambassador Beam's hand when he returns to Prague. As you know, we are trying to find discreet ways of encouraging the favorable developments in Czechoslovakia.

W. W. Rostow

Set up appointment \_\_\_\_\_

No \_\_\_\_\_

Speak to me \_\_\_\_\_

WWR:ND:gg

1306  
7a

THE SECRETARY OF STATE  
WASHINGTON

**DECLASSIFIED**  
**E.O. 12958, Sec. 3.6**  
**NLJ 97-269**  
**By is, NARA Date 10-8-98**

April 15, 1968

~~CONFIDENTIAL~~

MEMORANDUM FOR THE PRESIDENT

Subject: Request for Appointment  
for Ambassador Beam

Recommendation:

I recommend that you receive Ambassador to Czechoslovakia Jacob D. Beam to present an assessment of recent developments in Czechoslovakia.

Approve \_\_\_\_\_ Disapprove \_\_\_\_\_

Discussion:

Ambassador Beam arrived in Washington on April 9 for consultation and regular home leave. He plans to be in the Washington area until mid-May, when he will return to Prague.

This is a crucial period for Party First Secretary Alexander Dubcek, who replaced Antonin Novotny in January. Using as political support intellectuals, students and, to an extent, workers, the Dubcek coalition was also able to force strongman Novotny to resign the Presidency. Army "hero," 72-year old General Ludvik Svoboda, a public figure since the thirties, was elected President by the National Assembly on March 30. Oldrich Cernik was appointed as the new Premier on April 8, and a new Cabinet was sworn in on April 9.

A Party Central Committee meeting convened April 1 and adopted the Dubcek action program. Dubcek has declared that the Party would retain its leadership role but that the Government would execute its proper function, the economy would become a socialist market economy, and freedom of public expression and assembly would be guaranteed in law. At the same time, Dubcek has assured

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

~~CONFIDENTIAL~~

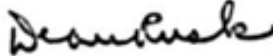


~~CONFIDENTIAL~~

-2-

the Soviet Union and Czechoslovakia's other Communist allies of its socialist direction, solidarity, and loyalty. The Bloc is watching Czech developments carefully, but no overt pressures have been applied against Czechoslovakia. Dubcek has said he wants good relations with all countries, including the United States.

Our position is to take no action with regard to Czech developments, except to indicate informally that any liberalization is welcome. Any other position at this time would be likely to embarrass and to prejudice Czechoslovakia in its relations with the Soviet Union. We are, of course, keeping the developing situation under constant review.



Dean Rusk

~~CONFIDENTIAL~~

~~SECRET~~Tuesday, April 23, 1968  
*1. [unclear]  
2. Pres file*

## MEMORANDUM FOR THE PRESIDENT

SUBJECT: Status of Your Decision on Aircraft for Israel

You will recall that, after your talk with Eshkol, you asked for three reports to determine how long you could keep open your decision on the 50 Phantoms. This is where we stand:

1. Secretary McNamara reviewed production schedules and determined that you can delay your decision until December 31, 1968, and still begin delivering Phantoms to Israel in January 1970 at the rate of about four per month (Tab A). Defense might have to place orders this summer for long lead-time items, but they could be diverted to our own aircraft if you decided negatively.

2. General Wheeler, after reviewing training requirements with General Hod, also reports that you can delay your decision until December 31. He has told the Israelis they must have candidates with English and electronics fundamentals ready to begin advanced training in the US in January 1969 (Tab B).

The one hooker is in the training schedule. The Israelis agree with both of these judgments provided we plan only delivery at the rate of about four aircraft per month as they come off the production line. However, they haven't given up arguing that the situation might be serious enough to require delivering 30 or 40 planes in January 1970, or even before. We could meet that contingency by diverting the planes from our own inventory, but Israeli technicians and pilots would not be ready.

3. ~~SECRET~~

SANITIZED  
E.O. 12958, Sec. 3.6  
NLJ 03-102  
By us, NARA, Date 7-15-03

~~SECRET~~

- 2 -

The reason the Israelis continue to press the gloomy picture despite our general agreement on facts is that they naturally take account of all possible enemy capabilities rather than relying on estimates of Arab and Soviet intentions. We're not likely to be able to prove our estimates that the threat will continue to be manageable. The problem in trying to resolve this difference is that their more pessimistic estimate reflects not only their understandable concern for the worst they might face but also an effort to influence our policy.

Ambassador Rabin asked me some days ago "at Eshkol's request" what the state of our decision is. With your permission, I propose simply to give Evron a low-key informal progress report on our staff work. I would say that you are keeping the matter under the active review you promised, that you have received the recommendations you asked for from General Wheeler, from the Secretary of Defense and the Director of Central Intelligence and that you have satisfied yourself that your option to begin delivering aircraft in early 1970 remains open. If we give Rabin a formal answer, he'll have to report it, and Eshkol will probably put it in the most pessimistic light.

We are groping for some way to link this decision to specific progress toward a political settlement. I don't believe we can bargain 50 planes for Israeli withdrawal. But we might find a time to use them in bargaining for a marginal shift in Israel's tactical position that might give negotiations a boost, if we can ever get negotiations started. Therefore, I don't believe there is any reason to rush your decision, but we will stay on top of it as you promised Eshkol.

W. W. Rostow

OK to tell Evron ✓ 4/14/68  
Better not to answer at all \_\_\_\_\_  
Call me \_\_\_\_\_

~~SECRET~~



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~~SECRET~~

C O P Y

THE SECRETARY OF DEFENSE  
Washington, D. C. 20301

6 February 1968

MEMORANDUM FOR THE PRESIDENT

You have asked that I inform you of "the latest date on which the President could make a decision to supply Israel with Phantom aircraft of appropriate configuration to be delivered to Israel beginning in January 1970."

If your decision is made on or before December 31, 1968, we can begin the delivery of Phantoms to Israel in January 1970. The Israeli request was for 50 aircraft. We would plan to deliver them at the rate of approximately 4 per month.

SIGNED

Robert S. McNamara

DECLASSIFIED

Authority OSD 11-1-78; State 10-25-79

By sp/19, NARA, Date 5-11-92

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~~SECRET~~

THE SECRETARY OF DEFENSE  
WASHINGTON

3 MAR 1968

MEMORANDUM FOR THE PRESIDENT

Subject: F-4 Training for Israel

General Wheeler and the Air Staff have reviewed Israeli training requirements with Brigadier General Hod and members of the Israeli Air Force. General Wheeler assures me that, should you make a decision to sell F-4 aircraft to Israel by 31 December 1968, the necessary training program can be completed prior to deliveries of the first aircraft, appropriately configured, in January 1970.

Paul H. Nitze

DECLASSIFIED

Authority OSD 11-1-78, State 10-25-79

By isp/eq, NARA, Date 5-11-92

~~SECRET~~

See Doc Cont Ser. X- 1402



C O P Y

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~~SENSITIVE - SECRET~~

April 8, 1968

Colonel B. Peled  
Deputy Commander, IAF  
Tel Aviv, Israel

DECLASSIFIED  
E.O. 12958, Sec. 3.6  
NLJ 97-276  
By is, NARA Date 3-23-98

Dear Colonel Peled:

This is in reply to your undated letter to me on the subject of U. S. training which would take place were the United States to agree to sell F-4 aircraft to Israel. The summary attached to your letter leads me to believe that it is necessary to recapitulate for you our understanding of the decisions under which this training would take place. They can be summarized as follows:

a. A decision as to whether F-4 aircraft will be available to Israel will be made not later than 31 December 1968.

b. The United States will be in a position to deliver appropriately configured F-4 aircraft at a rate of four-five a month, if necessary, beginning in January 1970, even if the decision is made as late as 31 December 1968.

c. The U. S. Department of Defense was to determine when U. S. training programs must start in order to insure that the Israeli Air Force can operate and maintain the aircraft as they are delivered.

The necessary training could be accomplished in the United States by commencing such training in January 1969 provided Israel:

a. Conducts all necessary English language training in Israel prior to that time.

b. Insures that Israeli personnel who would be sent to the United States for training in electronic sub-systems had received training in electronic fundamentals before their arrival.

c. Plans to have separate specialists in such areas as inertial and radar navigation system so that they can be trained concurrently, rather than attempt to train individuals in multiple specialties.

~~SENSITIVE - SECRET~~

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- 2 -

We will review the items of special equipment required for depot maintenance and determine the schedule under which such items would be made available. We assume that your facilities include adequate general purpose equipment.

Configuration of the aircraft would be standard for the E series except that nuclear provisions and electronic countermeasures (ECM) would not be included. We will arrange for a study of the feasibility of the desired additional communications capability and would be prepared to include this capability, if it is found to be feasible.

I propose that further contacts on this subject if necessary be through the Office of the Assistant Secretary of Defense (International Security Affairs) and have directed that further queries be referred to Mr. Warnke's office.

I assume that the above is agreeable to you.

Sincerely,

/s/

JOHN H. DACUS, Colonel, USAF  
Chief, Aeronautical Systems Div.  
D/Production & Programming

~~SENSITIVE - SECRET~~

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c

Monday, April 22, 1968  
5:00 p. m.

Mr. President:

Glenn Seaberg suggests that you might be able to do this business with Senator Pastore on the telephone, since he has already told you that he would support your decision in a pinch.

W. W. R.

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*Leahy*  
*2. Profile*



~~CONFIDENTIAL~~

DECLASSIFIED  
E.O. 12958, Sec. 3.6  
NLJ 97-268

April 22, 1968

1. map  
2 Pres file  
10

Mr. President:

By is, NARA Date 1-15-99

In the attached memo, Nick Katzenbach recommends that you advise Senator Pastore by letter (Tab A) of your decision to sell nuclear fuel to the UK for its nuclear submarines in the period after 1969.

Last summer, you approved the recommendation of State, Defense, and AEC that, subject to consultation with the Joint Committee, we inform the UK of our willingness to begin negotiations on this subject. After these consultations took place, Senator Pastore in a letter to you (Tab B) strongly questioned the desirability of the proposed agreement. He stated, however, that he would support the decision if you still wanted it, despite the misgivings of the Joint Committee.

The issue was then carefully reviewed, and State, Defense, and AEC recommended that you should inform Pastore that you had decided to go ahead on this matter. However, you decided to take no action at that time. After Senator Pastore's heart attack, it was decided to defer further action until his return to work which is now expected after the Easter recess.

In making his positive recommendation on this matter, Katzenbach in the attached memo deals with each of the objections raised by Senator Pastore. He also examines the relation to this decision of the UK decisions on defense cutbacks as well as the possible sale of UK nuclear fuel to Italy for Italy's nuclear surface ship program, a subject of long-standing interest to the Joint Committee.

The proposed letter for your signature states only the general considerations leading to your decision to go ahead on this matter. A more detailed response to his specific questions is presented in an unsigned attachment to your letter.

The DOD and the AEC concur in the decision to go ahead on this matter and on the text of the proposed letter to Senator Pastore.

W. W. Rostow

☐ Approve attached letter to Pastore  
☐ Disapprove  
☐ Call me

SMKeeny:jb:4-20-68/7pm

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DEPARTMENT OF STATE

Washington, D.C. 20520

April 15, 1968

~~CONFIDENTIAL~~

DECLASSIFIED

Authority E.O. 12958 SEC. 3.16) and (D) N1897-269  
By isp, NARS, Date 10-13-98

MEMORANDUM FOR THE PRESIDENT

Subject: Response to Letter from Senator Pastore  
Concerning the Supplying of Fuel for  
British Nuclear Submarines

Recommendation:

That you forward the letter and accompanying memorandum attached at Tab A to Senator Pastore in response to his letter (Tab B) about providing fuel for British nuclear submarines in the years beyond 1969.

Background:

Senator Pastore has now recovered sufficiently to begin resuming his duties in the Senate. It is therefore appropriate that you now respond to his letter of last November on the question of fuel for UK nuclear submarines.

In his letter, the Senator stated that he believed it would not be in our interest to supply fuel for UK submarines because it would:

- create difficulties with other countries who also want assistance for naval nuclear propulsion programs;
- permit the UK to compete more effectively with us in international nuclear power markets; and

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GROUP 4

Downgraded at 3 year intervals;  
declassified after 12 years

~~CONFIDENTIAL~~

-2-

-- be unwarranted in view of the UK's trade with Red China, North Vietnam and Cuba.

Discussion:

The State Department has, for some time, strongly favored supplying to the British enriched uranium fuel for their submarine force, and so informed the AEC last summer. We do not agree with Senator Pastore that provision of fuel to the UK would give us trouble with our other Allies, nor do we agree that it would strengthen the British competitive position in the international power reactor market.

Further, we do not believe that the level of British trade with North Vietnam, Cuba and Communist China justifies a refusal to provide them nuclear fuel. If we were to refuse, the British would look on it as a slap in the face in light of their continued support for our Vietnam policies.

The Department of Defense and the Atomic Energy Commission both agree that we should make a favorable reply to the British.

While the Senator deserves a full answer on the points he raised, I believe it would be unwise for you personally to commit yourself in a detailed reply. I therefore recommend that you send him a brief letter enclosing our unsigned memorandum which contains further details.

We have included in the draft letter a brief mention of the following matters which have arisen since Senator Pastore's letter was received:

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-3-

-- In January, the UK announced substantial cutbacks in its defense programs. These decisions did not change the goals for the UK nuclear submarine force, which takes on even greater relative significance in the UK's defense posture as its other forces are reduced.

-- The UK offered a few weeks ago to provide a relatively small quantity of low-enriched uranium fuel for use in experimental work related to Italy's nuclear surface ship program. The US received a similar request from the Italians some time ago which we have been unable to meet because of objections within both the Executive and Legislative Branches to the involvement of the Italian Navy in the project.

The British informed us in advance of their offer to the Italians and explained their reasons for making it. We did not object to their offering uranium to the Italians. We felt that we should not try to stop the British from dealing with the Italians, nor take retaliatory action (i.e., refusing to provide fuel for British submarines). We did, however, explain to the UK why we were not able to meet the Italian request and we did not endorse or encourage the UK's action.

Very recently we have been informed that Italy will probably not accept the UK offer of fuel for the critical experiment because the UK was not able to commit itself to provide a larger quantity of fuel for the Italian shipboard reactor. It has also been reported that Italy has decided to accept a French offer of fuel for the land-based experimental work, but we have no confirmation of this.

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-4-

We informed the Joint Committee of the British plan to offer fuel to the Italians so I recommend that you mention the matter in your letter to Pastore.

*Richard L. Wright*  
Under Secretary

Attachments:  
As stated

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~~CONFIDENTIAL~~

DECLASSIFIED  
E.O. 12958, Sec. 3.6  
NLJ 97-268  
By isa, NARA Date 1-15-99

Dear John:

I am most pleased that you are able to resume your duties in the Senate. We have missed you.

I would like now to respond to your thoughtful letter on the UK fuel request for their nuclear submarine program. I have had my people take a careful look at the issues you raised. Their memorandum on the subject is enclosed.

Their conclusions seem to me to make a lot of sense. The British have been staunch and firm friends through many difficult moments; their support for our Vietnam policies has been a great source of strength to all of us. In light of this steadfast friendship, we should think long and hard before taking steps that could only injure this close relationship.

I have decided, therefore, to inform the British that we are prepared to work out appropriate arrangements for the supply of the requested fuel. Knowing your concerns on this matter, I deeply appreciate your willingness to support me in this decision.

In reaching this decision, I have taken into account the UK's withdrawal from many world-wide defense undertakings. While the UK defense cutback decisions are disappointing to us, I believe we should continue to cooperate with them in defense programs that are in our interests as well as theirs.

As you noted in your letter, we have not cooperated with the Italians or the Dutch in naval nuclear propulsion programs for which they requested our help. I believe, however, that they and our other Allies will understand that our providing fuel for UK submarines is a continuation of existing cooperation with the UK and does not involve new "favoritism." We would, of course, expect to review fully with the Joint Committee any change which we might contemplate in our posture towards cooperative programs in the field of naval nuclear propulsion.

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I am aware of the recent British offer to supply -- under EURATOM safeguards -- a relatively small amount of low-enriched uranium to Italy for use in land-based experiments related to a nuclear propelled surface ship project. I understand the Italians will probably not accept this offer because the British informed them that they would not be able to supply fuel for the shipboard reactor as well as the experimental work. I believe that the British offer was not contrary to our interests and should not affect our willingness to provide fuel for the UK submarine fleet.

Perhaps you would like to talk with Dean Rusk or Nick Katzenbach about this further to get a more detailed picture of the considerations that led to my decision. I know that either of them would be happy to do so.

Sincerely,

Enclosure

The Honorable John O. Pastore  
The United States Senate  
Washington, D. C. 20510

LBJ:SMK:eny:jbx 4-20-68

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100

The Supply of Enriched Uranium Fuel  
For the UK Submarine Program

Concern has been expressed about the proposed supply of enriched uranium to the British for their nuclear submarine program in the post-1970 period on the following grounds:

1. Such an arrangement might complicate our relationships with other countries which have requested, but have not received, US assistance for naval nuclear propulsion programs;

2. Purchase of submarine fuel from the US may enable the UK to compete more effectively with the US in the international nuclear power market;

3. Such an arrangement is unwarranted in view of UK trade with Red China, North Vietnam and Cuba.

These considerations are discussed in order.

1. Effect on US Relations with Other Countries

The United States has had a major influence on both the hunter-killer and Polaris submarine programs of the UK. We have provided both a complete reactor for the first UK nuclear hunter-killer submarine and continuing substantial technical assistance under the 1958 Mutual Defense Agreement. The 1962 Nassau Agreement resulted in the UK undertaking its Polaris submarine program. Under this Agreement, all of the UK Polaris submarines are to be committed to NATO. The UK is also assigning all of its nuclear hunter-killer submarines to NATO missions.

DECLASSIFIED

E.O. 12958, Sec. 3.6

NLJ 97-269

By iso, NARA Date 10-8-98

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-2-

Up to now, the UK has provided fuel for all its nuclear submarines except the first one, using material produced at the Capenhurst gaseous diffusion plant. However, the top stages of that plant were shut down in 1964 at the time the US and USSR were also announcing cutbacks in the production of weapons materials. Additional highly enriched uranium suitable for submarine fuel could be produced at Capenhurst only after considerable expenditures by the UK. On the other hand, the US can supply the submarine reactor fuel needed by the UK without difficulty.

In light of this background, an unfavorable response to the UK would have the disadvantage of introducing an unnecessary abrasiveness into US/UK relations. Indeed, forcing the UK to resume production of highly enriched uranium at Capenhurst could be regarded as a distinctly unfriendly act in light of the UK's recent financial difficulties. In addition, renewed production by the UK of highly enriched unsafeguarded weapons-grade material might serve to emphasize the gap between the nuclear "haves" and the "have not" nations at a time when the US and UK are making a serious effort to achieve a Non-Proliferation Treaty.

Agreement by the US to sell nuclear submarine fuel to the UK would be unlikely to cause new feelings of discrimination on the part of other nations to which the US has not provided assistance in the field of naval nuclear propulsion. The long standing cooperation between the US and the UK in the nuclear field is well known to our other allies, and they would probably view the sale to the UK of nuclear submarine fuel as a natural extension of existing arrangements. All requests by other nations for assistance in naval nuclear propulsion would involve the initiation of new programs rather than continuation of an existing program as in the case of the UK.

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-3-

## 2. US/UK Competition in Sale of Power Reactors

Provision by the US of the amounts of submarine fuel the British have requested would allow them to release for their nuclear power program only about one-tenth of the amount of low-enriched fuel required for the initial loading of one medium-sized power reactor. This would not be of significance in the international market for nuclear power reactors.

In 1966 the US entered into agreements with the United Kingdom for cooperation in peaceful uses of nuclear energy under which up to 10,000 kilograms of U-235 will be supplied to the UK. Much of this material will be used in the British nuclear power program. These agreements could, of course, have the effect of releasing British enriched uranium for potential competition with the United States. This concern was raised during the hearings on the agreements held by the Joint Committee on Atomic Energy. However, the conclusion was reached that the sale of uranium to friendly nations at prices which fully cover the cost of production should not be withheld because of their ability to compete with the US in the international reactor field. In view of the US agreement to provide the United Kingdom with nuclear material for civil purposes, it would be difficult to justify, on the basis of possible competitive advantage, withholding material for use in an important UK defense program which contributes materially to the common defense and security.

## 3. UK Trade with Red China, North Vietnam and Cuba

The UK does not permit the export of strategic goods on the COCOM list to North Vietnam, Communist China or Cuba. Its exports to North Vietnam in 1966 amounted to only \$104,000 or less than one percent of the total

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-4-

free world exports of \$12.5 million to that country. UK exports to Communist China and Cuba in 1966 were \$93.6 million and \$22.7 million respectively and accounted for 7 and 9 percent of these countries' imports from the free world. UK exports to these three countries during 1967 were: Communist China \$108.1 million; North Vietnam \$185,000; Cuba \$24.1 million. Although the US has discouraged British trade with North Vietnam, Cuba and Communist China, the UK government is not in a position to prevent private companies from engaging in non-strategic trade with these three countries.

A related matter of concern to the US is the use of British-flag cargo ships to carry goods to North Vietnam. During 1967, a total of 78 free world ships entered North Vietnamese ports. Of these, only one was a vessel registered in the United Kingdom itself. However, 66 Hong Kong-registered ships, which fly the British flag, entered North Vietnamese ports during 1967. These ships are engaged primarily in coastal shipments from Communist China to North Vietnam. They are manned almost entirely by Hong Kong Chinese crews, operate under time charters to Communist China or North Vietnam, and are believed to be under control of Communist Chinese interests.

The US has periodically discussed with the UK Government the possibility of dealing with the problem of Hong Kong registered ships trading with North Vietnam. The UK has great difficulty in taking effective action in view of the implications such action might have for Hong Kong.

~~CONFIDENTIAL~~

JOHN G. PASTORE, R.I.  
CHAIRMAN  
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JOHN T. CONWAY, EXECUTIVE DIRECTOR

# Congress of the United States

## JOINT COMMITTEE ON ATOMIC ENERGY

WASHINGTON, D.C. 20510

November 20, 1967

CHEST HOLIFIELD, CALIF.  
VICE CHAIRMAN  
MELVIN PRICE, ILL.  
WAYNE N. ASPINALL, COLO.  
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JOHN YOUNG, TEX.  
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WILLIAM M. BATES, MASS.  
JOHN B. ANDERSON, ILL.  
WILLIAM M. MCCULLOCH, OHIO

206 B  
10d

The President  
The White House  
Washington, D. C.

Dear Mr. President:

The Atomic Energy Commission presented testimony to the Joint Committee on October 25, 1967, regarding a United Kingdom request that the United States provide fuel for their nuclear submarine program in the post 1970 period. The British request is for approximately 400 kilograms of U-235 enriched to 93% during the period 1971-72 and between 200 to 300 kilograms per year of similar material thereafter.

Commissioner Gerald F. Tape, during his presentation, stated that Presidential approval of the AEC's recommendation to provide the requested fuel had been obtained subject to the following stipulations: the agreement would deal only with the supply of nuclear fuel for submarines and would not involve a continuation of technological assistance in naval nuclear propulsion; the agreement would not be open-ended but for a limited period of time with the possibility of extension.

Also, I understand your approval of the proposed cooperation was subject to consultation with the Joint Committee. Your thoughtful suggestion that the AEC consult with the Joint Committee is very much appreciated and I would like to take this opportunity to give you my views and the views of the Committee on this matter.

The AEC in presenting the arguments for this proposed agreement stated a belief that military as well as "political" benefits will accrue to the United States. The AEC's explanation of what political benefits would accrue to the United States was somewhat less than convincing. I believe that the Joint Committee is not of the mind to approve this request from the United Kingdom without receiving more compelling arguments than have been put forth.



By granting this new arrangement we are going to add to our international difficulties with at least two nations, Italy and The Netherlands. Of course, this may open the door to other countries to request similar assistance.

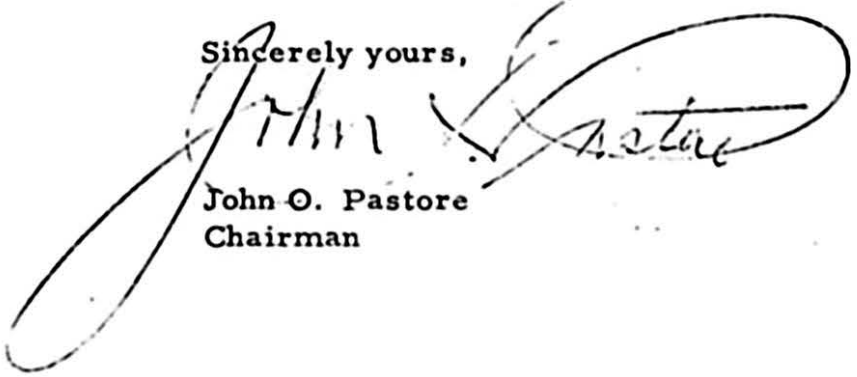
The Italian Government has been pressing our State Department to intercede with responsible branches of the Executive Department to insure that nuclear fuel to assist them in developing a naval nuclear propulsion capability be made possible. The Dutch have requested nuclear submarine assistance. In both instances we have not complied with their wishes. If we agree to assist the British we can expect these nations will request equal treatment, and we will be faced with the charge, with some validity, that again the British have evoked their claim to a "special relationship" with the United States.

The British have the capabilities of producing the highly enriched uranium requested, however, it is not economical for them to do so. If we enter into this arrangement it will free the British plants to produce uranium for commercial purposes. Thus Great Britain will be able to compete on a more favorable basis with the United States in the emerging international nuclear power market.

On a more sensitive issue closer to our hearts, it is the United States policy to discourage nations from trading with Red China, North Vietnam, and Cuba. I regret to say that I have noticed statistics in the Congressional Record and the press which indicate that Great Britain is in the forefront of Western allies who are trading with these nations. I am concerned that we may be practicing a double standard and making allowances for British trade which in my opinion they are not entitled to.

If in your judgment you believe that despite the misgivings of the Joint Committee, you still want us to enter into this arrangement with the British, I will support you. However, I am concerned that such an arrangement has more deficiencies than assets for the United States.

Sincerely yours,



John O. Pastore  
Chairman

~~SECRET~~

11

Monday, April 22, 1968

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Your Talk with Abe Feinberg --  
6:00 p.m., Tuesday, April 23

*Free file*

Abe is just back from Israel and may tell you what Eshkol has on his mind. As background, here is the status of things as we see them:

1. The Jarring Mission continues but with no greatly increased hope. The Jordanians are eager to start talks, but Nasser is hanging back. The Israelis have cooperated with Jarring just enough to avoid full onus for having killed his mission but not enough to convince the Arabs they are willing to make a reasonable deal once talks start. The Egyptian Foreign Minister is in Moscow this week, and we're waiting to see whether he'll come back stiffened or chastened.

2. Aircraft. We have determined that you can delay your decision as late as December 31 and still begin delivery of Phantoms by January 1970. Abe will probably have been told that, with the near-final refusal of France to sell Mirages, Israel needs these planes sooner.

1.5(c)  
3.4(c)(1)

We and the Israelis differ little on facts. The main difference is that the Israelis naturally interpret the evidence more pessimistically than we do. In short, we are keeping the issue under active review, as you promised Eshkol.

3. NPT. ~~I have just asked your approval of a message to Eshkol urging Israel's support for the treaty. This is important.~~

4. Desalting. We are still trying to find the right man to pick up where Ellsworth Bunker left off. Neither Walter Heller nor Kermit Gordon is able, and I am trying George Woods and Charlie Schultze as you instructed.

**SANITIZED**  
**E.O. 12958, Sec. 3.6**  
**NLJ 97-273**  
**By 12, NARA Date 2-25-00**

~~SECRET~~

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- 2 -

5. Jerusalem. The Israelis have routed their 20th Anniversary parade on May 2 through the former Arab sections of Jerusalem. Jordan has already protested to the UN. The Israelis have unnecessarily blackened the atmosphere for negotiations by showing once again that they don't intend to give any part of Jerusalem back to the Arabs. At some point, we will have to state publicly our disapproval of any unilateral change in the status of the city.

6. Twentieth Anniversary of Independence. You have already signed a message to President Shazar. We would want to look carefully at any proposal for your additional participation in the festivities.

W. W. Rostow

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INFORMATION

12

~~SECRET~~

Monday, April 22, 1968 -- 5:50 p.m.

Mr. President:

If you have not already been informed,  
you should know that we have lost another  
F-111.

*Pres file*

W. W. Rostow

~~SECRET~~

WWRosto@:rla

DECLASSIFIED  
White House Guidelines, Feb. 24, 1983  
By 28 NARA Date 4-30-92



~~SECRET~~



THE JOINT STAFF

THE NATIONAL MILITARY COMMAND CENTER  
WASHINGTON, D.C. 20301

22 April 1968  
1445 EST

12a

MEMORANDUM FOR RECORD

Subject: F-111 Loss

1. Information received through Air Force channels indicates that a USAF F-111 is missing and presumed lost while on a night radar strike against the Mi Le Highway Ferry, 11 nautical miles south of Dong Hoi.

2. The airborne Command Center lost voice communications with the aircraft at 210800 EST. Radar contact was lost due to ground clutter as the aircraft penetrated into Laos, enroute to target, 53 nautical miles northeast of Ubon, Thailand.

3. Planned aircraft altitude for the strike was 200 feet. US radar coverage in the Dong Hoi area is not effective at that altitude.

4. Fuel exhaustion time for the missing aircraft was 211020 EST. Electronic and infra-red search is in progress. Visual and photographic reconnaissance to locate the wreckage will start at first light.

*James A. Shannon*  
JAMES A. SHANNON  
Brigadier General, USAF  
Deputy Director for  
Operations (NMCC)

Distribution:

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DECLASSIFIED  
E.O. 12356, Sec. 3.3  
AF Guide, SEA Records, 4/1/88  
By *ry* NARA, Date *4-30-92*

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Monday, April 22, 1968 -- 5:30 PM

13

MEMORANDUM FOR THE PRESIDENT

SUBJECT: AID Program Loan to India

Herewith, Messrs. Gaud and Zwick recommend a \$225 million AID loan to India. This loan will provide all the AID capital assistance now planned for India during FY 1968.

Charlie Zwick's memorandum (Tab I) is a reasonably short summary of requirements, self-help performance, balance of payments effect, and relation to Indian military expenditures. Gaud's memorandum (Tab II) gives you somewhat more detail.

I think the economic case for the loan is clear. India is now in the first stages of a massive economic recovery, led by her record grain harvest. If she can find the foreign exchange required to get and keep her slack industrial capacity moving, she can start a cycle of growth which would be the most hopeful event in the history of our foreign aid efforts. If she can't find that foreign exchange, we can expect not only severe economic pressures, but much larger burdens on an already creaking -- though still democratic -- political system.

As you know, we have had our problems with the Indians of late on the NPT and on their military expenditures. I think it would be a mistake, however, to withhold this loan on either count. We seem to be having somewhat more luck in establishing conversation with the Indians on the NPT precisely because we are not threatening aid cut-offs, whereas the Russians are apparently taking a very hard line which includes such threats. On the Conte amendment and military spending, we would propose to hedge the disbursements of this loan against the possibility that we will learn later that the GOI is playing fast and loose with us. As of now, we are fairly certain that no arms payments will be made during the period we have been assured that they will not. But we are prepared if we find out otherwise.

This loan, like all our aid to India, would be made within the multilateral context of the consortium, in which our share will drop this year to about half the bilateral contributions. The loan would involve no balance of payments outflow.

W. W. Rostow

Approve package \_\_\_\_\_

Disapprove \_\_\_\_\_

Call me ✓ 4/23/68

DECLASSIFIED

Authority NLS 89-143  
By ju/irp NARA, Date 6-5-97

~~SECRET~~

EKHamilton/vmr



~~SECRET~~

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13a

EXECUTIVE OFFICE OF THE PRESIDENT

BUREAU OF THE BUDGET

WASHINGTON, D.C. 20503

APR 12 1968

APR 12 1968

DECLASSIFIED

E.O. 12958, Sec. 3.6

NLJ 97-268

By id, NARA Date 1-15-99

MEMORANDUM FOR THE PRESIDENT

Subject: AID Program Loan to India

In the attached Bill Gaud requests your approval of a \$225 million loan to India, primarily for the import of fertilizer and industrial raw materials.

Performance

Gaud's memo reviews the economic reform program which India undertook in 1966. The policies announced then have been maintained in spite of two years of recession and inflationary pressures caused by disastrous crop failures. We are increasingly convinced that Indian policy-makers are committed to the liberalization program and will maintain it as long as their foreign exchange resources permit.

The success of India's new directions in agriculture are evident in this year's grain crop, now estimated at 100 million tons, 32% above last year and 19% above the record crop of 1964-65. There is now grounds for some confidence that the longer run trend in food production will exceed population growth.

Moreover, the fiscal and monetary policy reflected in India's recent budget appears responsible and courageous. In spite of still-high prices, the government has cautiously begun to reverse its contractionary policies by increasing development expenditures and loosening credit to the private sector.

The weakest spot in India's overall performance is exports. Export earnings peaked at \$1.7 billion in 1964-65 and have not grown since. Both the World Bank and the IMF have pointed out the need for increased exports and AID intends to press for needed policy changes at next month's World Bank Consortium meeting.

On the basis of this performance, India received \$900 million in non-project aid commitments for 1966-67, of which the U. S. contributed \$382 million, or 42%. For Indian fiscal year 1967-68, most Consortium donors have provided the same amount as in the previous year. The exceptions are Italy, a minor donor whose aid has not been moving, IDA, which has had no funds to commit, and the U. S. This proposed loan, together with the \$50 million loan you approved last May and a \$20 million credit offered by the Export-Import Bank, would bring our total for this year to \$295 million, \$90 million less than last year. With IDA out of the picture, the reduced U. S. contribution would be a larger share of the total, but our share of bilateral contributions would drop from 55% to 51%.

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### India's Need

Assistance from Consortium members, including P. L. 480, pays for about half of India's \$2.7 billion in annual imports, the very lifeline of her development.

For the Indian fiscal year beginning this month, we anticipate continued relaxation of import controls, with 85% of industry able to import whatever it needs. There are already signs of recovery in consumer demand based on the good crop and on relaxed fiscal and credit policies. Reduced food import requirements should be more than offset by a 50% increase in fertilizer imports (almost matched by increases in India's own production) and an estimated 15% growth in imports of industrial goods. Total imports are projected to increase 10%, from \$2.7 billion to \$3 billion.

At the present rate of payments for aid-financed imports from the U.S., the unspent balance of past AID loans will be gone by August. The proposed loan is clearly required to meet upcoming payments and to permit the Government of India to adhere to the liberalization program.

### Food Aid Matching

Last September, in releasing the last million tons of our emergency food aid to India, you said that if other countries' matching was not truly additional, the U.S. contribution to the Consortium would be reconsidered. Rough calculations indicate that other countries' aid (other than food matching) declined by \$85 million or 28%. U.S. dollar aid, counting this loan, will have dropped by \$87 million or 23%. Thus, a case can be made that our emergency food aid has been matched.

### U.S. Balance of Payments

As usual, this loan will be available only for imports from the U.S. Furthermore, commodities eligible for AID financing are being selected to help promote additionality. As a result of these considerations, Secretary Fowler concurs in this loan.

### Military Expenditures

India's military expenditures continue to cause us problems. At Tabs A and B, Gaud discusses the implication of the Symington and Conte/Long amendments in detail. Indian budgetary expenditures for defense have increased slightly but steadily since 1963-64. As a share of the budget they have risen from 21.5% to 23.3% in the past two years, but they have not reached the proportions of the preceding period. Moreover, they have declined since 1963-64 from 4.2% to 3.4% of GNP and the absolute increases are more than offset by price increases. On balance, I agree with Gaud that it is not legally necessary for you to cut off aid under the Symington amendment. More important, to do so would close the door on our chances to influence Indian defense spending in the future.

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There is considerable uncertainty surrounding the recent Indian purchase of 25 MIG-21's. Since we are not sure whether or not this purchase will involve payments during the period now covered by the Conte/Long amendment (January-June of this year), Gaud proposes to make it clear to the Indians that we reserve the right to deduct from this loan any amount necessary under the terms of that amendment.

Recommendation

I recommend that you approve this \$225 million loan.

*Charles J. Zwick*

Charles J. Zwick

Director

Attachment

Approve \_\_\_\_\_

Disapprove \_\_\_\_\_

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

OFFICE OF  
THE ADMINISTRATOR

APR 10 1968

MEMORANDUM TO THE PRESIDENT

SUBJECT: \$225 Million Production Loan to India

Recommendation: We recommend that you approve a \$225 million production loan to India out of FY 1968 funds. With this loan, total U.S. assistance to India for non-project imports from the U.S. for the Indian fiscal year 1967/68 would amount to \$295 million, including the \$50 million A.I.D. non-project loan you authorized in May 1967 and \$20 million which the Export-Import Bank has offered India for procurement of capital equipment.

Consortium Policy Objectives

The proposed loan completes the U.S. contribution to the second year (1967/68) of the Indian economic reform program supported by the World Bank Consortium, and launched by India in the spring of 1966 with the adoption of new policies designed to accelerate economic development after the disappointingly slow progress of the first half of this decade. The broad outlines of India's comprehensive action plan are as follows:

- A vigorous program to reduce the rate of population growth from  $2\frac{1}{2}$  to  $1\frac{1}{2}$  per cent per year within ten years.
- A shift of emphasis in its program of economic development toward increasing food and other agricultural production.
- Adoption of fiscal and credit policies to promote a progressive increase of domestic savings.
- Liberalization of maintenance imports to stimulate increased utilization of industrial capacity.
- Substitution of a greater degree of reliance on market forces for administrative decisions as part of its effort to improve the efficiency of industry.

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By jc, NARA, Date 12-18-09

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- Measures to speed up the growth of export earnings and to increase receipts from tourism.
- Adoption of tax licensing and marketing regulations which will encourage greater foreign private investment, particularly in fertilizer production facilities.

The World Bank placed before the members of the Consortium the plans of the Government of India and requested that they provide the non-project aid required to enable India to implement its program.

#### Self-Help Performance

The Consortium countries agreed that the package of reforms to which India was committing itself was worthy of support. A total of \$900 million in non-project aid was pledged for IFY 1966/67. On the basis of these pledges, India took the first difficult and politically courageous steps toward executing its economic reforms.

- In June 1966 the rupee was devalued by 36.5% to bring the Indian internal price structure into better alignment with world prices and to curb the growth of import demand in anticipation of liberalization.
- In August 1966 the first phase of a liberalization plan was announced permitting production goods for 59 priority industries to be freely imported.
- Needed budgetary and foreign exchange resources were made available to provide the Indian farmer with the physical inputs required to attain the agricultural production goals.
- The Indian Government put new steam behind its family planning program by budgeting the required financial support.
- Investment and production controls were relaxed and the dismantling of purely domestic controls was continued.

India's reform efforts thus far have been taken in the context of recession triggered by two serious crop failures. Agricultural decline was echoed in reduced demand for industrial goods. India cut back public sector investment in the face of what it considered excessive inflationary pressures.

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Although all the steps have not been taken, India has followed through on the basic direction of the reform program. The Indian economy is a much more liberal one -- much more open to the free forces of private initiative -- than that of pre-1966. Our implicit understanding with India, which underlies continued U.S. support, is that the new liberal trend will be maintained and extended.

#### India's Assistance Requirements

The reform program described above was understood by all members of the Consortium to be one for which large amounts of assistance would be needed for some years. The IBRD originally estimated, after the initial \$900 million in 1966/67, a probable need of \$900 - 1,000 million annually in non-project aid pledges in 1967/68 and 1968/69. With the drought and the consequent fall in domestic and import demand, the IBRD in 1967 reduced the estimate for the latter two years to \$750 and \$820 million. Pledges for 1967/68 were even lower at \$543 million, but this amount now appears to have been adequate in view of delay in industrial recovery, the growth of the pipeline during the recession, and IMF rescheduling. However, we conclude that the Bank's estimated \$1,570 million pledge requirement for the two years is about right, with a greater proportion of it needed in 1968/69.

This conclusion is based on our estimate of total imports of \$3 billion in 1968/69, including \$1.6 billion in industrial raw materials and spares, an increase in this critical category of 26% from the low point of 1966/67.

Partial indicators of recovery and rising import requirements are a 100 million ton grain crop -- 36% above last year, rapidly increasing fertilizer demand, growing demand for commercial vehicles, and expansion of chemical industry output. These indicators are reinforced by recent steps in fiscal and monetary policy: (1) a cautiously expansionary budget for 1968/69 including a 6% increase in regular development outlays plus another 7% increase for foodgrain buffer stocks, and (2) a reduction in the bank rate from 6% to 5%.

Exports are also expected to continue their gradual recovery, reaching the level attained three years ago of \$1.8 billion. Exports did not respond to devaluation two years ago because the Indian Government placed priority on maintaining revenues and recapturing windfall profits resulting from the devaluation and temporized on general export policy. The government offset the price benefits by levying export taxes on major export items and by withdrawing export subsidies. There are now signs of improved export policy, and this question will be foremost in coming Consortium discussions.

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Netting the import and export trends and other payments factors, including increased debt service, yields a gap in the Indian balance of payments in 1968/69 approximately \$250 million larger than that of 1967/68 (Tab A). Larger disbursements from U.S. and other Consortium non-project donors are needed to fill this gap. This proposed loan will enable us to do our share.

#### Consortium Aid Sharing

The U.S. share in the first year of the reform program was 42% of the total non-project aid, or \$382 million. With this loan, the U.S. contribution to the second year of the program will drop to \$295 million. (An earlier \$50 million A.I.D. loan and the offer of \$20 million by the Export-Import Bank complete the U.S. contribution.) Other bilateral donors (except Italy) have maintained their contribution despite the U.S. shortfall. With no contribution from IDA, the reduced U.S. contribution will be a larger share of the total, but the U.S. proportion of all bilateral contribution declines from 55% to 51%.

#### Uses of the Loan

We contemplate that \$100 million of the loan will be for agricultural production inputs, primarily fertilizers. India plans (and we strongly support this intent) to import \$400 million in fertilizer in 1968/69. This achievable target is double the level of two years ago, and four times the level of three years ago. The remaining \$125 million of the loan will be for raw materials, metals, chemicals, intermediate goods, and some industrial and transport equipment and parts.

#### Additionality

On the basis of our negotiations, we are convinced that India understands the importance which the U.S. attaches to the problem of additionality, and that within the narrow limits of free foreign exchange availability, she will continue her efforts to increase purchases in the U.S. At the same time, the substantial increase in fertilizer and pesticide imports from the U.S. would, in the absence of this loan, likely be purchased from other suppliers. In order to increase additionality of U.S. exports to India, we intend to adjust commodity eligibility to: (a) exclude products which are likely to be purchased in the U.S. by India with free exchange if aid is not available, and (b) include products which may have the potential for follow-on sales.

#### Symington and Conte-Long Amendments

Symington Amendment: After review of Indian defense spending, we have concluded that India is not diverting its resources to unnecessary military expenditures to a degree which would materially affect its development. Defense expenditures represent a declining proportion of

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GNP, having dropped from 4.2% in 1963/64, the year after the Chinese incursion, to an estimated 3.5% in 1967/68 and about 3.4% budgeted for 1968/69 despite what India sees as continuing threats from China and Pakistan. As a percentage of total central government expenditure, defense has declined slightly from nearly 25% in 1963/64 to about 23% in 1967/68 and 1968/69. These figures are not out of line with the average performance of countries in South and East Asia. Problems of drought and inflation have been far more important as restraints on the level of development than have defense expenditures. (see Tab B)

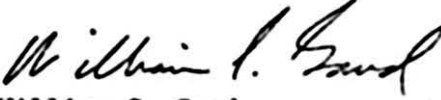
Conte-Long Amendment: We have carefully reviewed all information available to us and have concluded that, as of the present at least, there is no evidence of Indian expenditures which would require the withholding of assistance under Section 119 (The Conte-Long Amendment) of the Foreign Assistance and Related Agencies Appropriation Act, 1968.

However, India is in the process of acquiring Soviet MIG-21's under a purchase arrangement which seems clearly to postdate the January 2 effective date of Section 119. Deputy Prime Minister Morarji Desai has advised us, and we have as yet no contradictory intelligence, that although some of the MIG-21's may be delivered prior to June 30, 1968, there would be no payment for these MIG's until a year after delivery. In the absence of such payments, there is no need to determine whether MIG-21's are sophisticated in the Indian context, and we have not done so.

To cover the contingency of any Indian expenditure requiring a Conte-Long deduction, we will reserve the right to make an appropriate deduction from our loan. You would still retain authority, however, to waive such a deduction if you were to determine either that the Indian purchase was vital to the security of the U.S. or that the furnishing of the assistance involved was important to the security of the U.S. (see Tab C).

Concurrence

State and Defense concur in this memorandum.

  
William S. Gaud

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## TAB A

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INDIA'S BALANCE OF PAYMENTS  
(\$ Millions)

	<u>Actual</u> <u>1966/67</u>	<u>Estimated</u> <u>1967/68</u>	<u>Estimated</u> <u>1968/69</u>
<u>Imports - Total</u>	<u>2694</u>	<u>2750</u>	<u>3000</u>
Food & Other PL 480	678	750	600
Project - Tied	560	355	400
Fertilizer	190	265	400
All Other	1266	1380	1600
<u>Exports</u>	<u>1535</u>	<u>1680</u>	<u>1780</u>
<u>Trade Balance</u>	<u>-1159</u>	<u>-1070</u>	<u>-1220</u>
<u>Other Transactions</u>	<u>- 342</u>	<u>- 385</u>	<u>- 500</u>
Interest & Debt Service	- 310	- 285	- 430
IMF Repayments	- 58	- 50	- 40
Other	26	- 50	- 30
<u>Overall Deficit</u>	<u>-1501</u>	<u>-1455</u>	<u>-1720</u>
Food Aid and PL 480	466	515	470
Project Aid	560	355	400
Program Aid	299	495	850
IMF Drawings	188	90	-
Use of Reserves	- 12	-	-

**DECLASSIFIED**  
**E.O. 12958, Sec. 3.6**  
**NLJ 97-268**  
 By iss, NARA Date 1-15-99

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~~SECRET~~SYMINGTON AMENDMENT

Prior to 1963 India had a small defense budget and an underequipped military establishment. In late 1962 when the Indian army was unable to withstand attacking Chinese forces, the effects of military economy became evident. These military reverses led to a profound change in Indian thinking: a strong national consensus arose that India must build up forces sufficient to defend the nation.

The 1963/64 defense budget, the first presented to Parliament after the Chinese incursion, was more than double the previous one, rising from 2% to 4.2% of GNP. Thereafter, defense expenditures leveled off. The Indo-Pak hostilities of 1965 did not bring about another build-up. As a per cent of GNP, defense expenditures have fallen from the 4.2% peak of 1963/64 to an estimated 3.5% in 1967/68 and a budgeted 3.4% in 1968/69. As a per cent of total central government expenditure, defense has declined slightly from nearly 25% in 1963/64 to about 23% in the 1967/68 fiscal year.

Based on intelligence estimates, we believe India's defense imports have been running around \$140 million per year in free foreign exchange plus about \$100 million more in barter with the Soviet Union. This level represents between 8 and 9% of India's imports in 1967/68.

India's foreign exchange expenditures for military equipment include outlays for spare parts and ammunition for the western-supplied arms in India's inventories, communication equipment, construction and maintenance of defense production facilities, components for arms being produced in Indian plants (such as the Vijayanta tank factory at Avadi and the HF-24 production line at Bangalore), aircraft, and naval craft. Major items still being paid for under the Indo-Soviet agreements include SAM firing battalions, the MIG plants, MIG fighters, naval craft, medium tanks, artillery, and SU-7 fighter bombers.

The movement of defense expenditures since 1963, their relation to GNP, and other data relevant to the determination required under Section 620 (s) of the FAA, are shown in the following table:

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Indicators of India's Defense Spending  
(Millions of Dollars and Indian Fiscal Years ending March 31)

	<u>1963/64</u>	<u>1964/65</u>	<u>1965/66</u>	<u>1966/67</u>	<u>1967/68</u> (est)	<u>1968/69</u> (est)
1. Defense Expenditures <sup>1/</sup>	1,122	1,183	1,302	1,426	1,515	1,590
2. Total Central Gov't. Expenditures <sup>1/</sup>	4,520	4,938	5,492	6,638	6,717	6,846
3. Defense as % of Total Expenditures	24.8%	23.9%	23.7%	21.5%	22.6%	23.3%
4. Foreign Purchase of Military Equipment	279	200	210	230	240	240
5. GNP <sup>1/</sup>	26,800	31,100	32,400	36,900	43,100	46,100
6. Defense as % of GNP	4.2%	3.8%	4.0%	3.9%	3.5%	3.4%
7. Annual % Increase in Defense		5.0%	10.4%	9.5%	6.3%	4.6%
8. Comparison of Indexes of:						
a) Defense Spending	100	105	116	127	135	
b) Wholesale Prices	100	108	117	132	141	

Regional Comparison

Indian defense expenditures are not out of line with the average performance of countries in South and East Asia. From 1965/66 through 1967/68, India's defense expenditures averaged 22.6% of total central government expenditures compared with the area's median of 21.7%. If adjusted for the fact that India has a federal structure with large state government budgets excluded from this comparison, the proportion of total public sector expenditure going to defense would be lower. In the period 1966/67 - 1967/68, Indian defense expenditures as a proportion of GNP averaged 3.8%; for the countries of South and East Asia, the median proportion was 3.95%.

<sup>1/</sup> Figures for all years were derived from the rupee figures at the current exchange rate of Rs. 7.5 = \$1 in order to provide a consistent representation in dollars of the rupee spending trend both before and after devaluation in 1966.

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Defense and Development

India has had a relatively poor record of economic growth recently with per capita GNP reattaining 1964 levels only last year, but this has been due primarily to an unprecedented two-year drought, not to diversion of resources to defense. Inflation, largely increases in food prices due to the drought, dictated a retrenchment in government expenditures in fiscal year 1967/68. Government operating expenditures were necessarily increased with the expansion of famine relief costs, and defense expenditures were heavily weighted in personnel expenses and fixed contracts and thus relatively inflexible. Development outlays were most seriously affected as a result.

These facts tend to mask some very real progress that has been made during the last few years in laying the groundwork for future economic development. A major re-examination of India's economic policies has taken place, and with the advice and encouragement of the India Consortium, the IMF, and the IBRD, India has undertaken a substantially liberalized development program. It has dismantled numerous controls, adopted more market-oriented policies, launched a major family planning program, and devalued the rupee as a key step toward improving its balance of payments situation. It has also changed the emphasis of its development effort to give greater attention to agriculture, increased fertilizer imports, and re-examined its policies on food stocks, prices and inter-zonal trade.

The 1968/69 Budget

In the Indian 1968/69 budget, defense expenditures are projected to increase by 4.6%. At this level, defense is expected to be a smaller percentage of GNP than in 1967/68 since GNP is estimated to rise at 6½%. The increase is for rupee rather than foreign exchange costs and is essentially a reflection of inflation; it will cover mainly items such as higher cost of living allowances, increased cost of stores due to the price rises of 1967, and the cost of new quarters for married personnel, not an increase in the size of the Indian defense establishment.

In contrast to defense, development expenditures are budgeted to rise 6.2%. Adding the appropriation for accumulation of a foodgrains buffer stock designed to play an important developmental role in Indian food production policy, total development outlays rise about 13%.

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Even prior to the enactment of the recent legislation on defense expenditures of aid recipients, we made it clear to the Government of India that U.S. support for its development programs could become increasingly difficult in the future if defense expenditures were too high. The IBRD Consortium has also urged the GOI to limit its defense expenditures.

#### Force Level Comparison

India currently maintains an army of over 1.1 million men, plus an airforce of 77,000 men and a navy of about 19,000 men. Major items of military equipment include about 1300 tanks, about 900 jet combat aircraft, and various naval ships including 1 aircraft carrier, 2 cruisers, and about 20 destroyers and patrol craft, about one-half of them of World War II vintage.

Of India's potential opponents, the Chinese armed forces substantially exceed those of India but the logistical problems for Chinese forces attacking India would be such that the Chinese probably could not mount an invasion force of more than about 300,000 men, with available air support probably less than that which could be mustered by India. The Chinese do, however, possess a nuclear weapons capability which should be considered a complicating factor determining India's defense requirements.

The Pak armed forces include an army of about 263,000 men equipped with about 900 tanks, an air force with about 325 jet combat aircraft and a navy including 1 cruiser, 1 submarine, and about 11 destroyers and patrol craft, the bulk of them of World War II vintage.

The present size and equipment of Indian armed forces and the defense expenditures by which they are supported reflect India's reaction to the recent hostilities with China and Pakistan. There is no evidence that the Indians plan to attack their neighbors or are concerned with more than maintaining an adequate defense against possible simultaneous two-front attack from China and Pakistan.

#### Conclusion

We conclude that India is not diverting its resources to unnecessary military expenditures to a degree which would materially affect its development, nor is India diverting U.S. development assistance or PL 480 sales to military purposes.

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E.O. 12958, Sec. 3.6

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TAB C

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By isr, NARA Date 1-15-99

CONTE-LONG AMENDMENT

The Problem

The question of a Conte deduction does not arise for most of India's current acquisitions of Soviet arms since the GOI contracted for them during 1964-1966. On February 6 Deputy Prime Minister Morarji Desai assured us that the GOI had neither signed contracts nor concluded commitments for sophisticated weapons since January 2, 1968, nor were any such commitments or contracts contemplated before June 30, 1968.

Later in February, however, we received sensitive intelligence information suggesting the GOI might be about to buy 25 Soviet MIG-21's. Desai has now advised us that this acquisition came under the terms of an earlier contract, predating January 2, 1968, which provided Soviet assistance for construction of a MIG aircraft manufacturing complex in India. He said the terms of this contract called for import of MIG's from the Soviet Union should the manufacturing project fall behind schedule. Implementation of the MIG facility has, in fact, been behind schedule.

Our intelligence indicates that such shortfall purchases were the subject of option rights under the prior contract, in which event we consider the date of exercise of the option ( assuming such action would have resulted in binding legal obligations ), rather than the date of the original contract to determine whether the purchase predated the effective date of Section 119. It seems clear that India had taken no action prior to January 2, 1968, which would have resulted in binding legal obligations. However, Desai also advised us that while some of the MIG's might be delivered before next June 30, there would be no payments until a year after delivery. This, of course, is the crucial determination, since the penalty provision of the Conte-Long Amendment is only operative when there have actually been expenditures.

There is no conclusive evidence that there has been or will be a payment for the purchase of the MIG-21's by India during the latter half of this fiscal year. However, such evidence might subsequently develop as to require action under Section 119 or similar future legislation.

Our Approach

In order to enable us to make appropriate deduction under the Conte-Long Amendment subsequent to signing of the loan, should such prove to be necessary, we propose signing the full \$225 million loan agreement with the Government of India on the explicit understanding that we reserve

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TAB C

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the right to make an appropriate deduction from our loan if this fiscal year or subsequently we conclude that the GOI has engaged in activities which render it liable for such a deduction under the terms of Section 119 of the Foreign Assistance and Related Agencies Appropriations Act, 1968.

After FY 1968 we intend to follow the same approach vis-a-vis the Government of India if the Conte-Long Amendment or similar legislation is reenacted.

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Monday, April 22, 1968  
5:10 p. m.

*P. file*  
*14*

MR. PRESIDENT:

SUBJECT: 6:00 p. m. meeting with Secretaries Rusk and Clifford on  
site for North Vietnamese contact

1. Sect. Rusk has been considering possible diplomatic next steps,  
of which the attached list illustrates some possibilities.

2. Although he will make his own case, I believe his preference  
is something like para. 4 in attached list; that is, diplomatic discussions  
about sites between our Ambassador and theirs in either Warsaw or Vientiane.

3. As I see it, we face this situation:

-- our people want contacts to begin and this wish is being exploited  
by Hanoi to force us to Warsaw or Phnom Penh, where we would pay  
a heavy price in Saigon and Asia;

-- we will not be able to get our people into line until either:

-- contacts begin;

-- or Hanoi turns down an obviously fair proposal.

-- getting our people in line is of great importance if we were to  
discover that Hanoi in fact does not wish to negotiate and we have  
to resume the bombing of Hanoi-Haiphong.

3. It is in that dual context that we ought to look at Bill Jordan's  
list and any other proposals:

-- is Hanoi likely to accept?

-- if they turn it down, will it help convince our people that we,  
at least, are being reasonable and going as far as we can go  
in good conscience?

Attachment

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E.O. 12958, Sec. 3.6  
NLJ 97-268  
By is, NARA Date 1-15-99

W. W. Rostow

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DE VTE 1693

FROM WALT ROSTOW  
TO THE PRESIDENT  
CITE CAP81027

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Authority 71-9 84363  
By WPL/19, NARA, Date 5-13-82

21 APR 68  
NDAY  
14a  
Chow

APRIL 21, 1968

I ASKED BILL JORDEN TO SET ON PAPER ALL THE GIMMICKS HE COULD THINK OF, INCLUDING SOME THAT WE DISCUSSED THIS MORNING. HERE THEY ARE. I AM MAKING A COPY AVAILABLE TO SECRETARY RUSK.

SOME ALTERNATIVES ON A SITE FOR TALKS WITH HANOI

1) A NEUTRAL SHIP

--ASK U THANT TO ARRANGE

--ASK HOST COUNTRY TO PROPOSE

(NOTE: WE SUGGESTED A SHIP FOR ARMISTICE TALKS IN KOREA)

2) ACCEPT THEIR CHOICE FOR "CONTACTS" (I.E. PHNOM PENH OR WARSAW) IF THEY ACCEPT OUR SITE FOR "TALKS" (RANGOON, DELHI, ETC.)

3) SEND A REPRESENTATIVE (POSSIBLE OUR NO. 2 NEGOTIATOR) TO WARSAW TO MAKE CONTACT WITH HANOI'S REPRESENTATIVE TO ARRANGE A MUTUALLY AGREED SITE.

4) NEGOTIATE A SITE THROUGH ALREADY ESTABLISHED CONTACTS (E.G. VIENTIANE WITH OUR AMBASSADOR AND THEIR CHARGE\*)

5) ASK THE POPE TO PROPOSE VATICAN CITY AS THE SITE.

6) A ROTATION PLAN--ONE MONTH IN THEIR SPOT, ONE MONTH IN OURS, E.G. PHNOM PENH AND RANGOON, WARSAW AND DELHI.

7) ROTATION PLAN BETWEEN CAPITALS OF THE CO-CHAIRMEN (I.E. LONDON AND MOSCOW)

8) ASK THE CO-CHAIRMEN (BRITISH AND SOVIETS) TO AGREE ON AND PROPOSE AN "APPROPRIATE" SITE.

9) ROTATE TALKS AMONG THE THREE ICC CAPITALS (DELHI, WARSAW, OTTAWA)

10) GET A THIRD PARTY (E.G. U THANT CO-CHAIRMEN, ETC.) TO PROPOSE BUCHAREST.

11) A SITE ON THE DMZ IN VIET-NAM WITH GUARANTEES FOR THE SECURITY OF THE SITE, BASE CAMPS, AND ACCESS ROADS (AS IN PANMUNJOM)

DTG: 212256Z APR 68

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SECRET

W. W. R

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Monday, April 22, 1968 -- 3:30 PM

Pres file

Mr. President:

Attached is a letter from Dave Bell suggesting that your decision on your own future may make it easier to go ahead with the Perkins Committee study on foreign aid. You will recall that that proposal was for a full-blown review of the program with a report due after the election. The study would be financed with AID funds; there would be no need for a special appropriation.

As you know, Secretaries Rusk and McNamara, Bill Gaud, Joe Califano, and I have long thought that this is a sound proposal. I don't know whether your own opinion of it has improved, but I thought we should check with you before answering Dave.

W. W. Rostow

Answer is still no; let them down easily \_\_\_\_\_

O.K. to go ahead with study \_\_\_\_\_

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

EKH/vmr



LHM  
15a

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

DAVID E. BELL  
VICE PRESIDENT  
INTERNATIONAL DIVISION

April 8, 1968

The Honorable  
Edward Hamilton  
The White House  
Washington, D.C.

Dear Ed:

One of the benefits of the President's decision not to run is to leave him freer to take some actions from which he felt inhibited before. One of these might well be to ask the Perkins Committee to go ahead with the foreign aid study suggested last fall.

At least two of the problems the President may have had with the idea have been reduced: (1) he can feel less inhibited about using current funds to study the future, since the benefit from the study won't accrue to him (and he won't be so vulnerable to retaliatory cuts in appropriations); and (2) he can feel less concern about leaks, since he won't be using the recommendations himself - indeed, he might want to ask the Committee to make their report publicly, say, one week after the election.

With best regards.

Sincerely yours,

*DEB/am*

David E. Bell

cc: Dr. James A. Perkins  
Mr. William S. Gaud

(Dictated by Mr. Bell and  
signed in his absence)

~~TOP SECRET~~

Monday, Apr. 22, 1968  
12:15 p. m.

16

MR. PRESIDENT:

You may wish to read the summary,  
at least, of this National Intelligence  
Estimate on the Soviet space program.

Key passages marked.

W. W. Rostow

~~TOP SECRET~~-attachment  
~~TALENT-KEYHOLE-COMINT~~

TCS 569-68 NIE 11-1-67 4 Apr 68 The Soviet Space Program Cy No 1

DECLASSIFIED  
E.O. 12958, Sec. 3.6  
NLJ/RAC 00-323  
By cbm, NARA Date 4-9-01

CONFIDENTIAL

17

*Pres file*

Monday, April 22, 1968

Mr. President:

In the attached, Secretary Rusk recommends you have a very short informal meeting with Prime Minister Ramgeolam of Mauritius (a newly-independent island off the east coast of Africa). Rusk's memo gives concise background information on the proposed appointment.

Ramgeolam will be in town May 5th to 10th. He knows your schedule is always tight and won't take it amiss if you don't meet. Assuming there are no big scheduling problems, I vote you agree to a 15-minute office call.

W. W. Rostow

OK; set up short meeting  
between May 5 and 10 \_\_\_\_\_

Disapprove \_\_\_\_\_

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

WWR:EKH:RM:lw  
att: file #1328

DECLASSIFIED  
White House Guidelines, Feb. 24, 1983  
By lg, NARA, Date 4-29-92

CONFIDENTIAL

THE SECRETARY OF STATE  
WASHINGTON

April 18, 1968

~~CONFIDENTIAL~~

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Appointment for Sir Seewoosagur Ramgoolam,  
Prime Minister of Mauritius

Recommendation:

That you receive Sir Seewoosagur Ramgoolam, Prime Minister of Mauritius, for a brief office call on the morning of May 6.

Approve \_\_\_\_\_ Disapprove \_\_\_\_\_

Background:

Prime Minister Ramgoolam will be in Washington on an unofficial visit, following a stay in New York on the occasion of his nation's entry into the United Nations. Your involvement would be confined to the office call. No luncheon or greeting ceremony would be involved.

Mauritius occupies an important location in the western Indian Ocean area. Communist nations already have established a foothold on Mauritius. While we wish to deter these inroads, due to our interest in Mauritius as a landing site for Project Apollo search-and-rescue aircraft and our desire in general to deny the area to the communists, we have very little to offer Mauritius in the way of technical assistance. Your receiving Prime Minister Ramgoolam would impress upon him the good will which we feel toward him and toward his nation.

*Dean Rusk*  
Dean Rusk

~~CONFIDENTIAL~~

GROUP 3

Downgraded at 3 year intervals;  
declassified after 12 years.

DECLASSIFIED

Authority State Dept. letter 9-11-95

By gmling NARA. Date 6-2-97



18

*For file*

Monday - April 22, 1968

MEMORANDUM FOR THE PRESIDENT

SUBJECT: The New York Times Article on Latin America

In the statement for the Latin American ceremony, we have included material indirectly rebutting The New York Times story on failure to meet the OAS Summit goals.

Here are the facts showing how distorted the article is:

Charge: Food production is losing ground to population growth. Population is increasing at 2.7% per year, while food production rose somewhat more than 1% in 1967.

The Facts: Our Department of Agriculture states food production increased 6% in 1967. The Inter-American Development Bank estimated 8%. This is over twice the growth in population.

Charge: Exports are another example of regression. The \$300 million increase is half the minimum required for desirable development.

The Facts: The 1961-66 average was 6% per year. Earnings in 1967 fell to 3% because of price drops in coffee and lower cotton production. The Latin American decline is in line with the drastic world-wide decline in the growth of trade: from 9% to 3% in 1967.

Charge: Development of education has not been propitious either.

The Facts: In 1967 the Latin Americans spent \$2 billion more <sup>than</sup> on education -- an increase of over 6%.

**Charge:** The 1970 starting date for the Latin American Common Market will at least have to be postponed.

**The Facts:** Plans for setting up the Common Market have not gone as fast as we would like, but it is too early to say now that postponement of the starting date is a foregone conclusion. The article discusses the problems fairly and notes the advances made by the Andean Group and the committee to bring the Central American and South American trading groups together.

**Charge:** Multinational development projects since Punta del Este have not materialized.

**The Facts:** The Inter-American Development Bank signed 8 loans totalling \$81 million, for roads, power plants and industries serving several national markets.

**Charge:** Service of foreign debts absorb 75% of the fluid capital of the Latin American nations.

**The Facts:** The charge gives the impression that 75% of all foreign exchange earnings go into debt service. This is a gross distortion. The recognized measurement of the burden of foreign debt service is its ratio to export earnings. In 1967 this was 17%. Since 1961 this ratio has varied between 16.1% and 17.5%. The Inter-American Bank makes this clear in its 1967 report. The 75% figure is the ratio if debt service is applied to foreign public and private investment only.

**Charge:** The United States has lost interest in Latin America because of Viet-Nam.

**The Facts:** I think the record will show that you have done more for Latin America than any of your predecessors -- in terms of money and attentions. While one hears grumblings in

certain Latin American circles about Viet-Nam, I believe this charge reflects more of the bias of The New York Times than responsible Latin American opinion.

Carlos Sanz, Chairman of the Committee on the Alliance for Progress has written The New York Times rebutting the article. A copy of his letter is enclosed. The Times has not published it yet.

W. W. Rostow

Enclosure

Letter by Dr. Carlos Sanz de Santamaria to The New York Times.

*W. S. Goul*

18a

INTER-AMERICAN COMMITTEE ON  
THE ALLIANCE FOR PROGRESS

OFFICE OF THE CHAIRMAN

1725 Eye Street, N.W. - Room 1101

April 19, 1968

Dear Sir:

Over a span of years before and since assuming my duties as Chairman of the Inter-American Committee on the Alliance for Progress I have felt that the New York Times has deserved thanks for trying to report in depth, and with insight and integrity, on Latin American affairs.

Permit me, therefore, to mention that some inaccuracies in the article in your April 16 issue headlined, "Hemisphere Fails to Meet Year-Old Goal for Growth," deserve comment:

--The action program adopted by the American Chiefs of State at Punta del Este did not envisage that all the goals of the Alliance for Progress could be achieved in one year, as the headline implies.

--While reporting correctly FAO's findings that Latin American food production suffered in 1965-66, the article failed to note that

Mr. John B. Oakes  
The Editor  
The New York Times  
New York, N. Y.

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the principal reason was bad weather in certain major crop-producing areas. For 1967, while FAO does not yet have a figure, the U.S. Department of Agriculture reports that food production in Latin America increased by 6%, which is close to the 7% the author considers as "impossible."

We will certainly not deny that malnutrition is present in Latin America today, but CIAP data show that, taking account of the high rate of population growth, food production has been gaining ground on a per capita basis, not losing, since the start of the Alliance.

--In emphasizing the case of Brazil in education, the article overlooked the fact that, like the educational system of the United States, Brazil's is financed primarily by local and state taxes, and that, in the face of many problems and competing priorities, Brazilian central government expenditures for education have doubled since the beginning of the Alliance.

For Latin America as a whole, central government expenditures for education have increased 62% in real terms since 1961 and they increased by 6% in 1967.

--Analyzing trade, the article cited the relatively poor export earnings of 1967 as "another example of regression." Exports were poor mainly as a result of world market conditions entirely beyond the region's control. Trade, as we all know, is the lifeline of Latin American development. Most significant is the fact that, despite the decline in export earnings, the increased development capacity and the

more effective mobilization of fiscal resources achieved in previous years enabled the region to maintain peak levels of public investment in 1967 and to sustain a growth rate equal to that of 1966.

--Discussing Latin American economic integration, the article reported that, as a percentage of total trade, commerce among member nations of the Latin American Free Trade Association has decreased. The fact: while trade among LAFET members amounted to only 6% of total trade in 1961, it accounted for close to 11% of total trade in 1966. In the Central American Common Market, we could add, intra-regional trade has increased by an average of 36% annually since 1961.

The author also reported that multinational projects have not materialized since the Presidents' meeting, citing the failure of Argentina and Uruguay to agree on the location of a multinational power project. He could have mentioned that the Inter-American Development Bank, which has now invested \$180 million in integration, approved loans amounting to more than \$81 million in 1967 alone to help finance eight new multinational projects in various parts of the region and that the five countries of the River Plate Basin are setting the stage for multinational development of the area.

I will certainly not quarrel with the observation that the integration process is complex and difficult. I have said many times that the problems involved in Latin American integration are infinitely greater than Europe's and that temporary difficulties may upset the timetables. But occasional setbacks, even serious ones, should not

cause us to give up on integration or any other Alliance goal. And pessimism should not distort our understanding of the facts which show clearly that Latin America, through intensive internal effort and with the cooperation of the United States, regional and international institutions, and other countries, is advancing towards Alliance objectives.

Cordially,

Carlos Sanz de Santamaría

CIAP  
CS&S/PH/sgp

~~CONFIDENTIAL~~

19

Monday, April 22, 1968

*Pres file*

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Appointment with Ambassador Goldberg --  
Tuesday, April 23 at noon

Ambassador Goldberg has asked to see you to discuss a personal matter.

During the time the Ambassador is with you, you may wish to ask him how he sees the balance of forces lining up on the non-proliferation draft treaty which comes before the special session of the United Nations General Assembly on Wednesday, the 24th.

W. W. Rostow

DECLASSIFIED  
E.O. 12958, Sec. 3.6  
NLJ 97-80  
By ica, NARA Date 2-24-98

~~CONFIDENTIAL~~



Monday, April 22, 1968

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Attendance at NSC Meeting, Wednesday, Noon

*Pres file*

Secretary Fowler has a House-Senate Tax Conference Meeting at 10:00 a.m. Wednesday. He asks that Under Secretary of Treasury Barr come to the ~~mon~~ NSC meeting if he is still tied up on the Hill.

Because the subject on the agenda is our policy toward Eastern Europe, Secretary Rusk would like to bring with him Deputy Under Secretary Bohlen and Deputy Assistant Secretary Walter Stoessel, who is responsible for Eastern European affairs in the State Department.

USIA Director Marks is out of the country and will not be back until Saturday. We do not plan to ask his deputy to attend.

W. W. Rostow

OK for Barr to attend if Secretary Fowler cannot \_\_\_\_\_

OK for Rusk to bring Bohlen and Stoessel \_\_\_\_\_

Monday, April 22, 1968

21

*Pres file*

**MR. PRESIDENT:**

These diary extracts from North Vietnamese soldiers confirm all other reports that air power devastated the enemy in the siege of Khe Sanh.

Using three different independent methods Col. Gruenther (Al Gruenther's son) estimates the enemy's Khe Sanh casualties (killed and wounded requiring evacuation) were in the range of 14,600 - 28,900.

**W. W. Rostow**

**Attachments**

April 22, 1968

21a

SUBJECT: Khe Sanh

Notebook entries dated from January 15 to March 20, 1968, reveals that subject infiltrated to South Vietnam, via Laos, during the period of January 15 to March 19, 1968. Entry dated February 5, 1968, reveals that enemy ground and air activities were intense and that every infiltration group moving on the bloody route from Ha Tinh to Quang Binh was subject to enemy attacks. Subject further relates in an entry dated February 29, 1968, that while enroute to Khe Sanh, previous contingents of Doan 926 suffered 300 desertions due to fear of B52 raids. Subject further states that during his trip he encountered a group of haggard and wounded prisoners including Americans, being evacuated from the Khe Sanh area.

CDEC #04-2276-68, Bulletin 11, 456

April 22, 1968

SUBJECT: Khe Sanh

Notebook entries by Hoai, Phong (Hoail, Fong), member of an unidentified North Vietnamese Army unit taking part in the Khe Sanh battle, contains notes recorded from October 25, 1967, to March 21, 1968, and reveals that the subject infiltrated South Vietnam during the period November 18 - 29, 1967. In an entry dated March 21, 1968, entitled the 60 day fighting, subject depicts the battle of Khe Sanh as fiercer than Dien Bien Phu. Subject states that from the beginning until the 60th day of the battle, B52 bombers continually bombed this area with growing intensity and at all hours of the day, destroying all living creatures and vegetation including personnel located in caves and in deep underground shelters.

CDEC # 04-2244-68, Bulletin 11, 439  
(Military Cable)



22

INFORMATION

*Monday*  
~~Friday~~

April 19, 1968

22

MEMORANDUM FOR THE PRESIDENT

*Pres file*

SUBJECT: Suharto cancels plans for visit to Washington during 1968

Indonesian President Suharto had tentatively planned a visit to Washington this year and we had set aside June 5-6 for his visit. Suharto has now informed Ambassador Green that the trip should be postponed until next year because of the "internal situation" in Indonesia. Beyond a doubt, a major factor in Suharto's decision is the unsatisfactory nature of his recent visit to Japan, his first trip abroad. In view of Suharto's decision, we are cancelling all plans for his reception here this year.

W. W. Rostow

MWright:wpt

INFORMATION

Monday, April 22, 1968 -- 8:20 a.m.

Mr. President:

*Pres. file*

Cong. Pacinski finally called me back at 1:15 a.m. this morning, from Chicago.

I told him of the UPI item and the Administration's view of Paris.

He said:

- he presented the idea as his own;
- in questioning by reporters, he made it clear he was not speaking for the Administration;
- he added that he found his constituents "disabused" by the delay and "very anxious" that talks get started "somewhere."

W. W. Rostow

WWRostow:rla

**INFORMATION**

24

**Monday, April 22, 1968 - 8:25 am**

*Pres file*

**Mr. President:**

**It wasn't like this in Glassboro.**

**W. W. Rostow**

**WWRostow:rla**

~~SECRET~~

1968 APR 21 23 46

68 APR 21 PM 6:57

25  
SUNDAY

VZCZCEEA403  
00 WTE10  
DE WTE 1699

FROM WALT ROSTOW  
TO THE PRESIDENT  
CITE CAP81027

DECLASSIFIED

Authority 71084-363  
By WPL/4, NARA, Date 5-13-92

*Pres file*

~~SECRET~~

APRIL 21, 1968

I ASKED BILL JORDEN TO SET ON PAPER ALL THE GIMMICKS HE COULD THINK OF, INCLUDING SOME THAT WE DISCUSSED THIS MORNING. HERE THEY ARE. I AM MAKING A COPY AVAILABLE TO SECRETARY RUSK.

SOME ALTERNATIVES ON A SITE FOR TALKS WITH HANOI

1) A NEUTRAL SHIP

--ASK U THANT TO ARRANGE

--ASK HOST COUNTRY TO PROPOSE

(NOTE: WE SUGGESTED A SHIP FOR ARMISTICE TALKS IN KOREA)

2) ACCEPT THEIR CHOICE FOR "CONTACTS" (I.E. PHNOM PENH OR WARSAW) IF THEY ACCEPT OUR SITE FOR "TALKS" (RANGOON, DELHI, ETC.)

3) SEND A REPRESENTATIVE (POSSIBLE OUR NO. 2 NEGOTIATOR) TO WARSAW TO MAKE CONTACT WITH HANOI'S REPRESENTATIVE TO ARRANGE A MUTUALLY AGREED SITE.

4) NEGOTIATE A SITE THROUGH ALREADY ESTABLISHED CONTACTS (E.G. VIENTIANE WITH OUR AMBASSADOR AND THEIR CHARGE)

5) ASK THE POPE TO PROPOSE VATICAN CITY AS THE SITE.

6) A ROTATION PLAN--ONE MONTH IN THEIR SPOT, ONE MONTH IN OURS, E.G. PHNOM PENH AND RANGOON, WARSAW AND DELHI.

7) ROTATION PLAN BETWEEN CAPITALS OF THE CO-CHAIRMEN (I.E. LONDON AND MOSCOW)

8) ASK THE CO-CHAIRMEN (BRITISH AND SOVIETS) TO AGREE ON AND PROPOSE AN "APPROPRIATE" SITE.

9) ROTATE TALKS AMONG THE THREE ICC CAPITALS (DELHI, WARSAW, OTTAWA)

10) GET A THIRD PARTY (E.G. U THANT CO-CHAIRMEN, ETC.) TO PROPOSE BUCHAREST.

11) A SITE ON THE DMZ IN VIET-NAM WITH GUARANTEES FOR THE SECURITY OF THE SITE, BASE CAMPS, AND ACCESS ROADS (AS IN PANMUNJOM)

DTG: 212256Z APR 68

XEROX FROM QUICK COPY

~~SECRET~~



SENT 11:04 P.M.

26

1968 APR 21 18 04

EEA481  
OO WTE18  
DE WTE 1695

FROM WALT ROSTOW  
TO THE PRESIDENT  
CITE CAP81025

**SANITIZED**  
**E.O. 12958, Sec. 3.6**  
**NLJ 97-273**  
**By is, NARA Date 2-25-00**

*Profile*

68 APR 21 PM 1:22

SUNDAY

~~SECRET~~

THE FOLLOWING MEMO RECEIVED FROM CIA THIS MORNING.

US MILITARY SOURCES IN SAIGON HAVE JUST INDICATED INCREASED CONCERN OVER THE POSSIBILITY OF NEW MAJOR ATTACKS ON SAIGON AND PERHAPS IN OTHER AREAS DURING THE PERIOD 22-30 APRIL.

CAS OFFICERS WERE TOLD THAT THE ATTACKS MIGHT BE ON THE SAME SCALE AS THE TET OFFENSIVE. [REDACTED] DATED 21 APRIL, CONTAINS SIMILAR INFORMATION AND MAY BE BASED ON SOME OF THE SAME PRIMARY SOURCES.

IN VIEW OF THE NUMEROUS AGENT, INTERROGATION, AND DOCUMENT REPORTS WHICH INDICATE LATE APRIL OR EARLY MAY AS TARGET DATES FOR RENEWED ATTACKS BY THE COMMUNISTS, CAS SAIGON IS REVIEWING ITS INDICATORS AND WILL KEEP HEADQUARTERS INFORMED. CONCURRENTLY IT IS DISCREETLY ALERTING ITS EARLY WARNING APPARATUS.

THE RELEVANT [REDACTED] TEXT FOLLOWS:

COUNTRY: SOUTH VIETNAM

1. [REDACTED] ON 21 APRIL 1968 [REDACTED] HE THINKS THERE IS A STRONG POSSIBILITY THAT THE ENEMY WILL LAUNCH COORDINATED ATTACKS THROUGHOUT SOUTH VIETNAM INCLUDING A MAJOR THRUST AGAINST SAIGON BY 27 APRIL. [REDACTED] HE BASED THIS ESTIMATE ON THREE REPORTS: ONE FROM A HIGH-LEVEL RALLIER AND TWO FROM [REDACTED] A NUMBER OF OTHER INDICATIONS.

1.5.2  
3.4(b)(1)

2. [REDACTED] THE SOURCE WHO PROVIDED THE 27 APRIL ATTACK DATE [REDACTED]

[REDACTED] RALLIED TO THE POLICE ON 19 APRIL.

1.5.2  
3.4(b)(1)

[REDACTED] ELEMENTS OF THE 165A REGIMENT, 88 REGIMENT, 16 OR 101 REGIMENT, DKP OR 20 ARTILLERY REGIMENT, AND OF SPECIAL ACTION BATTALION F100 OR F200 HAD BEEN ALERTED TO MERGE FOR A MAJOR ATTACK ON SAIGON BETWEEN 22 AND 27 APRIL.)

XEROX FROM QUICK COPY

[REDACTED]  
[REDACTED] THE RALLIER WAS BORN IN 1924 JUST NORTH OF NHA TRANG, GRADUATED FROM SENIOR HIGH SCHOOL IN 1945, WENT NORTH IN 1954 AND RETURNED TO SOUTH VIETNAM IN 1962. [REDACTED] HE RALLIED FOR PERSONAL AND POLITICAL REASONS. [REDACTED] FELT HIS SUPERIORS NO LONGER HAD FULL CONFIDENCE IN HIM AND HE DID NOT THINK THE VIET CONG FORCES WERE PREPARED FOR THE PLANNED 27 APRIL ATTACK.

1.5.3)  
3.4(b)(1)

3. [REDACTED] THE SECOND REPORT CAME FROM [REDACTED] A VIET CONG (VC) REGIMENT [REDACTED] [REDACTED] RANKING OFFICER [REDACTED] THE THIRD REPORT WAS PROVIDED BY A POLICE INFORMANT WHO [REDACTED] IS RELIABLE. ALL THREE REPORTS SUGGEST THE LIKELIHOOD OF AN ATTACK BETWEEN 22 AND 27 APRIL. [REDACTED]

1.5.3)  
2.4(b)(1)

4. [REDACTED] INDICATIONS WERE THAT THE MAJOR THRUST AGAINST THE CAPITAL WOULD COME FROM THE WEST. REPORTS INDICATED THAT THE NORTH VIETNAMESE ARMY (NVA) 7TH AND VC 9TH DIVISIONS PLUS ELEMENTS OF A NEW NVA DIVISION NOW IN CAMBODIA WOULD PARTICIPATE IN THE ATTACK ON SAIGON, WHILE THE VC 5TH DIVISION WOULD ATTACK BIEN HOA. [REDACTED]

1.5.3)  
3.4(b)(1)

[REDACTED] THERE WERE ELEMENTS OF ONE OR TWO NEW NVA DIVISIONS IN CAMBODIA NEAR HAU NGHIA AND LONG AN PROVINCES BUT [REDACTED] NO CONFIRMATION OF THIS INFORMATION. [REDACTED] JUST RECEIVED A REPORT THAT ONE OF THE DISTRICT CHIEFS IN LONG AN HAD BEEN KILLED DURING THE NIGHT OF 20-21 APRIL.

5. [REDACTED] REPORTS INDICATE THAT THE ENEMY PLANNED TO INFILTRATE ONE SAPPER UNIT INTO EACH OF THE SAIGON DISTRICTS AND THERE WAS SOME EVIDENCE THAT THESE UNITS MIGHT ALREADY BE IN PLACE. [REDACTED] THE NATIONAL POLICE [REDACTED] ROLLED UP ELEMENTS OF ONE OF THESE SAPPER UNITS IN SAIGON SEVERAL DAYS AGO BUT [REDACTED] HAVE NONE OF THE DETAILS.

1.5.3)  
3.4(b)(1)

6. [REDACTED] ALLIED TROOPS WOULD BE ABLE TO PREVENT MOST OF THE ENEMY FORCE FROM REACHING SAIGON. [REDACTED] THE ENEMY TO EMPLOY MUCH MORE SUPPORTING ARTILLERY FIRE THIS TIME THAN THEY DID DURING THEIR TET OFFENSIVE, MORE MORTAR AND HEAVY ROCKET FIRE. [REDACTED] THE MORALE OF [REDACTED] TROOPS IS QUITE HIGH AND UNAFFECTED BY TALK ABOUT PEACE TALKS. [REDACTED] THE ALLIES HAVE SUFFICIENT FORCES TO DEAL THE ENEMY A CRUSHING DEFEAT IN THE III CORPS AREA.

1.5.3)  
3.4(b)(1)

7. [REDACTED] THE HIGH-LEVEL RALLIER [REDACTED] HAD BEEN GIVEN VERY LITTLE INFORMATION BY HIS SUPERIORS ON POSSIBLE PEACE TALKS. [REDACTED] AMONG RANK AND FILE VC THERE WAS VIRTUALLY COMPLETE IGNORANCE OF THE FACT THAT NEGOTIATION WAS UNDER WAY FOR PRELIMINARY CONTACT BETWEEN THE UNITED STATES AND NORTH VIETNAM. [REDACTED] MORALE AMONG THE RANK AND FILE VC IS VERY LOW.

1.5.3)  
3.4(b)(1)



22A402  
00 WTE 10  
DE WTE 1592

~~TOP SECRET~~  
NODIS

SENT 10:20 A.M. <sup>27</sup>

DECLASSIFIED

E.O. 12958, Sec. 3.6

NLJ 97-272

By us, NARA Date 2-2-98

FROM WALT ROSTOW  
TO THE PRESIDENT  
CITE CAP81024

1968 APR 21 15 20

~~TOP SECRET~~ NODIS CROCODILE

WE NOW HAVE RETURNS FROM ALL PRECINCTS.

BANGKOK APPEARS DIFFICULT, ACCORDING TO AMB. UNGER; BUT  
BUCHAREST LOOKS POSSIBLE WITH SOME EFFORT.

FROM AMEMBASSY SEOUL

1. I WOULD NOT EXPECT ADVERSE ROKG REACTION TO US PROPOSAL  
THAT BUCHAREST BE SITE OF PRELIMINARY TALKS IF WE CAN INFORM  
THEM IN ADVANCE THAT WE WISH TO PUT THIS SUGGESTION FORWARD  
AS FINAL SMOKING-OUT OF HANOI. ROKG APPROVAL OF OUR COURSE  
OF ACTION OF ENDEAVORING TO INITIATE CONTACTS IS WELL KNOWN  
AND GENERAL RATIONALE YOU PROVIDED IN REFTEL WOULD BE ADEQUATE  
IN CIRCUMSTANCES.

PORTER

FROM AMEMBASSY SAIGON

1. WHILE I BELIEVE GVN WOULD HAVE DOUBTS AS TO WISDOM  
INITIATING TALKS IN ANY COMMUNIST COUNTRY, I BELIEVE THEY  
CAN BE PERSUADED TO GO ALONG ON BUCHAREST IN VIEW OF  
CONSIDERATIONS MENTIONED REFTEL. THE GVN, OF COURSE,  
WAS INFORMED OF THE NOVEMBER-JANUARY EXERCISE ALTHOUGH  
NOT INFORMED OF THE NAME OF COUNTRY AND INDIVIDUAL CON-  
CERNED. I BELIEVE THAT IF WE DISCLOSE TO THEM THAT ROMANIA  
WAS INVOLVED IN AN IMPARTIAL AND ACCURATE MANNER AS A  
CHANNEL IN THIS INITIATIVE, IT WILL HELP TO REASSURE THEM AND  
THAT FACT A ROMANIAN IS PRESIDENT OF THE GENERAL ASSEMBLY  
SHOULD ALSO BE ADDITIONAL ASSURANCE OF IMPARTIALITY. GVN  
MIGHT CONSIDER IT TO THEIR ADVANTAGE TO HAVE SOMEONE ON  
OTHER SIDE WITH THIS GENERAL APPROACH TO PROBLEM.

2. IT WOULD, OF COURSE, BE ESSENTIAL FROM GVN'S POINT  
OF VIEW THAT ACCESS AND ADEQUATE FACILITIES FOR THEIR  
LIAISON REPRESENTATIVES AND PRESS BE AVAILABLE.

3. FINAL POINT MADE IN REFTEL WOULD ALSO BE IMPORTANT  
TO GVN, I.E., THAT ACCEPTANCE OF BUCHAREST WOULD IN NO  
WAY PREJUDICE SELECTION OF SITE FOR LATER SUBSTANTIVE TALKS.

BUNKER

. XEROX FROM QUICK COPY

68 APR 21 AM 10:32

SUNDAY

Pres file

FROM AMEMBASSY CANBERRA

ALTHOUGH GOA HAS TAKEN PUBLIC POSITION, AT OUR SUGGESTION, THAT SITE FOR PRELIMINARY TALKS SHOULD BE IN CAPITAL WHICH "WAS CLEARLY NEUTRAL" (CANBERRA 4997), I DO NOT THINK THEY WOULD OFFER OBJECTION TO BUCHAREST IF WE DECIDED TO PROPOSE (OR ACCEPT) IT. THEY MIGHT FIND IT DIFFICULT TO EXPLAIN PUBLICLY DISTINCTION DRAWN BETWEEN POLAND AND ROMANIA, BUT EXPLANATIONS PARA THREE REFTEL PLUS ASSURANCES TO BE SOUGHT (PARA 4 REFTEL) SHOULD BE SUFFICIENT OVERCOME ANY POSSIBLE PRESS CRITICISM THAT WE ARE SPLITTING HAIRS. WOULD APPEAR TO BE HIGHLY DESIRABLE, IF POSSIBLE, OBTAIN SUCH ASSURANCES IN ADVANCE OF PUBLIC ANNOUNCEMENT OF SITE SO THAT THIS COULD BE INCORPORATED IN PUBLIC EXPLANATION OF REASONS FOR AGREEING TO SITE WHICH IN PUBLIC MIND IS NOT NEUTRAL. I WOULD URGE THAT GOA BE GIVEN SUFFICIENT ADVANCE NOTICE OF OUR INTENTIONS AND THEIR VIEWS SOUGHT SO THEY CAN SAY PUBLICLY THAT THEY WERE CONSULTED IN ADVANCE AND CONCURRED IN ACCEPTANCE OF BUCHAREST IF EFFORT BREAK IMPASSE OVER SITE SELECTION. ALSO IMPORTANT THEY BE READY WITH STATEMENT FOR PRESS WHEN NEWS BREAKS. IF WE MOVE AHEAD ON THIS WITHOUT PRIOR CONSULTATION, AFTER GOA HAS COME OUT, AT OUR REQUEST, IN FAVOR OF "CLEARLY NEUTRAL" SITE, WE WOULD PROBABLY RUFFLE A FEW FEATHERS HERE.

CRONK

FROM AMEMBASSY WELLINGTON

I BELIEVE GNZ WOULD HAVE NO OBJECTION TO BUCHAREST AS SITE FOR CONTACT. I AM CERTAIN GNZ WILL DEFER TO OUR JUDGMENT THIS MATTER. AS PRIME MIN HOLYOAKE ASSURED ME APRIL 9, HOLYOAKE HAS COMPLETE CONFIDENCE IN US IN MATTER DETERMINING TIME AND PLACE.

HENNING

FROM AMEMBASSY MANILA

1. WHILE PHILS IN MY JUDGMENT WOULD PREFER NEUTRAL ASIAN SITE WHERE THEY HAD OWN REPRESENTATION (AND COMMUNICATIONS) I BELIEVE THEY WOULD BE HARD PUT TO FIND LOGICAL OBJECTION TO CHOICE OF BUCHAREST.

2. MARCOS INDICATED TO ME A WEEK AGO THAT HE THOUGHT THE MOST IMPORTANT THING WAS TO GET ON WITH THE TALKS THE SELECTION OF SITE BEING SECONDARY. SINCE THEN THE ISSUE HAS BECOME A BIT CLOUDED BY THE GVN CALL FOR ANOTHER SUMMIT. PHILS AND MARCOS IN PARTICULAR, HOWEVER, HAVE RALLIED FROM EARLIER CONFUSION, AND MARCOS IS NOW PUBLICLY COMMITTED TO THE IDEA OF A SUMMIT ONLY AFTER REPEAT AFTER INITIAL CONTACT DISCUSSIONS COMPLETED OR WELL UNDER WAY.



3. THIS IS CLEARLY DESIGNED TO KEEP PHILS AND OTHER TCC'S OUT OF THE WAY WHILE INITIAL CONTACTS ARE SET UP. COUPLED WITH HIS EARLIER STATEMENT ON PRIORITIES, THIS WOULD LEAVE MARCOS IN DIFFICULT POSITION TO OBJECT, EVEN IF HE WISHED TO DO SO, WHICH I DOUBT. A SUGGESTION FROM US THAT PHILS MIGHT WANT TO SEND A LIAISON OFFICER OR OBSERVER. (PARA 4 REFTEL) SHOULD SERVE TO SMOOTH ANY REMAINING RUFFLED FEATHERS.

4. RAMOS HAS ALREADY SUGGESTED THAT LOCALE FOR INITIAL CONTACTS AND SITE OF LATER SUBSTANTIVE TALKS NEED NOT NECESSARILY BE THE SAME. PHIL POSITION ON LATTER LIKELY TO BE MUCH DIFFERENT FROM ITS RELATIVELY RELAXED ATTITUDE TOWARDS FORMER. INCIDENTALLY, HE REMARKED THE OTHER DAY HALF FACETIOUSLY, THAT WE SHOULD BE PERHAPS A BIT MORE "ORIENTAL" IN OUR APPROACH TO HANOI ON SITE SELECTION. INSTEAD OF NAMING SITE PUBLICLY WHICH HANOI CAN NOT ACCEPT WITHOUT LOSING FACE, HE SAID MAYBE WE SHOULD HOLD BACK THE ONE WE REALLY WANT AND LET HANOI OR SOMEONE ELSE SELECT IT FIRST.

WILSON

FROM AMEMBASSY BANGKOK

1. I BELIEVE KEY CIVIL AND MILITARY LEADERS OF RTG WOULD BE UNITED IN JUDGING THAT IT WOULD BE A MISTAKE FOR US TO PROPOSE OR SETTLE FOR CONTACT AT BUCHAREST AT THIS STAGE, AND THAT SUCH ACTION WOULD SIGNIFICANTLY ENLARGE THE ALREADY LATENT FEAR THAT US IS PREPARED TO SACRIFICE TOO MUCH FOR SAKE OF GETTING INTO EARLY NEGOTIATIONS AND, BY EXTENSION, US ALSO WILL PROBABLY BE PREPARED SACRIFICE TOO MUCH IN NEGOTIATIONS THEMSELVES.

A. THEY WOULD NOT CONSIDER BUCHAREST A NEUTRAL SITE, HOWEVER SPECIAL MAY BE ROMANIA'S POSITION WITHIN COMMUNIST WORLD, AND THUS WOULD CONCLUDE THAT US HAS RETREATED FROM ONE OF PRINCIPLES SET FORTH ONLY TWO WEEKS AGO, WITHOUT ANY KNOWN SIGN OF "GIVE" FROM OTHER SIDE (TO CONTRARY, IN THE FACE OF INCREASING TRUCULENCE).

B. THEY WOULD NOT HAVE CONFIDENCE IN RELIABILITY OF UNDERTAKINGS CONCERNING ACCESSIBILITY TO PRESS AND DIPLOMATIC REPRESENTATIVES, NOTING OBVIOUSLY ADVANTAGEOUS POSITION OF CONTROLLED COMMUNIST MEDIA AND PROBABLY CALCULATING THAT ROMANIAN GOVT COULD NOT (WHATEVER ITS PAST DISPOSITION TO ACT IN OSTENSIBLY DETACHED FASHION AS A CHANNEL) ESCAPE PRESSURES THAT MOSCOW AT LEAST IS IN POSITION TO BRING TO BEAR. THEY (AND WE) DOUBT THERE COULD BE ANY REAL IMPARTIALITY ON ROMANIA'S PART.

C. RTG IS ON RECORD AS BEING CONCERNED THAT, WHATEVER US PRESENT INTENTION AND WHATEVER STATED POSITION MIGHT BE, THERE IS LIKELIHOOD SITE OF INITIAL CONTACT WOULD GROW INTO SITE OF NEGOTIATIONS SHOULD THEY EVENTUATE.

2. I BELIEVE IT REMAINS RIG VIEW THAT MILITARY RESTRAINT WE HAVE ALREADY APPLIED IS SUFFICIENT--IF HANOI MEANT MORE BY APRIL 3 DECLARATION THAN AN ATTEMPT TO UNDERCUT US PROPAGANDA ADVANTAGE--AND INDEED AT LEAST AS MUCH OF A CONCESSION AS IT IS PRUDENT FOR ALLIES TO MAKE IN SEARCH FOR INITIAL RESPONSE. THEY WOULD THEREFORE BELIEVE WE SHOULD REMAIN CALM AND STAND PAT ON POSITION ALREADY STATED. TO ARGUMENT THAT TIME IS GROWING SHORT THEY WOULD REPLY THAT WE MUST EXPECT SUCH MATTERS TO MOVE SLOWLY AND THAT PROPER RESPONSE TO STUBBORNNESS WOULD BE STANDING FAST ON OUR PRESENT SOUND POSITION, FOLLOWED, IF AND WHEN IT WAS JUDGED NECESSARY, BY RENEWAL AND INTENSIFICATION OF MILITARY PRESSURE UNTIL HANOI MORE GENUINELY SEEKS THE DISCUSSIONS WHICH ITS APRIL 3 RESPONSE ONLY IMPLIED. IT MIGHT BE READY TO UNDERTAKE.

3. THANAT SURELY--AND I BELIEVE POTE, DAWEE AND OTHERS TO WHOM THANOM LISTENS--ARE MOST FUNDAMENTALLY CONCERNED LEST US WILL ALLOW ITSELF, UNDER DOMESTIC AND EUROPEAN PRESSURE, TO BE DRAWN ONE LITTLE STEP AFTER ANOTHER (AS THEY STILL FEEL WE DID OVER LAOS IN 1962) ONTO THE SLIPPERY SLOPE LEADING TO SOME FORM OF SETTLEMENT THAT FAILS TO PROTECT THAI AS WELL AS SOUTH VIETNAMESE MINIMUM SECURITY REQUIREMENTS. ON THIS OCCASION WITH THAI SOLDIERS IN SVN AND THEIR COMMITMENT THROUGH AIR BASES, ETC, SO MUCH STRONGER THEY FEEL THEY HAVE CLAIM TO VERY REAL SAY IN NEGOTIATION PROCESS.

4. IF, AFTER SOME FURTHER TIME, WE WERE TO TURN TO BUCHAREST AND COULD DOCUMENT ALL POINTS MENTIONED REFTEL ABOUT ITS USABILITY, THAT MIGHT NOT ADAMENTLY OPPOSE BUT THEY WOULD SURELY ADVISE STRONGLY AGAINST SUCH A DECISION AND I WOULD CONSIDER THANAT'S WARNING ABOUT PUBLIC STATEMENT (SEE EMBTEL 12946, PARA 4) VERY LIKELY TO APPLY HERE ABOUT AS STRONGLY TO PHNOM PENH. THEIR OBJECTIONS WOULD BE ON GROUNDS OF APPARENTLY GOING BACK ON WHAT WE'VE SO RECENTLY STATED AND THEREFORE HEIGHTENING THE IMPRESSION OF OVER-EAGERNESS AND WEAKNESS ON OUR PART. THAI PARTICULARLY SENSITIVE TO THIS IN THEIR CURRENT WORRIED MOOD ABOUT WHERE US POLICY ON SEA LIKELY TO GO IN COMING YEAR. I NEED NOT UNDERLINE ESSENTIALITY OF REAL PRIOR CONSULTATION SHOULD SUCH A DECISION BE TAKEN, AT WHICH TIME WE WOULD NEED FURTHER JUSTIFICATION TO MEET THE STRONG OBJECTIONS I ANTICIPATE WOULD BE RAISED. I SUSPECT THAT THAI REACTION WOULD BE MOST SEVERE WERE HANOI TO PROPOSE BUCHAREST AND WE TO ACCEPT, AND LEAST SEVERE IF PROPOSAL WERE MADE BY A MORE OR LESS NEUTRAL THIRD PARTY TO WHICH WE AND HANOI THEN ACCEDED.

5. WITHOUT SUBSCRIBING TO ALL THESE THAI INTERPRETATIONS AND FEARS, I THINK I SHOULD RECORD MY JUDGMENT THAT THEIR INTERPRETATION (AND THOSE OF NEIGHBORING STATES) ARE PART OF THE REALITY AGAINST WHICH THE WISDOM OF THIS FURTHER MOVE SHOULD BE JUDGED. OUR OBJECTIVE IS TERMINATION OF THE VIETNAM WAR UNDER CONDITIONS THAT PROMOTE STABILITY AND CONTINUED CONFIDENCE IN THE US IN THE REGION. IF WE SOW DOUBTS BY EVIDENCE OF THAT EXCESSIVE IMPATIENCE OF WHICH WE ARE SO FREQUENTLY, AND CURRENTLY, ACCUSED, WE WOULD UNDERCUT THAT PURPOSE. IT IS MY JUDGMENT THAT ACTING NOW ON THE STEP PROPOSED REFTEL WOULD BE SUCH A STEP.

UNGER

~~TOP SECRET~~  
NOV 1968

DTG: 211333Z APR 1968

April 21, 1968

~~FROM WALT ROSTOW~~

~~FOR THE PRESIDENT~~

Herewith a possible draft speech for Monday.

I am making a copy available to Sec. Rusk. Obviously one key question to decide is what, if anything, new can be said about a site for contacts.

28

WH 8/10/13  
CAPP

28a

Draft speech  
April 20, 1968

Ladies and Gentlemen:

I

Three weeks ago we took a major step toward peace in Vietnam.

At least we sincerely hoped it would be a step toward peace. We hoped that action on our part would bring some similar action by Hanoi. We hoped that our restraint would meet with some restraint from the other side.

At that time, I announced that we were reducing -- substantially reducing -- the level of military action. I ordered our aircraft and naval vessels to halt attacks over three-fourths of North Vietnam. From that day to this, there have been no strikes against military targets in the large area of the North where about 90 percent of its people live.

In return, I asked that the leaders in Hanoi send their representatives to meet with ours at Geneva "or any other suitable place" so we could begin to move together toward a genuine peace in the area of Southeast Asia.

In answer, Hanoi refused to say anything about what it would do to reduce the level of its attacks against South Vietnam. But it did agree to talk. The North Vietnamese Foreign Minister suggested that the meeting place "may be Phnom Penh -- or another place to be mutually agreed upon."

Whatever the propaganda now being mounted on this issue, both sides recognize that the location of contacts is a matter of substance -- a lesson we learned the hard way in the early days of the Korean truce negotiations.



We did not believe that Phnom Penh was the best available site for these discussions. As Hanoi well knew, we do not have diplomatic relations with Cambodia. We have no Embassy there. We do not have official communications through which our delegation could report to Washington. There was no basis in Cambodia for liaison between our delegation and representatives of vitally interested allies.

With these limitations and others in mind -- and noting Hanoi's statement that the site should be "mutually agreed upon" -- we suggested four other Asian capitals -- Vientiane, Rangoon, New Delhi, and Jakarta. In each of those capitals, both sides are represented. Both sides would have the communications needed to maintain contact with home governments. All other interested parties would have access to the site. And each of the countries concerned have maintained a neutral stand on the war in Vietnam. Both parties could reasonably expect fair and even-handed treatment from the host governments.

Hanoi chose to turn a cold shoulder to all of these suggestions. It did so again a few days ago, when we suggested six additional capitals in Asia -- and four in Europe.

Instead, Hanoi proposed that we meet in Warsaw -- in Communist Poland. I remind you that the government in Warsaw has repeatedly stated its firm support for Hanoi's war of conquest in South Vietnam. Poland has helped supply North Vietnam with the materials it needs to maintain its war-making potential. Poland is not neutral in this situation -- it supports one side against the other. Poland wants to see a communist victory.

Moreover, the Government of South Vietnam has no representation in Poland -- nor do several of the other allies who are helping South Vietnam in its struggle to remain free.

And in addition, Poland maintains tight restrictive control over the admission and activities of representatives of the non-communist press who undoubtedly, will wish to cover any peace talks.

In short, we could not expect in Warsaw the kind of even-handed treatment of both sides that is essential if these talks are to succeed.

We have suggested fifteen places around the world where such treatment can be expected. But Hanoi has rejected all of them.

Now, some Americans ask: Why haggle? Why not accept their proposal and get on with the talks? What is so important about where we meet?

I have already explained some of the reasons why a fair and reasonable site is important to the success of this kind of meeting. But there is another element that must be considered.

In fact -- in this exchange regarding a meeting place -- negotiations with Hanoi have already begun. If you read Hanoi radio's daily output you quickly recognize that they are putting maximum pressure on us to bend to their will. They are counting heavily on what they call "world opinion" and "American public opinion" to support their stand. They want to discover at the outset just how effective that pressure can be.

And if it succeeds in forcing us to accept their position on a question of where to talk, you can be certain it will be used from here on out on every other question -- on what to talk about, and on any individual points that are

being discussed. We shall then be engaged, not in negotiations, but in an elaborate propaganda exercise. Issues will not be negotiated quietly across the table, but debated endlessly over the airwaves and in the front pages.

It is against this background -- and for these reasons -- that we have tried to reach agreement on a reasonable and mutually acceptable site for these most important talks.

Three weeks ago, we de-escalated the war in Vietnam in hopes it would bring a movement toward the peaceful settlement that all sensible men desire. And I said at that time:

"With America's sons in the fields far away, with America's future under challenge right here at home, with our hopes and the world's hopes for peace in the balance every day, I do not believe that I should devote an hour or a day of my time to any personal partisan causes or to any duties other than the awesome duties of this office -- the Presidency of your country."

I am living by that pledge. I am working to achieve the peace we so deeply desire. And I am working to help cure that ills that afflict us here at home.

But I need your help -- I need your hand -- I need the understanding and the cooperation of all Americans -- if we are to achieve those goals. If we stand together -- and if Hanoi knows we are standing together -- the kind of decent honorable peace we seek becomes possible. But if we are divided -- if we spend our time and our energy in criticising each other and in attacking our own position and in down-grading the sacrifices and the hopes of our friends around the world -- then our goal moves away, not closer.

I have said -- time and time again -- that, in the interests of peace, we were prepared to walk the extra mile. *That statement remains true* Today ~~I say to you that that is~~ *today* ~~true.~~ Three weeks ago we took a far-reaching step to find the path to peaceful settlement. And today I am prepared to take one more step in the hope that Hanoi will begin to move to meet us *on fair ground.*

[Alternative A: Representatives of Hanoi have said that the site of original contacts need not be the site of the talks that are to follow. I take them at their word. And I now state:

We are prepared to accept Hanoi's proposal that the original contact of our representatives should be in Phnom Penh, if the government of Cambodia is prepared to provide to us a locale for secure conversation, facilities and liaison arrangements for the Government of Vietnam and other of our allies which may wish to be available at the site. In turn, we ask that the place of the substantive talks that are to follow be one of the Asian capitals we have proposed. We believe that Rangoon -- which is the capital of neutral Burms and where we both are represented -- would be an appropriate setting for those serious discussions of a peaceful settlement.]

[Alternative B: I have just asked the Secretary General of the United Nations if he would make arrangements with some neutral maritime nation to provide a ship to serve as the site for talks on Vietnam. There should be an appropriate meeting place aboard the ship where private discussions can be held. Quarters would be available for the delegations of both sides. Adequate communications for both must be provided. Provision should be



made for the presence aboard the ship of interested parties as designated by the two sides. Separate arrangements will be made to insure adequate press coverage of the talks.

We are transmitting this proposal directly to Hanoi. If the leadership in North Vietnam finds this suggestion acceptable -- and I think it is as fair a proposal as can be made -- I am ready to send our representatives to meet as soon as the ship can be made available.

I believe that a neutral ship cruising in international waters is about as fair and even-handed a site as can possibly be found.

I hope the authorities in Hanoi will accept this suggestion so that serious discussion of a peaceful settlement can move forward.7

## II

Our objective is not to talk -- or even to negotiate. Our objective is stable peace in Southeast Asia -- a peace for which all the people yearn -- in North as in South Vietnam; throughout the whole region; throughout the whole world.

Here are the ~~four~~<sup>six</sup> steps<sup>A</sup> the six principles -- that could take us from here to there: from a debate about a site for contacts, while the battle rages, to a peace honorable for all. First,

First, steps to reduce the level of violence in Vietnam.

Hanoi wishes us to stop completely the bombing of North Vietnam.

We are prepared to do this; but we must be in a position to assume that there will be an equivalent restraint from the other side. This may be the first order of business in the contacts if and when they take place.

Second, the gradual withdrawal of all external forces from the territory of South Vietnam. You should know that right now 70% of the men fighting in Communist main force units in South Vietnam are North Vietnamese regular soldiers. I must also tell you, in all candor, that very large additional forces are now coming down towards the south through the panhandle of North Vietnam and through Laos. If necessary, we shall have to meet them on the battlefield. How much better it would be if we quickly came to agreement that all external forces should be withdrawn and reinforcements should not be introduced. We stand by our pledge at Manila that our forces would be out of South Vietnam not later than six months after North Vietnamese forces are withdrawn, infiltration of forces from the north ends, and the level of violence in South Vietnam thus subsides.

Third, in this environment of mutual de-escalation, the people of South Vietnam must determine their own destiny on the basis of one-man-one-vote. The people of South Vietnam have already demonstrated that they are thoroughly capable of conducting fair democratic elections. Their arrangements provide that representatives of every candidate can monitor the elections at every polling place. I am sure that they would not object to the most intensive

international observation of their elections in the future as in the past. But on this critical aspect of the settlement, the Government of Vietnam and the various political groups in Vietnam must play a central role. The political settlement in South Vietnam should be made by South Vietnamese. The critical decision that must be made is the decision by those South Vietnamese now fighting against the government that they are prepared to enter the political life of the country on a constitutional one-man-one-vote basis. The terms on which this is done cannot be dictated to the South Vietnamese either by Hanoi or by Washington or by anyone else. It is their job -- the job of the government and all the people of South Vietnam.

Fourth, in accordance with the Geneva Accords of 1954 the Demilitarized Zone must be firmly reestablished and future relations -- and the possible unity -- of North and South Vietnam left to time and the decisions of the people of North and South Vietnam under conditions of peace.

Fifth, the terms of the Geneva Accords on Laos must be established and maintained by effective international inspection. The people of Laos -- like the people of South Vietnam -- must be given a chance to live in peace and to build their future without external interference and without the violation of their territory.

Sixth, the United States -- and all those responsible nations which enjoy the benefits of modern industrialization -- must pledge themselves to the prosperity and development of Southeast Asia as well as to the ending of violence.

## III.

The real battle of Southeast Asia is still to be fully joined. The governments and peoples of that region have already demonstrated their capacity for development and modernization. But there are tens of millions of hungry people to be fed and children to be educated. There is disease -- preventable disease -- to be eradicated and sick who can be cured. There are great natural resources to be developed -- crying to be developed for the benefit of all.

For example, there is one the Mekong River a site at which a great dam could be built. It has been studied carefully. The benefits from a dam at this site are almost incalculable. It could provide electric power adequate for years to meet the needs of a great part of Laos, Thailand, North Vietnam, South Vietnam, and Cambodia. It could store over 60 million acre feet of water. It could end forever the yearly floods in the Mekong River Delta. The water supply at this site is eight times that available at our Hoover Dam. As many as five million acres of potentially fertile land might be irrigated from this single dam.

We want a peace in Asia that will permit us to take the resources that are now going into war -- and apply them to this project, and to others that have an equal promise of benefit to mankind.

It is our hope that those who now consider us enemies will join with those who now consider us friends in working with their neighbors and with us. We are prepared to use our resources for the benefit of both.



This war has gone on too long. It has delayed too long projects such as the one I have just described. And the toll in human tragedy has grown too great. My intelligence information tells me that the North Vietnamese are now sending large numbers of their 16- and 17-year-old boys into South Vietnam as soldiers. There is no need for this. These boys should be in school -- not in uniform. They should be learning to build the New Asia -- not to destroy their neighbors.

Asians -- all Asians -- want the same things we want. War cannot get it for them; peace can.

The time has come to end this war. The time has come to negotiate a decent peace. We want nothing from North Vietnam but its own well-being. We demand nothing from North Vietnam but that it not destroy the well-being of others. We do not want to destroy those people in Vietnam who have fought us. We want them to join in the better life that can be had by all -- if all will work for it.

We want a decent peace. We are prepared to negotiate such a peace. The time to start is now.

//

#### IV.

Now permit me, if you will, a personal statement of faith and judgment.

I shall cease to be President in almost exactly nine months.

Each President must, of course, form his own policies; but he must act in accordance with laws and treaties of the Congress and the commitments of his predecessors.

The commitments in Southeast Asia under which I have acted were all made by Congresses and Presidents before my administration.

What they have done and what I have done is part of history. But out of that history there has emerged -- from Seoul to Djakarta, from Canberra to Tokyo -- a new spirit, new hope, new institutions.

Independent nations and free men in Asia have begun to fashion their own destiny by cooperation among themselves -- for the first time in recorded history.

Looking beyond the war in Vietnam, these nations and peoples should take an increasing responsibility for their own destiny. That is one reason I believe that peace in Vietnam should be negotiated in Asia. And its provisions should be primarily monitored by Asians.

That does not mean the United States should depart the Asian scene. In the world of satellite television, jet aircraft, and nuclear missiles, we shall remain more than ever a Pacific as well as an Atlantic nation.

We shall continue to have the ties of commerce and treaties and, I hope, the commitments and benefits for all that flow from a global non-proliferation agreement.

America will remain the friend, the ally, and the partner of free men in Asia as far ahead as any of us can peer -- just as we shall remain the friend, the ally, and partner of free men in Europe.

As I said the other night in Hawaii, that is my faith, my belief, my judgment.

###

~~SECRET~~

RECEIVED  
WHCA

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1968 APR 20 22 52

EEA395  
CO WTE 10  
DE WTE 1687

FROM WALT ROSTOW  
TO THE PRESIDENT  
CITE CAP81020

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

*Free file*

68 APR 20 PM 6:10

SATURDAY

~~SECRET~~

YOU SHOULD KNOW OF THE FOLLOWING REPORT THE SIGNIFICANCE  
OF WHICH SECRETARY RUSK IS NOW CONSIDERING: IT IS FROM  
CIA [REDACTED]

1. THE U.S. IS NOW IN A POSITION TO SCORE AN IMMENSE  
COUP IN ITS DEADLOCK WITH NORTH VIETNAM OVER A SITE FOR TALKS  
WITH HANOI BY PROPOSING BUCHAREST AS THE VENUE. SUCH A  
PROPOSAL WOULD DRAMATICALLY DEMONSTRATE PRESIDENT JOHNSON'S  
SINCERITY IN OFFERING TO SEND HIS ENVOYS ANYWHERE, EVEN TO  
A COMMUNIST COUNTRY, IN ORDER TO GET THE TALKS STARTED.  
ALTHOUGH BOTH THE SOVIETS AND THE CHINESE WOULD BE UNHAPPY OVER  
SUCH A PROPOSAL, NEITHER COULD PROTEST, AT LEAST NOT PUBLICLY.  
HANOI WOULD BE EFFECTIVELY CORNERED BY SUCH A PROPOSAL.  
AS THE SITE WOULD BE ON COMMUNIST TERRITORY WHERE NORTH VIETNAM  
HAS EMBASSY FACILITIES, A TURNDOWN BY NORTH VIETNAM WOULD  
BRING IMMEDIATE WORLD-WIDE CENSURE FOR BEING INSINCERE IN HER  
STATED WILLINGNESS TO BEGIN TALKS.

2. THE FOLLOWING REASONS JUSTIFY PROPOSING BUCHAREST AS  
THE SITE:

SANITIZED

E.O. 13292, Sec. 3.5

NLJ 04-230

By *no*, NARA, Date *2-10-05*

XEROX FROM QUICK COPY



A) ROMANIA, UNLIKE SOME OTHER COMMUNIST COUNTRIES, IS SINCERE IN HER DESIRE FOR A DE-ESCALATION AND ULTIMATE DECISION IN VIETNAM. ON THE LESS ALTRUISTIC SIDE, SHE WOULD WELCOME NOT ONLY THE PRESTIGE TO BE DERIVED FROM HAVING THE TALKS HELD IN BUCHAREST BUT ALSO MORE IMPORTANTLY THE WORLDWIDE RECOGNITION FOR ANY POSITIVE CONTRIBUTIONS SHE COULD MAKE DURING THE TALKS WHICH WOULD CONTRIBUTE EITHER TO AGREEMENT BETWEEN THE PARTICIPANTS OR SUBSTANTIVE PROGRESS TOWARD LATER AGREEMENT.

B) THE U.S. COULD BE ASSURED OF COMPLETE ROMANIAN COOPERATION AND IMPARTIALITY IN THE PRELIMINARIES TO THE TALKS. ROMANIA WOULD EXPEDITE THE ADMITTANCE TO ROMANIA OF AS LARGE A DELEGATION AND STAFF AS THE U.S. WOULD WISH TO SEND AND WOULD PROVIDE WHATEVER QUARTERS OR OTHER LOGISTICAL SUPPORT WOULD BE DESIRED, EVEN, PERMITTING TECHNICAL SWEEPS OF WHATEVER CONFERENCE ROOM FACILITIES ROMANIA MIGHT BE CALLED UPON TO PROVIDE. [REDACTED] I FEEL, HOWEVER, THAT THE BEST ARRANGEMENT WOULD BE FOR THE TALKS TO BE HELD IN THE PARTICIPANTS' EMBASSIES, ALTERNATING DAILY.)

C) ONCE TALKS BEGIN, ROMANIA COULD BE COUNTED ON TO PROVIDE WHATEVER MEDIATION SERVICES, GOOD OFFICES AND COUNSEL THAT MIGHT BE REQUESTED IN ORDER TO FACILITATE AGREEMENT. ROMANIA HAS EXCELLENT CREDENTIALS FOR SUCH A ROLE. PRIME MINISTER ION GHEORGHE MAURER WOULD UNDOUBTEDLY HEAD ANY ROMANIAN PARTICIPATION WHICH MIGHT BE REQUESTED, AND HE IS WELL INFORMED ON HANOI'S THINKING, NOT ONLY FROM THE SEVERAL VISITS HE HAS MADE TO HANOI BUT FROM THE REPORTS FROM HIGH-LEVEL EMISSARIES SENT BY HIM TO HANOI ABOUT ONCE A MONTH, THE MOST RECENT SUCH VISITATION BEING THAT OF A DEPUTY FOREIGN MINISTER DURING THE PAST FEW WEEKS. THE U.S. SHOULD REMEMBER THAT MAURER HAS SET THE RESOLUTION OF THE VIETNAMESE CONFLICT AS ONE OF HIS HIGHEST PERSONAL GOALS AND WILL THEREFORE DO HIS UTMOST TO ENSURE SUCCESSFUL TALKS.

3. THE ROMANIAN PRESS AND RADIO MEDIA WOULD NOT CREATE AN ATMOSPHERE UNFAVORABLE TO THE U.S. AS THE TALKS BEGIN OR TURN ON THE U.S. IF THE TALKS SHOULD BOG DOWN ON SPECIFIC ISSUES. THE MEDIA WOULD MAINTAIN A STRICTLY IMPARTIAL POSTURE. FURTHERMORE, ROMANIA WOULD PERMIT THE UNRESTRICTED ENTRY OF WORLD PRESS REPRESENTATIVES TO COVER THE CONFERENCE AND WOULD GUARANTEE THAT THERE WOULD BE NO RESTRICTIONS ON THE OUTGOING COPY.

DTG: 202144Z APR 68

~~SECRET~~

SATURDAY

68 APR 20 PM 5:04

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1968 APR 20 21 41

EEA393  
OO WTE10  
DE WTE 1684

FROM WALT ROSTOW  
TO THE PRESIDENT  
CITE WH81017

UNCLAS

SUPPLEMENT FOR DRAFT SPEECH

BILL BUNDY HAS DICTATED THIS ALTERNATIVE TO THE OPENING SECTION. IT IS MORE GENERAL, LESS TECHNICAL -- PERHAPS MORE APPROPRIATE FOR THE PRESIDENT.

WILLIAM BUNDY DRAFT  
APRIL 20, 1968

THREE WEEKS AGO WE TOOK A MAJOR STEP TOWARD PEACE IN VIETNAM.

AT LEAST WE SINCERELY HOPED IT WOULD BE A STEP TOWARD PEACE. WE HOPED THAT ACTION ON OUR PART WOULD BRING SOME SIMILAR ACTION BY HANOI. WE HOPED THAT OUR RESTRAINT WOULD MEET WITH SOME RESTRAINT FROM THE OTHER SIDE.

AT THAT TIME, I ANNOUNCED THAT WE WERE REDUCING -- SUBSTANTIALLY REDUCING -- THE LEVEL OF MILITARY ACTION. I ORDERED OUR AIRCRAFT AND NAVAL VESSELS TO HALT ATTACKS OVER THREE-FOURTHS OF NORTH VIETNAM. FROM THAT DAY TO THIS, THERE HAVE BEEN NO STRIKES AGAINST MILITARY TARGETS IN THE LARGE AREA OF THE NORTH WHERE ABOUT 90 PERCENT OF ITS PEOPLE LIVE.

IN RETURN, I ASKED THAT THE LEADERS IN HANOI SEND THEIR REPRESENTATIVES TO MEET WITH OURS AT GENEVA "OR ANY OTHER SUITABLE PLACE" SO WE COULD BEGIN TO MOVE TOGETHER TOWARD A GENUINE PEACE IN THE AREA OF SOUTHEAST ASIA.

IN ANSWER, HANOI REFUSED TO SAY ANYTHING ABOUT WHAT IT WOULD DO TO REDUCE THE LEVEL OF ITS ATTACKS AGAINST SOUTH VIETNAM. BUT IT DID AGREE TO TALK. THE NORTH VIETNAMESE FOREIGN MINISTER SUGGESTED THAT THE MEETING PLACE "MAY BE PHNOM PENH -- OR ANOTHER PLACE TO BE MUTUALLY AGREED UPON."

I USE THESE SPECIFIC QUOTATIONS DELIBERATELY TO DEMONSTRATE ONE SIMPLE AND BASIC FACT THE AFFECTS THE PRESENT SEARCH FOR A FAIR AND CONVENIENT LOCATION FOR INITIAL CONTACTS. THE FACT IS THAT BOTH WE AND HANOI REALIZE THAT THE ISSUE IS NOW SIGNIFICANTLY DIFFERENT FROM THE LONG PERIOD IN WHICH WE SOUGHT UNREMITTINGLY TO ESTABLISH FRUITFUL CONTACTS ON A SECRET AND PRIVATE BASIS. I SAID REPEATEDLY THAT WE WOULD GO ANYWHERE FOR THAT PURPOSE, AND I MEANT IT.

XEROX FROM QUICK COPY

BUT TODAY WE ARE OPERATING ON THE BASIS OF AN APPARENT ACCEPTANCE IN PRINCIPLE ON BOTH SIDES -- AND A CLEAR ACCEPTANCE ON OURS -- THAT CONTACTS WILL TAKE PLACE FOR THE PURPOSE OF LEADING ON TO SUBSTANTIVE TALKS. AND THE LOCATION OF SUCH CONTACTS, IN THESE CIRCUMSTANCES, MUST BE A MATTER OF MUTUAL AGREEMENT AND OF FAIRNESS TO BOTH SIDES -- A LESSON WE LEARNED THE HARD WAY IN THE EARLY DAYS OF THE KOREAN TURCE NEGOTIATION, WHEN A COMMUNIST-CONTROLLED SITE WAS USED FOR BLATANT PROPAGANDA PURPOSES.

ACCORDINGLY, WE HAVE SET FORTH ONE BASIC CRITERION -- THAT THE LOCATION SHOULD BE ONE IN WHICH THE ATMOSPHERE IS IMPARTIAL. IT WOULD FLOW FROM THIS CRIETERION BOTH WE AND HANOI WOULD BE ABLE TO HAVE PREPRESENTATIVES AND COMMUNICATIONS ON A FAIR AND DIGNIFIED BASIS. AND IT SHOULD FLOW ALSO THAT THE HOST COUNTRY WOULD INTERPOSE NO DIFFICULTY FOR LIAISON, REPRESENTATIVES FROM VITALLY INTERESTED ALLIES ON BOTH SIDES, AND FOR ADEQUATE ACCESS AND FACILITIES FOR THE PRESS AND NEWS MEDIA OF THE WORLD.

IN LINE WITH OUR BASIC VIEW OF THE NEED FOR AN IMPARTIAL ATMOSHPERE, WE FOLLOWED OUR INITIAL GENEVA SUGGESTION BY OFFERING FOUR NEUTRAL ASIAN CAPITALS -- VIENTIANE, RANGOON, NEW DELHI, AND DJAKARTA. WE DID SO IN THE BELIEF THAT HANOI MIGHT PREFER AN ASIAN LOCATION FOR ITS ACCESSIBILITY -- AND BECAUSE WE OURSELVES THOUGHT THAT AN ASIAN LOCATION WOULD BE SYMBOLICALLY APPROPRIATE FOR DEALING WITH WITH AN ASIAN CONFLICT.

WHEN HANOI ISSUED PUBLIC STATEMENTS THAT WERE NEGATIVE TO THESE SUGGESTIONS, LAST WEEK WE PROPOSED SIX ADDITIONAL CAPITALS IN ASIA -- AND FOUR IN EUROPE. THUS, WE HAVE NOW PUT FORWARD A TOTAL OF FIFTEEN POSSIBLE LOCATIONS, ALL OF WHICH WE BELIEVE MEET THE TEST OF AN IMPARTIAL ATMOSPHERE AND ALL THAT GOES WITH IT.

IN ITS OFFICIAL COMMUNICATIONS WITH US, HANOI HAS PROPOSED TWO CAPITALS, PHNOM PENH AND WARSAW, BOTH OF WHICH WE BELIEVE PRESENT SERIOUS DIFFICULTIES IN TERMS OF THE NEED FOR FAIRNESS AND FULL FACILITIES. FOR EXAMPLE, IT IS A MATTER OF PUBLIC RECORD THAT THE POLISH GOVERNMENT HAS PUBLICLY AVOWED A POLICY OF GRANT MILITARY ASSISTANCE TO NORTH VIETNAM. IT MAINTAINS TIGHT RESTRICTIVE CONTROL OVER THE ADMINISTRATION AND ACTIVITIES OF NON-COMMUNIST PRESS REPRESENTWTIVES. IN SHORT, WE COULD NOT EXPECT IN WARSAW THE KIND OF EVEN-HANDED TREATMENT OF BOTH SIDES THAT IS ESSENTIAL IF THESE TALKS ARE TO SUCCEED.

I DO NOT WISH TO SAY ANYTHING TODAY THAT COULD IMPEDE THE CONTINUING DIPLOMATIC SEARCH FOR A MUTUALLY AGREEABLE LOCATION. I AM PARTICULARLY ANXIOUS THAT THIS MIGHT BE HANDLED THROUGH SERIOUS AND CONSIDERED EXCHANGES OF A KIND THAT WE HAVE NOT YET HAD FROM HANOI.

BUT I DO OWE YOU A COMMENT ON QUESTIONS THAT MAY BE IN YOUR MINDS, AND I WILL PROCEED FROM THAT TO OFFER ONE FURTHER SUGGESTION.

YOU MAY ASK, AS SOME AMERICANS DO: WHY HAGGLE? WHY NOT ACCEPT THEIR PROPOSAL AND GET ON WITH THE TALKS? WHAT IS SO IMPORTANT ABOUT WHERE WE MEET?

I HAVE ALREADY EXPLAINED SOME OF THE REASONS WHY A FAIR AND REASONABLE SITE IS IMPORTANT TO THIS SUCCESS OF THIS KIND OF MEETING. BUT THERE IS ANOTHER ELEMENT THAT MUST BE CONSIDERED.

IN FACT -- IN THIS EXCHANGE REGARDING A MEETING PLACE -- NEGOTIATIONS WITH HANOI HAVE ALREADY BEGUN. IF YOU READ HANOI RADIO'S DAILY OUTPUT YOU WILL QUICKLY RECOGNIZE THAT THEY ARE ATTEMPTING TO PUT MAXIMUM PRESSURE ON US TO BEND TO THEIR WILL. THEY ARE COUNTING HEAVILY ON WHAT THEY CALL "WORLD OPINION" AND "AMERICAN PUBLIC OPINION" TO SUPPORT THEIR STAND. THEY WANT TO DISCOVER AT THE OUTSET JUST HOW EFFECTIVE THAT PRESSURE CAN BE. OTHERWISE, WE BELIEVE THEY WOULD USE AVAILABLE DIPLOMATIC CHANNELS RATHER THAN PUBLIC HARANGUES TO FIND, IN THEIR WORDS, "A PLACE TO BE MUTUALLY AGREED UPON."

DTG: 202028Z APR 68



1968 APR 20 21 36

EA304  
CC WTE10  
DE WTE 1586

FROM WALT ROSTOW  
TO THE PRESIDENT  
CITE CAP81319

*Pres file*

31  
SATURDAY  
68 APR 20 PM 4:50

~~CONFIDENTIAL~~

20 APRIL 1968

THE UNITED NATIONS ECONOMIC COMMISSION FOR LATIN AMERICA IS MEETING IN SANTIAGO, CHILE NEXT WEEK AND WILL CELEBRATE ITS 20TH ANNIVERSARY.

ED KORRY IS OUR REPRESENTATIVE. NOTING THAT YOU SENT A SPECIAL MESSAGE TO THE UNITED NATIONS ECONOMIC COMMISSION FOR THE FAR EAST ON ITS 20TH ANNIVERSARY, ED ASKS IF YOU WOULD CONSIDER SENDING ONE TO ECLA WHICH HE COULD PRESENT.

IN A REGION WHERE INVIDIOUS COMPARISONS ARE QUICKLY DRAWN, IT WOULD BE ADVISABLE TO SEND A MESSAGE. A SUGGESTED DRAFT IS ATTACHED.

APPROVE \_\_\_\_\_

DISAPPROVE \_\_\_\_\_

CALL ME \_\_\_\_\_

SUGGESTED PRESIDENTIAL MESSAGE

TO THE UNITED NATIONS ECONOMIC COMMISSION FOR LATIN AMERICA  
(MEETING IN SANTIAGO CHILE IN APRIL 1968)

UPON ITS 20TH ANNIVERSARY

I CONGRATULATE THE ECONOMIC COMMISSION FOR LATIN AMERICA ON ITS 20TH ANNIVERSARY. DURING THESE TWO EVENTFUL DECADES, ECLA HAS PLAYED A SPECIAL ROLE IN FORMULATING AND ADVANCING POLICIES TO SPEED THE ECONOMIC AND SOCIAL DEVELOPMENT OF LATIN AMERICA.

IT IS JUST A LITTLE OVER A YEAR SINCE I MET AT PUNTA DEL ESTE WITH THE OTHER PRESIDENTS OF OUR HEMISPHERE. THERE WE DETERMINED THAT THE TREMENDOUS EFFORT INVOLVED IN THE PEACEFUL, REVOLUTIONARY DEVELOPMENT OF THE REGION WOULD BE ACCELERATED. TO THIS END, WE RECOGNIZED THAT THE PROGRESSIVE INTEGRATION OF THE LATIN AMERICAN ECONOMIES WOULD BE VITAL IN PROMOTING THE LEVELS OF INTRA-AND INTER-REGIONAL TRADE, IN ASSURING THE NECESSARY RATE OF ADVANCEMENT OF THESE ECONOMIES, AND ABOVE ALL, IN BETTERING LIVING STANDARDS OF THE PEOPLE.

I COMMEND ECLA FOR ITS CONTRIBUTION TO THIS EFFORT.

LYNDON B. JOHNSON

DTG 202045Z APRIL 1968

XEROX FROM QUICK COPY

VZCZCEEA392  
OO WTE13  
DE WTE 1683

FROM WALT ROSTOW  
TO THE PRESIDENT  
CITE CAP81016

1968 APR 20 20 02

~~SECRET~~

APRIL 20, 1968

GENERAL WHEELER HAS ASKED ME TO VERIFY THE AGREEMENT  
YOU REACHED WITH PRESIDENT PARK ON DEPLOYMENT OF ADDITIONAL  
KOREANS TO SOUTH VIETNAM.

IT IS GENERAL WHEELER'S UNDERSTANDING THAT PRESIDENT  
PARK AGREED:

- TO DISPATCH 5,000 CIVILIANS TO THE KOREAN SUPPORT ELEMENT  
IN VIETNAM -- SUBJECT TO AN AGREEMENT ON THE PAY SCALES FOR  
THESE CIVILIANS;

- TO ASSIGN 5,000 LOGISTIC TROOPS TO COMBAT DUTY, WITH  
THE TROOPS TO BE EQUIPPED BY THE U. S.; AND

- TO REVIEW THE QUESTION OF DEPLOYING AN ADDITIONAL BRIGADE  
OF 6,000 MEN TO VIETNAM.

YES

NO

SEE ME

DECLASSIFIED  
E.O. 12958, Sec. 3.6  
NLJ 97-268  
By isa, NARA Date 1-15-99

XEROX FROM QUICK COPY

DTG 201942Z APR 68

68 APR 20 PM 3:17

SATURDAY

*Pre file*

32

~~SECRET~~

~~SECRET~~

INFORMATION

~~TOP SECRET~~

Saturday, April 20, 1968 - 9:30am

Mr. President:

Herewith a memorandum to you from Amb. Lodge noting some objectives we might seek in negotiations and pitfalls to be avoided.

W. W. Rostow

~~TOP SECRET~~

WWRostow:rla

DECLASSIFIED

White House Guidelines, Feb. 24, 1983

By rg, NARA, Date 5-1-92

33

*Pres file*



~~TOP SECRET/NODIS~~

33a

DEPARTMENT OF STATE  
AMBASSADOR AT LARGE  
WASHINGTON

April 18, 1968

TO: The President *N.C. Lodge*  
FROM: H. C. Lodge  
SUBJECT: Positive and Negative Aspects of Negotiations

Herewith are some positive aims to be achieved in negotiations with Hanoi:

1. ARVN should be able to use all the roads--including the railroad. No more road blocks, blown bridges or ambushes. This is basic. Without it you cannot be sure of anything. With it, foreign observers (ICC or others) could get around and make valid observations. This would be what we call the indispensable "inspection system"--what the Vietnamese call "guarantees." No deal with a Communist is worth anything without it. The Austrian and Nuclear Test Ban treaties worked because one could see that their provisions were being carried out.

2. A so-called "settlement" is a snare and a delusion unless it gets at terrorist violence and is not limited to military violence. There must therefore be an end of terrorist assassination and kidnapping of local officials--

~~TOP SECRET/NODIS~~

DECLASSIFIED

Authority 71C 91-259  
By isp/rg, NARA, Date 5-11-92



~~TOP SECRET/NODIS~~

- 2 -

administrative, school teachers, health workers, etc.

Also, no mortaring or firing of rockets into cities. To do any of these things must involve our retaliation.

3. Hanoi should stop infiltration and stop its direction of the war. (Certain individual Viet Cong could receive amnesty and the hard-cores could return to North Viet-Nam.)

4. There should be a time limit on talks--possibly thirty-seven days which was the length of our bombing pause in 1966.

Points 1, 2 and 3 are sufficiently attractive to justify suspension of bombing--or even withdrawal of some American troop units in exchange. This last could have a dramatic effect.

If, on the other hand, Hanoi turns them down, we might one day wish to publicize them since they are (a) eminently reasonable and (b) since they make enemy aggression crystal clear--a fact of which many seem unaware today.

\* \* \* \* \*

Negative results to be avoided:

1. Getting rid of Thieu/Ky and setting aside the Constitution. This would be defeat and would lose us the

~~TOP SECRET/NODIS~~

~~TOP SECRET/NODIS~~

- 3 -

many great things we have achieved. These men and the Constitution are not wildly popular (no one in Viet-Nam is) but they symbolize stability and legitimacy--the first since the end of colonialism. Yet I have heard those who should know better talk about dumping Thieu/Ky and the Constitution.

2. There should be no Viet Cong participation as a separate national entity in diplomatic talks. They could be at the table as a member of the Hanoi delegation but not with a separate sign or flag. To allow the Viet Cong to participate as a separate entity would give it legitimacy. It would surely then claim to be the Government of South Viet-Nam. It would initiate a wave of even more ruthless terror. It would cause the South Vietnamese efforts to flag. It would undercut the military. It would cause chaos among the democratic nationalist elements.

3. It is inconceivable that the U.S. could do other than sustain a defeat at a true multi-nation conference such as that of the Geneva Powers in 1954. If the pressure to hold such a conference should become unbearable, it should be held only for show.

~~TOP SECRET/NODIS~~

~~TOP SECRET/NODIS~~

- 4 -

4. There should be no so-called "cease-fire" which legalizes and makes permanent the present Viet Cong occupation of certain areas. "Cease-fire" must always be linked to "withdrawal."

\* \* \* \* \*

We should be mindful of a statement by the man who has the reputation of being America's greatest Orientalist and who is admired by many who have not supported our policy, Professor J. K. Fairbank of Harvard, who said:

"Ho Chi Minh and his colleagues are committed to permanent revolutionary struggle rather than to an interlude of war terminated by formal peace."

The time may come when it will be well to emphasize this statement publicly.

~~TOP SECRET/NODIS~~

**ACTION**

34

**Saturday, April 20, 1968  
9:15 a.m.**

*Presfile*

**Mr. President:**

**Herewith a memorandum from Gen. Taylor requesting that you sign a special memorandum reinforcing the importance you attach to the President's Foreign Intelligence Advisory Board.**

**In my judgment, a reinforcing memorandum of this type would be timely and helpful.**

**W. W. Rostow**

**WWRestow:rla**



34a

PRESIDENT'S FOREIGN INTELLIGENCE ADVISORY BOARD

April 15, 1968

Mr. President:

In the course of the meeting of your Foreign Intelligence Advisory Board on April 11-12, we discussed at length ways and means to discharge more effectively our responsibilities as set forth by you in previous documents relating to the work of the Board.

To increase the awareness in government of the great importance of the foreign intelligence function in providing a sound basis for governmental decisions in the field of foreign policy, your Board believes that it would be most timely to make a statement on the subject along the lines of the draft memorandum appended hereto. While it repeats to some extent what you have already said in 1965, it does so in somewhat stronger terms at a time when the intelligence effort would profit greatly by a reaffirmation of Presidential interest and support.

Maxwell D. Taylor

Attachment:

Draft memorandum.

THE WHITE HOUSE  
WASHINGTON

348

MEMORANDUM TO THE SECRETARY OF STATE  
THE SECRETARY OF DEFENSE  
THE DIRECTOR OF CENTRAL INTELLIGENCE  
THE CHAIRMAN, PRESIDENT'S FOREIGN  
INTELLIGENCE ADVISORY BOARD

SUBJECT: The U.S. Foreign Intelligence Effort

Pursuant to my appointment of General Maxwell D. Taylor to serve as Chairman of the President's Foreign Intelligence Advisory Board, as successor to Secretary Clark M. Clifford, I wish to emphasize the importance which I attach to the foreign intelligence function in government and to the mission of the Board. In this period of rapid political and economic change, the operation of government is more dependent than ever before on reliable, timely intelligence leading to a wise evaluation of the world situation. Under the coordination and guidance of the Director of Central Intelligence, all members of the U.S. foreign intelligence community contribute to this essential service.

I shall continue to look to the Board for a continuous review and assessment of all aspects of the activities of the foreign intelligence community and shall expect to receive recurrent recommendations from it for strengthening the effectiveness of these activities.

In accordance with the provisions of Executive Order 10938 of May 4, 1961 and of my memorandum of October 19, 1965 on this same subject, I wish the Board to be able to assure me at all times of the quality, responsiveness and reliability of the intelligence which reaches the decision-makers of Government. To assist it in this mission, I ask the heads of Departments and Agencies concerned to cooperate fully and freely with the Board in the discharge of its mission.

Lyndon B. Johnson

MEMORANDUM FOR THE PRESIDENT

THRU MR ROSTOW

FROM McGEORGE BUNDY

I think the most important element in a speech on Vietnam this week is mood. Neither now nor later can we expect the country as a whole to understand the details of diplomatic jockeying, and Hanoi has a built-in advantage with the "neutral press" and commentators. The President should not get into this kind of detailed squabble. Ho Chi Minh has not said one word in public.

Our President should not be defensive nor should he be his own lawyer. He needs to take much higher ground. He needs to show confidence, a grasp of general principles, a combination of firmness and magnanimity, and where the U. S. has to stick on apparently small points like the site of talks, the President should not be the defendant (neither should he be a defendant before critics on the right or worried Asian friends).

I therefore believe that this speech should not attempt either a detailed discussion of the current difficulty or a detailed exposition of the U. S. negotiating position. I think instead it should do three bigger things:

(1) It should show the President's quality as both chief negotiator and Commander in Chief. It should rise above the current question of sites and express both confidence and caution on the real change and improvement which came after the President's speech of March 31. Hanoi's move is genuinely significant; it creates a changed situation; the President can welcome that change. At same time he can warn against any easy assumption that it means instant peace. Hanoi has often preached the use of negotiations as a form of warfare. This is not our concept of negotiations, but if it is what others seek to do to us, we shall have to prove that what we have successfully defended in battle will not be given away either to propaganda or to political pressure, but we hope for something much better and will work for it.

One could treat the site question as a minor example within this general problem, and my own inclination would be to take a generally optimistic line: there are many good places to meet in the world, and the President is confident that our diplomats, their diplomats, and friendly neutral diplomats, can find a place which is fair to all concerned. I would be careful to avoid any further detailed argument about what is fair simply because once again it sets the President up as a target for every commentator in the world. Another aspect which deserves treatment by the Commander in Chief and chief negotiator is Khe Sanh. I think the point to be made here is not that Khe Sanh is a triumph of force alone, but rather that we do not really care why the siege was lifted. The important point was that it was lifted as a result of a combination of firmness on our part and discretion on theirs.

If they also made a political decision to refrain from further attacks by North Vietnamese forces here, so much the better. In other words, we do not need to rub their noses in a defeat; we can afford to welcome a decision on their part which serves peace, and we can afford to express the belief that it is down this track of mutual restraint that the hopeful road lies.

(2) The speech should exploit the President's Olympian position above the American political battle. The President is no longer defending himself. He is defending the interests of the United States and beyond them the interests of the world in honorable peace. He should therefore look right past the skillful deference of Nixon and the irresponsible Pollyanna talk of McCarthy. He should ignore them.

(3) The speech should reserve the President's final negotiating position. If it is thought wise to rehearse previous offers, I think the best mood would be to show these things as elements of an American position which can and will be spelled out further in the course of serious negotiations. In other words the President should not seek to negotiate in this speech but rather to show what manner of negotiator he is. That manner, I repeat, should be confident but realistic, optimistic but restrained, and wholly above the detailed daily debating which will necessarily fill the papers for many months.

McGeorge Bundy



~~CONFIDENTIAL~~

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DE WTE 1669

FROM WALT ROSTOW  
TO THE PRESIDENT  
CITE CAP81304

~~CONFIDENTIAL~~

APRIL 19, 1968

I ASKED SECRETARY RUSK HIS VIEW OF ROBERT WAGNER AS AMBASSADOR TO AUSTRALIA.

HIS CANDID JUDGMENT IS THAT WHEN HE WAS WORKING AT THE ROCKEFELLER FOUNDATION HE FOUND WAGNER, AS MAYOR, "PRETTY THIN." HE WAS "HOPELESS" AT EASY EXTEMPORANEOUS REMARKS. HE WAS NEVER "A STRONG ADMIRER" OF WAGNER.

BEYOND THAT HE GUESSES IT AS UNLIKELY THAT WAGNER WOULD ACCEPT A POSSIBLY BRIEF TOUR OF DUTY ABROAD.

SECRETARY RUSK SUGGESTS THAT YOU MIGHT CONSIDER BILL LEONHART FOR THE POST: BOTH A DISTINGUISHED FOREIGN SERVICE OFFICER AND COMING FROM WORK CLOSE TO THE WHITE HOUSE.

DTG 200113Z APR 68

~~CONFIDENTIAL~~

**XEROX FROM QUICK COPY**

DETERMINED TO BE AN ADMINISTRATIVE  
MARKING. CANCELLED PER E.O. 12356,  
SEC. 13 AND ARCHIVIST'S MEMO OF  
MAR 10, 1983.

BY sg ON 5-1-92

EEA378  
00 WTE10  
DE WTE 1667

FROM WALT ROSTOW  
TO THE PRESIDENT  
CITE WH31002

UNCLAS

APRIL 19, 1968

REVISED VERSION

PRIME MINISTER PEARSON IS EXPECTED TO TURN HIS OFFICE  
TO HIS SUCCESSOR PIERRE ELLIOTT TRUDEAU ON SATURDAY, APRIL 20.

THERE FOLLOWS FOR YOUR APPROVAL:

- A MESSAGE TO PEARSON PAYING TRIBUTE TO HIS FORTY YEARS  
OF DISTINGUISHED PUBLIC SERVICE.
- A BRIEF WARM MESSAGE TO TRUDEAU CONGRATULATING  
HIM ON HIS ASSUMPTION OF THE PRIME MINISTERSHIP  
OF CANADA.

MESSAGE TO PRIME MINISTER PEARSON:

QTE ON YOUR RETIREMENT AS PRIME MINISTER OF CANADA,  
I JOIN YOUR MANY FRIENDS AND ADMIRERS IN THE UNITED  
STATES AND THROUGHOUT THE WORLD IN PAYING TRIBUTE TO  
YOUR OUTSTANDING PUBLIC CAREER AS DIPLOMAT AND  
STATESMAN AND TO THE MORE THAN FORTY YEARS  
OF ABLE AND DEDICATED SERVICE YOU HAVE RENDERED YOUR  
COUNTRY.

QTE I KNOW THAT YOUR WISE COUNSEL WILL CONTINUE TO BE  
SOUGHT IN THE YEARS AHEAD, BOTH IN CANADA AND ABROAD.  
IT HAS BEEN A GREAT HELP TO ME TO KNOW THAT I COULD TURN  
TO YOU WITHOUT FORMALITY WHENEVER THE NEED AROSE FOR  
FRANK CONSULTATION.

QTE MRS. JOHNSON JOINS ME IN WISHING YOU AND  
MRS. PEARSON THE HAPPINESS, GOOD HEALTH, AND ENRICHING ENDEAVOR  
YOU SO GREATLY DESERVE.

SINCERELY, LYNDON B. JOHNSON UNQTE

APPROVE ----- DISAPPROVE -----

MESSAGE TO PRIME MINISTER TRUDEAU:

QTE PLEASE ACCEPT MY CONGRATULATIONS AND WARMEST  
BEST WISHES UPON YOUR ASSUMPTION OF THE PRIME  
MINISTERSHIP OF CANADA. I AM CONFIDENT THAT THE CLOSE  
COOPERATION AND CORDIAL FRIENDSHIP WHICH HAVE CHAR-  
ACTERIZED RELATIONS BETWEEN OUR TWO COUNTRIES FOR OVER  
ONE HUNDRED YEARS WILL CONTINUE UNDER YOUR DISTINGUISHED  
LEADERSHIP. I LOOK FORWARD TO WORKING WITH YOU.  
SINCERELY, LYNDON B. JOHNSON UNQTE

APPROVE ----- DISAPPROVE -----

DTG 200030Z APRIL 1968

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FROM WALT ROSTOW  
TO THE PRESIDENT  
OFFICE WH85990

*Revised Message*

UNCLASSIFIED

APRIL 19, 1968  
REVISED VERSION.

*Double Spaces*

PRIME MINISTER PEARSON IS EXPECTED TO TURN HIS OFFICE  
TO HIS SUCCESSOR PIERRE ELLIOTT TRUDEAU ON ~~FRIDAY~~, (APRIL 20,  
~~2022~~ PEARSON'S SEVENTY-FIRST BIRTHDAY. *(Saturday)*)

*APR 19 PM 1:00*

*FRIDAY*

THERE FOLLOWS FOR YOUR APPROVAL:

- A ~~WARM~~ MESSAGE TO PEARSON, ~~CONGRATULATING HIM ON HIS BIRTHDAY AND~~ PAYING TRIBUTE TO HIS FORTY YEARS OF DISTINGUISHED PUBLIC SERVICE.
- A BRIEF WARM MESSAGE TO TRUDEAU CONGRATULATING HIM ON HIS ASSUMPTION OF THE PRIME MINISTERSHIP OF CANADA.

MESSAGE TO PRIME MINISTER PEARSON:

*START HERE*  
QTE ~~MRS. JOHNSON AND I SEND YOU OUR CONGRATULATIONS AND WARM BIRTHDAY WISHES~~ ON THE ~~SEVENTH~~ OF YOUR RETIREMENT AS PRIME MINISTER OF CANADA. ~~I~~ JOIN YOUR MANY FRIENDS AND ADMIRERS IN THE UNITED STATES AND THROUGHOUT THE WORLD IN PAYING TRIBUTE TO YOUR OUTSTANDING PUBLIC CAREER AS DIPLOMAT AND STATESMAN AND TO THE MORE THAN FORTY YEARS OF ABLE AND DEDICATED SERVICE YOU HAVE RENDERED YOUR COUNTRY.

QTE I KNOW THAT YOUR WISE COUNSEL WILL CONTINUE TO BE SOUGHT IN THE YEARS AHEAD, BOTH IN CANADA AND ABROAD. IT HAS BEEN A GREAT HELP TO ME TO KNOW THAT I COULD TURN TO YOU WITHOUT FORMALITY WHENEVER THE NEED AROSE FOR FRANK CONSULTATION.

*Mrs. Johnson joins me in wishing*  
QTE WE WISH FOR YOU AND MRS. PEARSON THE HAPPINESS, GOOD HEALTH, AND ENRICHING ENDEAVOR YOU SO GREATLY DESERVE.

SINCERELY, LYNDON B. JOHNSON UNQTE

APPROVE ----- DISAPPROVE -----

MESSAGE TO PRIME MINISTER TRUDEAU:

QTE PLEASE ACCEPT MY CONGRATULATIONS AND WARMEST BEST WISHES UPON YOUR ASSUMPTION OF THE PRIME MINISTERSHIP OF CANADA. I AM CONFIDENT THAT THE CLOSE COOPERATION AND CORDIAL FRIENDSHIP WHICH HAVE CHARACTERIZED RELATIONS BETWEEN OUR TWO COUNTRIES FOR OVER ONE HUNDRED YEARS WILL CONTINUE UNDER YOUR DISTINGUISHED LEADERSHIP. I LOOK FORWARD TO WORKING WITH YOU.  
SINCERELY, LYNDON B. JOHNSON UNQTE

APPROVE ----- DISAPPROVE -----

~~DTG 192254Z APR 68~~

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~~CONFIDENTIAL~~

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1968 APR 20 00 33

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FROM WALT ROSTOW  
TO THE PRESIDENT  
CITE CAP81001

~~CONFIDENTIAL~~

APRIL 19, 1968

SUBJECT: LETTER TO SECRETARY FOWLER, TO BE READ AT  
INTER-AMERICAN BANK MEETING

SECRETARY FOWLER HAS PREPARED THE LETTER WHICH FOLLOWS  
TO READ ON YOUR BEHALF TO THE INTER-AMERICAN BANK  
GOVERNORS WHO MEET ON MONDAY, APRIL 22, IN BOGOTA. YOU  
WILL RECALL THAT WHILE IN HONOLULU, WE WORKED OUT THE  
DEVICE OF THIS LETTER TO PERMIT SECRETARY FOWLER TO  
TALK ABOUT PHYSICAL INTEGRATION AT THE OPENING OF THE  
BANK MEETING ON MONDAY WITHOUT UNDERCUTTING YOUR  
ANNOUNCEMENT ON A LATIN AMERICAN TASK FORCE ON TUESDAY  
MORNING. THE LETTER IS SATISFACTORY, AND I RECOMMEND  
YOUR APPROVAL.

APPROVE -----  
DISAPPROVE -----  
CALL ME -----

DRAFT LETTER FROM PRESIDENT JOHNSON TO SECRETARY FOWLER  
TO BE READ TO IDB GOVERNORS IN BOGOTA

DEAR SECRETARY FOWLER:

IT HAS BEEN A MATTER OF PRIDE THAT YOU, AS UNITED  
STATES GOVERNOR OF THE INTER-AMERICAN DEVELOPMENT  
BANK, HAVE SERVED DURING THAT PAST YEAR AS CHAIRMAN  
OF THE BOARD OF GOVERNORS OF THAT DISTINGUISHED ORGAN-  
IZATION. BEFORE YOU RELINQUISH YOUR DUTIES AS CHAIRMAN,  
I WOULD APPRECIATE IT IF YOU WOULD CONVEY THE FOLLOWING  
PERSONAL MESSAGE FROM ME TO THE NINTH ANNUAL MEETING  
IN BOGOTA:

IT IS A PLEASURE FOR ME AGAIN TO BE ABLE  
TO SALUTE THE ANNUAL GATHERING OF THE INTER-  
AMERICAN DEVELOPMENT BANK -- THE FINANCIAL  
CORNERSTONE OF HEMISPHERIC COOPERATION IN  
THE URGENT TASKS OF THE ALLIANCE FOR PROGRESS.  
LAST YEAR, THE GOVERNORS TOOK A FAR-REACHING  
ACTION TO EXPAND THE BANK'S RESOURCES. THE  
UNITED STATES RESPONDED PROMPTLY WITH ITS \$920  
MILLION SHARE OVER-A-THREE-YEAR PERIOD IN THE

DETERMINED TO BE AN ADMINISTRATIVE  
MARKING. CANCELLED PER E.O. 12360,  
SEC. 1.3 AND ARCHIVIST'S MEMO OF  
MAR. 18, 1982  
BY rg ON 5-26-82

*for file*

68 APR 19 PM 7:51

FRIDAY



\$1.2 BILLION INCREASE FOR LENDING BY THE FUND FOR SPECIAL OPERATIONS. OUR CONGRESS IS NOW WELL ALONG IN ITS CONSIDERATION OF A \$412 MILLION INCREASE IN OUR CALLABLE SUBSCRIPTION TO THE BANK'S ORDINARY CAPITAL. THESE EXPANDED RESOURCES AND THE LOANS THEY WILL MAKE POSSIBLE HOLD THE PROMISE OF RECORD LEVELS OF ACHIEVEMENT BY A BANK THAT IS ALREADY MAKING A MAJOR CONTRIBUTION TO LATIN AMERICAN DEVELOPMENT. UNDER FELIPE HERRERA'S SKILLFUL AND INSPIRING LEADERSHIP, THE EXECUTIVE DIRECTORS AND STAFF HAVE RESPONDED TO THE CHALLENGES BEFORE IT.

WHEN I JOINED WITH MY FELLOW PRESIDENTS OF THE AMERICAS AT PUNTE DEL ESTE A YEAR AGO THIS MONTH, IT WAS EVIDENT TO ALL OF US THAT THE MASTER KEY TO FULL DEVELOPMENT OF LATIN AMERICA'S RICH HUMAN AND NATURAL RESOURCE POTENTIALS WAS THE ACHIEVEMENT OF INTEGRATION OF THE MARKETS AND ECONOMIES OF THE LATIN AMERICAN COMMUNITY. WE FORESAW THE VITAL IMPORTANCE OF ESTABLISHING A COMMON MARKET THROUGH THE CONVERGENCE OF THE LATIN AMERICAN FREE TRADE AREA AND THE CENTRAL AMERICAN COMMON MARKET.

IT WAS EQUALLY CLEAR THAT A NECESSARY PREREQUISITE WAS A SOLID BEGINNING IN ACHIEVING THE PHYSICAL INTEGRATION OF LATIN AMERICA -- BUILDING THE VISIBLE AND TANGIBLE INTER-CONNECTIONS THAT MAKE POSSIBLE THE FREE INTER-CHANGE OF ECONOMIC FACTORS -- THE ROADS AND RIVER SYSTEMS, POWER GRIDS AND PIPELINES, TRANSPORT AND TELECOMMUNICATIONS.

MY THOUGHTS SINCE THAT HISTORIC GATHERING AT PUNTA DEL ESTE HAVE CONTINUED TO DWELL ON THE VAST PERSPECTIVES THAT LIE IN THE PHYSICAL INTEGRATION PROCESS. THE INTER-AMERICAN DEVELOPMENT BANK IS IN A POSITION TO PLAY A LEADERSHIP ROLE IN THE WORK TO BE DONE IN THIS FIELD, AS IS THE INTER-AMERICAN COMMITTEE FOR THE ALLIANCE FOR PROGRESS.

WE MUST ORGANIZE HEMISPHERICALLY FOR THIS TASK AND DRAW ON THE BEST AVAILABLE WISDOM AND EXPERTISE TO PLAN THE WAY AHEAD. I HOPE THAT YOUR MEETING AND RELATED ONES IN WASHINGTON THIS MONTH WILL ENABLE US TO SPELL OUT IN GREATER DETAIL A MECHANISM BY WHICH WE CAN, TOGETHER, CHART OUR WAY TOWARD THE BRIGHT PROSPECT OF THE FULL REALIZATION OF THIS FUNDAMENTAL GOAL OF THE ALLIANCE.

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**By** is, **NARA Date** 10-8-98

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FROM: WALT ROSTOW  
TO : THE PRESIDENT  
CITE: CAP80991

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APRIL 19, 1968

HEREWITH BUNKER'S FORTY-SEVENTH WEEKLY REPORT. IT IS  
PRECEDED BY A SUMMARY.

A. GENERAL

-- ATTITUDES TOWARD NEGOTIATIONS REFLECT ANXIETIES, BUT  
THERE IS NO PANIC.

-- SUBSTANTIAL POSITIVE REACTION INCLUDES: THE ACCEPTANCE  
OF THE NEED FOR GENERAL MOBILIZATION, GREATER EFFORTS AT  
ANTI-CORRUPTION, MORE WILLINGNESS OF OPPOSITION FIGURES  
TO COOPERATE, AN IMPROVED THIEU-KY RELATIONSHIP, AND  
WIDESPREAD REALIZATION THAT SVN IS AT A DANGEROUS CROSSROADS.

-- THOUGHTS ON SETTLEMENT TERMS INCLUDE: A NEUTRAL BUFFER  
ZONE, PERMITTING THE NLF INTO LEGAL SVN POLITICS; BUT  
MOST LEADERS FEEL ANY CONCESSION ACCEPTABLE TO HANOI WOULD  
NOT BE TO SAIGON SO THAT PUBLIC STATEMENTS STICK TO: NO  
COALITION, TERRITORIAL INTEGRITY, UNACCEPTABILITY OF THE  
NLF AS A PEACE TALK EQUAL, AND THE GVN MUST BE THE PRINCIPAL  
VOICE IN NEGOTIATIONS.

-- GVN LEADERS SPEAK OF THE NEED TO FIGHT ALONE;  
DEMONSTRATIONS HAVE BEEN CONSIDERED BUT HAVE YET TO  
MATERIALIZ.

-- THIEU CONTINUES MOVES TO STRENGTHEN THE GVN AIMED AT  
BROADENING POPULAR SUPPORT AND SETTING UP A SMALL "WAR  
CABINET."

-- WHEN TRAN VAN HUONG PROBABLY SOON BECOMES PM, HE WILL  
BRING TO THE GVN SOUTHERN SUPPORT AND AN HONEST IMAGE.  
WE CAN WORK WITH HIM DESPITE HIS PROBABLE DESIRE TO  
STRENGTHEN FURTHER THE GVN BEFORE ANY NEGOTIATIONS.

-- THE THIEU-KY RELATIONSHIP IS MUCH IMPROVED; THEY CONSULT  
DAILY.

-- THE ASSEMBLY SHOWS INDEPENDENCE AND YET WILLINGNESS  
TO WORK WITH THIEU.



-- THIEU SHOWS INCREASING CONFIDENCE AS A RESULT OF: YOUR SUPPORT, THE THREAT NEGOTIATIONS HOLD, HIS PROSECUTION OF CORRUPTION, AND INCREASING SUPPORT FROM THE MILITARY.

#### B. MILITARY

-- THE TEMPO HAS DROPPED AS THE ENEMY WITHDRAWS TO SANCTUARIES.

-- THIS WEEK HE LOST 3,071 KIA VS. 329 FRIENDLY, ALONG WITH 1500 ENEMY WEAPONS SEIZED.

#### C. PACIFICATION

-- PACIFICATION IS BACK ON THE TRACK AND WE ARE STEADILY MOVING BACK INTO THE COUNTRYSIDE, DESPITE A GOOD MANY MINUSES INCLUDING: VESTIGES OF PSYCHOLOGICAL SHOCK, A LOW CHIEU HOI RATE, AND DELTA RICE SHIPMENTS RUNNING AT ABOUT HALF OF LAST YEAR'S RATE.

-- POSITIVE INDICATORS INCLUDE THE RETURN TO CAMPAIGN AREAS OF 46 OF 51 RD BATTALIONS, AND A RECORD TOTAL OF 1,323 VC NEUTRALIZED IN MARCH BY PROJECT PHOENIX.

-- WITH THE RAINY SEASON BEGINNING IN A MONTH EVERYWHERE EXCEPT IN I CORPS, THE OBJECTIVE IS TO QUICKLY RESETTLE 537,000 EVACUEES FROM TET; CORDS AND AID HAVE ABLY ASSISTED GVN EFFORTS.

#### D. ECONOMIC

-- SAIGON RETAIL PRICES ROSE FOR THE SECOND WEEK AFTER A 7-WEEK DECLINE.

-- PEOPLE ARE RETURNING TO NORMAL BUYING HABITS.

-- GVN BOUGHT DOMESTIC PADDY AND WILL PROBABLY BUY 50-100,000 TONS OF US RICE.

#### A. GENERAL

1. ATTITUDES TOWARD PEACE NEGOTIATIONS. SINCE MY RETURN FROM WASHINGTON, I HAVE BEEN TRYING TO GET AN OVERALL PICTURE OF VIETNAMESE ATTITUDES TO THE PROSPECTS OF US/DRV CONTACTS AND TOWARD PEACE NEGOTIATIONS SHOULD THESE RESULT FROM THE PRELIMINARY TALKS. I MAY SAY THAT I THINK THESE ATTITUDES ARE INFLUENCED BOTH BY A FEELING OF APPREHENSION AND UNCERTAINTY AS TO THE COURSE WHICH THE U. S. WILL PURSUE AND A CERTAIN FEELING OF INADEQUACY, A FEELING THAT SOUTH VIET-NAM IS NOT YET READY FOR NEGOTIATIONS, NOT AS WELL ORGANIZED OR AS STRONG AS THE GOVERNMENT HOPES TO BE THREE OR SIX MONTHS FROM NOW. WHILE THE PICTURE IS STILL SOMEWHAT CONFUSED, IT SEEMS TO ME THAT CERTAIN MAIN LINES ARE BEGINNING TO EMERGE:



A. THERE IS A GENERAL FEAR AND REJECTION OF COALITION GOVERNMENT. MOST OPINION LEADERS REGARD COALITION GOVERNMENT AS HANOI'S PREFERRED ROUTE FOR TAKING OVER SOUTH VIET-NAM; AND THEY BELIEVE THAT ANY KIND OF COALITION GOVERNMENT WOULD RESULT EVENTUALLY IN COMMUNIST CONTROL OF THE COUNTRY. A PRINCIPAL FACTOR CONTRIBUTING TO THIS FEELING IS THE LACK HERE OF AN EFFECTIVE POLITICAL PARTY STRUCTURE WITH ORGANIZATION AT THE GRASS ROOTS CAPABLE OF DEALING WITH THE TIGHTLY ORGANIZED, HIGHLY DISCIPLINED FRONT CONTROLLED BY HANOI.

B. WHILE THE SITUATION IN THE UNITED STATES, OUR RACIAL PROBLEMS, OUR BALANCE OF PAYMENTS DIFFICULTIES, AND THE COMING ELECTION ARE NOT WELL UNDERSTOOD BY MOST VIETNAMESE, THERE IS AN UNEASY FEELING THAT THESE THINGS MAY AFFECT OUR ABILITY TO BRING ABOUT AN ACCEPTABLE PEACE. THIS LEADS TO A CONTINUING FEAR THAT WE MAY FORCE A SETTLEMENT ON SOUTH VIET-NAM, WHICH WILL RESULT IN AN ULTIMATE COMMUNIST TAKEOVER. THERE IS INDEED A SUSPICION AMONG THE MORE CYNICAL -- WHICH THE VC ARE FANNING -- THAT WE HAVE IN FACT ALREADY ENGAGED IN SECRET AGREEMENTS WITH HANOI, BUT MANY, PERHAPS MOST PEOPLE, SIMPLY FEAR THAT OUR OWN INTERESTS WILL LEAD US TO ACCEPT CONDITIONS THAT IN THE END WILL MEAN A COMMUNIST VICTORY. THESE FEARS, I THINK, PERMEATE IN GREATER OR LESS DEGREE ALL LEVELS OF VIETNAMESE LEADERSHIP, OUTSIDE OF OFFICIAL CIRCLES AS WELL AS IN THE GOVERNMENT.

C. VIETNAMESE ANXIETY ABOUT OUR INTENTIONS AND CONCERN ABOUT THEIR OWN WEAKNESSES ARE ACCENTED BY THE RECENT GRIM EVENTS IN HUE. THERE THE COMMUNISTS SOUGHT OUT AND SUMMARILY EXECUTED THOSE WHOM THEY CONSIDERED AS SUPPORTERS OF THE GVN AND THE US. HENCE I THINK IT WOULD NOT BE GOING TOO FAR TO SAY THERE IS AN ELEMENT OF DESPERATION AMONG SOME VIETNAMESE LEADERS.

D. DESPITE THE ABOVE, I DO NOT SENSE ANY PANIC. THERE IS IN FACT A VERY SUBSTANTIAL AMOUNT OF POSITIVE REACTION (SOME OF WHICH I SHALL DESCRIBE IN FOLLOWING SECTIONS). SUCH THINGS AS THE ACCEPTANCE OF THE NEED FOR GENERAL MOBILIZATION, THE EFFORTS TO CLEAN UP AND REORGANIZE THE GOVERNMENT, THE INCREASED WILLINGNESS OF OPPOSITION FIGURES TO WORK WITH THE GOVERNMENT, THE POPULARITY OF CIVIL DEFENSE EFFORTS AND THE MUCH IMPROVED WORKING RELATIONSHIP BETWEEN THIEU AND KY FLOW IN LARGE PART FROM THE WIDESPREAD REALIZATION THAT SOUTH VIET-NAM IS AT A DANGEROUS CROSSROADS IN ITS HISTORY.

2. THERE IS ALSO SOME SOBER THINKING ABOUT THE POSSIBLE TERMS OF SETTLEMENT. MANY NATIONALISTS ARE LOOKING FOR WAYS TO BUY TIME. ON SUCH CONCEPT IS THE IDEA OF A NEUTRAL BUFFER ZONE BETWEEN NORTH AND SOUTH VIET-NAM, WHICH WOULD INCLUDE ONE OR TWO PROVINCES ON EITHER SIDE OF THE 17TH PARALLEL. WHILE THE PROPONENTS OF THE IDEA ACKNOWLEDGE THAT SUCH A ZONE WOULD PROBABLY BE SUBVERTED BY THE COMMUNISTS, THEY SEE IT AS GIVING THE REMAINDER OF SOUTH VIET-NAM AND ITS ALLIES TIME TO PREPARE TO MEET THE RENEWED COMMUNIST THREAT.



3. OTHERS, SUCH AS FOREIGN MINISTER DO AND SENATOR DANG VAN SUNG, ARE THINKING MORE CONSTRUCTIVELY ABOUT WAYS IN WHICH THE NLF COULD BE PERMITTED TO TAKE PART IN THE LEGAL POLITICAL ACTIVITY OF SOUTH VIET-NAM. DO, SUNG, AND OTHERS DO NOT BELIEVE THE NLF COULD BE PERMITTED TO OPERATE AS A POLITICAL PARTY UNTIL AFTER 1971, NOR DO THEY THINK IT POSSIBLE TO ALLOW AN AVOWED COMMUNIST TAKEOVER IN THE PROCESS, BUT THEY APPEAR TO BE WILLING TO SEE "NON-COMMUNIST MEMBERS OF THE NLF" TAKE PART INDIVIDUALLY IN SOUTH VIET-NAMESE POLITICS, AND AFTER 1971 THEY BELIEVE IT MIGHT BE POSSIBLE TO PERMIT A "NON-COMMUNIST NLF" TO PARTICIPATE AS A POLITICAL PARTY IN THE POLITICAL LIFE OF THE NATION.

4. WHILE SUCH IDEAS ARE BEING DISCUSSED, MY IMPRESSION IS THAT MOST LEADERS HERE FEEL THAT NO CONCESSIONS LIKELY TO PROVE ACCEPTABLE TO HANOI WOULD PROVE UNACCEPTABLE TO THEM. THUS THEY TEND TO STICK TO AND REPEAT FORCEFULLY THEIR PUBLIC POSITION: THERE CAN BE NO ACCEPTANCE OF ANY KIND OF COALITION GOVERNMENT, THE TERRITORIAL INTEGRITY OF SOUTH VIET-NAM MUST BE RESPECTED, THEY CANNOT ACCEPT THE NLF AS AN EQUAL AT THE PEACE TABLE, AND THE GVN MUST BE THE PRINCIPAL VOICE IN PEACE NEGOTIATIONS AND MUST FREELY APPROVE AGREEMENTS MADE. THIS IS THE POSITION OF ALMOST ALL LEADERS OUTSIDE THE GOVERNMENT AS WELL AS THOSE IN OFFICIAL CIRCLES. GREAT EMPHASIS IS PLACED ON THE NEED FOR THE GVN TO BE THE PRINCIPAL NEGOTIATOR IN ANY PEACE TALKS. PUBLIC STATEMENTS TO THIS EFFECT HAVE BEEN MADE REPEATEDLY BY TOP GOVERNMENT LEADERS, BY BOTH HOUSES OF THE ASSEMBLY, BY BLOCS WITHIN THE ASSEMBLY, BY LEADERS OUTSIDE OF THE GOVERNMENT, AND BY POLITICAL GROUPS SUCH AS THE PEOPLE'S FRONT FOR NATIONAL SALVATION AND THE GREATER SOLIDARITY FORCE.

5. WHILE, AS I HAVE SAID, THERE IS NO PANIC, THERE HAVE BEEN SOME SIGNS OF CONCLUSIONS BEING DRAWN AS TO WHAT THE VIET-NAMESE THEMSELVES MUST DO. LEADERS FROM THIEU DOWN HAVE SPOKEN OF THE NEED TO FIGHT ON ALONE, IF NECESSARY. FOR EXAMPLE, VICE PRESIDENT KY ON APRIL 12 AT CAN THO, SAID, "IF THERE IS ANY PERSON AT THE CONFERENCE TABLE ATTEMPTING TO FORCE US TO ACCEPT SOME SOLUTIONS ADVANTAGEOUS TO THEM REGARDLESS OF OUR SACRIFICES AND OUR SURVIVAL HE COULD FORCE US TO ACCEPT ONLY IF OUR ARMED FORCES WERE NOT STRONG ENOUGH."

6. IN THIS SAME VEIN, A NUMBER OF LEADERS HAVE APPARENTLY CONSIDERED LAUNCHING DEMONSTRATIONS TO SHOW THEIR CONCERN ABOUT AMERICAN INTENTIONS AND TO UNDERLINE THEIR POSITION ON NEGOTIATIONS. SO FAR NONE HAVE MATERIALIZED AND WE ARE DOING OUR BEST TO DISCOURAGE THIS TENDENCY. YESTERDAY, THIEU TOLD ME THAT HE BELIEVED THE MORE ACUTE FEELINGS OF APPREHENSION WERE SUBSIDING, BUT THAT THE FEELING WAS STILL THERE UNDER THE SURFACE.

7. STRENGTHENING THE GOVERNMENT. AS I HAVE REPORTED, AND AS THIEU CONFIRMED TO ME YESTERDAY, HE IS MOVING TOWARD SOME REORGANIZATION AND "RESTRUCTURING" OF HIS GOVERNMENT. THIS WOULD INCLUDE BROADENING ITS BASE TO GIVE IT WIDER POPULAR SUPPORT AND THE SETTING UP OF A SMALLER "WAR CABINET" COMPOSED OF FIVE OR SIX INDIVIDUALS WHICH WOULD BE THE TOP POLICY MAKING GROUP AND BE IN A POSITION TO MAKE QUICK DECISIONS IN IMPORTANT OR CRUCIAL MATTERS.

8. THIEU HOPES TO HAVE HIS PLANS COMPLETED BY THE END OF THIS WEEK, AND WILL THEN PROCEED WITH THE SELECTION OF INDIVIDUALS.

9. THIEU'S BROTHER, NGUYEN VAN KIEU, HAS FOR SOME TIME BEEN DISCUSSING WITH TRAN VAN HUONG THE POSSIBILITY OF HUONG BECOMING PRIME MINISTER. HUONG REPORTEDLY HAS "ACCEPTED IN PRINCIPLE," PENDING CLARIFICATION OF THE RELATIONS BETWEEN THE PRESIDENT AND THE PRIME MINISTER. I THINK THE CHANCES APPEAR FAIRLY GOOD THAT HE WILL BE NAMED IN THE NEAR FUTURE. THERE ARE SIGNS THAT VICE PRESIDENT KY IS NOT ENAMORED OF THIS PROSPECT.

10. IN ADDITION TO HUONG, THERE ARE INDICATIONS THAT HA THUC KY, DAI VIET LEADER AND FORMER PRESIDENTIAL CANDIDATE, NGUYEN LUU VIEN, FORMER DEPUTY PRIME MINISTER UNDER NGUYEN CAO KY, AND DR. PHAN QUANG DAN, WHO WAS PHAN KHAC SUU'S VICE PRESIDENTIAL RUNNING MATE, MAY ALSO BE INCLUDED IN A HUONG CABINET.

11. SUCH A GOVERNMENT COULD BE VERY GOOD IN TERMS OF POLITICAL SUPPORT. HUONG HIMSELF IS WIDELY RESPECTED AS AN INCORRUPTIBLE AND VERY STRONG ELDER STATESMAN; MANY PEOPLE WOULD VIEW HIM AS A GUARANTEE OF HONEST GOVERNMENT. HUONG IS ALSO THE ACKNOWLEDGED LEADER OF A LARGE AND QUITE INFLUENTIAL GROUP OF SOUTHERN POLITICIANS WHO WOULD GIVE HIM BACKING IN SOUTHERN POLITICAL CIRCLES.

12. HA THUC KY WOULD BRING VERY WELL ORGANIZED SUPPORT FROM CENTRAL VIET-NAM. HIS DAI VIETS ARE ALSO INFLUENTIAL IN THE ASSEMBLY. WHILE KY HAS A REPUTATION FOR PUTTING PARTY ABOVE NATIONAL CONSIDERATIONS, I THINK THIEU AND HUONG COULD CONTROL HIM.

13. THE APPOINTMENT OF HUONG WOULD ALSO PLACATE GROWING SENTIMENT IN THE ASSEMBLY FOR A CHANGE IN GOVERNMENT. A NUMBER OF SENATORS AND DEPUTIES HAVE MADE IT KNOWN FOR SOME TIME THAT TO RESTORE CONFIDENCE AFTER THE TET ATTACKS AND PRESENT THE IMAGE OF A FORCEFUL, EFFECTIVE REGIME HERE AND ABROAD IT IS NECESSARY TO FORM A GOVERNMENT OF NATIONAL UNION. A HUONG GOVERNMENT WHICH INCLUDED HA THUC KY, NGUYEN LUU VIEN, AND PHAN QUANG DAN WOULD MEET THIS PROBLEM QUITE WELL.

14. IN TERMS OF POLICY, I THINK WE COULD EXPECT HUONG TO TRY VERY HARD TO ELIMINATE CORRUPTION AND TO INSTILL DISCIPLINE IN THE CIVIL SERVICE. THIS COULD MEAN GREAT IMPROVEMENT IN THE GOVERNMENT'S PERFORMANCE. WHILE TOUGH AND EVEN QUITE STUBBORN ONCE HE HAS MADE A DECISION, HUONG HAS ALSO PROVED RECEPTIVE TO AMERICAN ADVICE IN THE PAST, AND I THINK WE SHOULD BE ABLE TO WORK WITH HIM.

15. THE FORMATION OF A HUONG GOVERNMENT WILL ALSO BE ATTENDED BY SOME HAZARDS AND UNCERTAINTIES. NEITHER HUONG NOR HA THUC KY HAVE A HIGH REGARD FOR VICE PRESIDENT KY AND THEIR ATTITUDE IS WELL KNOWN. I HAVE, THEREFORE, URGED THIEU TO TAKE KY INTO HIS CONFIDENCE ON THIS MATTER AND TO SEEK KY'S FULL COOPERATION. I AM NOT SURE THAT HE HAS DONE SO, HOWEVER, AND BUI DIEM'S VERY RESERVED COMMENTS ON THE SUBJECT TEND TO SUPPORT THIS IMPRESSION.

16. THERE IS ALSO THE POSSIBILITY THAT HUONG MAY COME UNDER ATTACK FROM BUDDHIST POLITICAL CIRCLES, ALTHOUGH THIS DOES NOT SEEM TO BE A SIGNIFICANT THREAT AT THIS TIME. ANOTHER PROBLEM IS THE ATTITUDE OF THE MILITARY WHO IN THE PAST HAVE CONSIDERED HUONG AS HOSTILE TO THEIR INTERESTS.

17. THERE IS ALSO THE QUESTION OF THE RELATIONSHIP BETWEEN THIEU AND HUONG. THIEU HAS INCREASINGLY SHOWN CONFIDENCE AND SKILL IN ASSERTING HIS OWN LEADERSHIP AND THIS HAS RESULTED IN MORE SUPPORT FROM THE ASSEMBLY AND POLITICAL CIRCLES IN GENERAL. WITH A STRONG PRIME MINISTER PUSHING HIS OWN PROGRAMS, THIEU MIGHT TEND TO STEP BACK FROM THE PROMINENT LEADERSHIP ROLE HE HAS ASSUMED, ALTHOUGH I AM INCLINED TO DOUBT THIS MYSELF. IN ANY CASE, FREQUENT PERSONAL CONTACT WILL BE ESSENTIAL TO THIS RELATIONSHIP, AS IT HAS BEEN TO THIEU'S AND KY'S MODUS VIVENDI.

18. HUONG'S ATTITUDE TOWARD PEACE NEGOTIATIONS WILL BE IMPORTANT. IN THE PAST, HE HAS MADE IT CLEAR THAT WE ARE NOT IN A FAVORABLE POSITION FOR NEGOTIATIONS. HE HAS REPEATEDLY TAKEN THE POSITION THAT SOUTH VIET-NAM NEEDS FIRST OF ALL TO CLEAN HOUSE AND RESTORE PUBLIC CONFIDENCE IN THE GOVERNMENT; ONLY THEN CAN IT GO TO NEGOTIATIONS WITH THE NECESSARY STRONG POLITICAL BACKING. HUONG HAS EXPRESSED THE VIEW PRIVATELY THAT TO MAKE PEACE NOW WOULD ENTAIL ACCEPTING SOME VERY HARD CONDITIONS. HE HAS EXPRESSED THE VIEW THAT HE HAS LITTLE HOPE THAT A JUST PEACE CAN EMERGE FROM THE PRESENT TALKS WITH THE DRV.

19. WE MIGHT FIND THAT HUONG IS SO TOUGH AND SO INFLEXIBLE AS TO MAKE IT DIFFICULT FOR HIM TO WORK WITH US AND DEAL EFFECTIVELY WITH THE ENEMY IN A NEGOTIATING SITUATION. I CAN SEE CONSIDERABLE PSYCHOLOGICAL ADVANTAGE IN FACING THE DRV NEGOTIATORS WITH A MAN AS TOUGH AS HUONG, HOWEVER, AND IN ANY EVENT IT WILL BE THIEU WHO WILL MAKE THE FINAL DECISIONS ON THE PEACE SETTLEMENT.

20. THIEU/KY RELATIONSHIP. THE SITUATION APPEARS MUCH IMPROVED. I BELIEVE THAT THIEU AND KY ARE WORKING TOGETHER BETTER THAN EVER BEFORE, AND BUI DIEM CONFIRMED THIS TO CALHOUN RECENTLY. WITH THE MOVEMENT TOWARD PEACE NEGOTIATIONS, THIEU AND KY HAVE EVIDENTLY BOTH REALIZED THAT IT IS NOW ABSOLUTELY ESSENTIAL THAT THEY AVOID DIVISIONS AND PARTISAN SQUABBLES. WE ALSO HAVE A CIA REPORT WHICH QUOTES KY AS SAYING THAT HE NOW HAS ALL HE EVER WANTED FROM THIEU, NAMELY TO BE PUT TO WORK. I SHALL CONTINUE TO KEEP AN EYE ON THIS MATTER AND INTERVENE WHEN AND IF IT SEEMS NECESSARY. AT PRESENT, HOWEVER, THEY ARE CONSULTING DAILY AND SEEM TO BE WORKING TOGETHER HARMONIOUSLY.

21. OTHER POLITICAL DEVELOPMENTS. THE ASSEMBLY HAS COMPLETED WORK ON THE BUDGET. THE LOWER HOUSE UNEXPECTEDLY MUSTERED THE TWO-THIRDS VOTE NECESSARY TO OVERRIDE THE SENATE VERSION OF THE BUDGET, A DEMONSTRATION OF LOWER HOUSE STRENGTH AND UNITY WHICH SURPRISED MANY OBSERVERS, INCLUDING SOME SENATORS. THE BILL, WHICH MADE VERY FEW CHANGES IN THE ADMINISTRATION DRAFT, WILL NOT GO TO THIEU FOR SIGNATURE. UNFORTUNATELY THE BILL DOES NOT PROVIDE, AS WE HOPED IT WOULD, FOR TRANSFER OF FUNDS BETWEEN MINISTRIES ALTHOUGH IT DOES PERMIT TRANSFER BETWEEN PROGRAMS WITHIN A MINISTRY; GREATER FLEXIBILITY WOULD HAVE BEEN DESIRABLE.



22. THIEU IS IN THE PROCESS OF CONSULTING MEMBERS OF THE ASSEMBLY ON THE GOVERNMENT'S DRAFT LAW FOR GENERAL MOBILIZATION. WHILE THERE IS NO QUESTION ABOUT THE ASSEMBLY'S FAVORABLE ATTITUDE TOWARD GENERAL MOBILIZATION, THEY ARE NOT WILLING TO GIVE THIEU CARTE BLANCHE IN IMPLEMENTING IT AND ARE IN THE PROCESS NOW OF WORKING OUT DETAILS WITH THE GVN. THIEU TOLD ME YESTERDAY THAT HE THOUGHT A SATISFACTORY BILL WOULD BE WORKED OUT AND THAT HE WOULD ALSO HAVE AN UNDERSTANDING WITH THE ASSEMBLY ON DETAILS OF ITS IMPLEMENTATION.

23. THIEU INFORMED ME APRIL 17 THAT HE HAD COMPLETED MEMBERSHIP OF THE TWO COMMISSIONS WHICH HE WILL CHAIR, ONE ON REORGANIZATION OF THE CIVIL ADMINISTRATION, THE OTHER ON DEVELOPMENT PLANNING, AND THAT HE WILL ANNOUNCE THE NAMES SHORTLY.

24. AN INTERESTING DEVELOPMENT ON THE LEGISLATIVE SIDE IS THE EFFORT TO FORM A NEW BLOC IN THE LOWER HOUSE. THE PROPOSED NEW GROUPING WOULD INCLUDE AS MANY AS 40 DEPUTIES AND WOULD BE ORIENTED TOWARD THIEU. IF, AS ITS LEADERS PREDICT, THE NEW BLOC ALSO COOPERATES WITH THE PRO-THIEU INDEPENDENCE BLOC, THIEU COULD HAVE A NEAR MAJORITY OF THE DEPUTIES IN THE LOWER HOUSE, AT LEAST SYMPATHETICALLY INCLINED TOWARD HIS INITIATIVES.

25. I AM GLAD TO REPORT THAT THE GOVERNMENT HAS QUIETLY RELEASED AU TRUONG THANH, TRUONG DINH DZU, TRAN THUC LINH, AND HO THONG MINH; ALL HAD BEEN IN "PROTECTIVE CUSTODY" SINCE LATE FEBRUARY. WHILE INITIALLY THERE WAS LITTLE REACTION TO THEIR ARRESTS (THERE HAD BEEN MORE REACTION ABROAD THAN HERE), THERE HAS BEEN SOME AGITATION OF THE ISSUE IN RECENT DAYS AND THE MATTER MIGHT HAVE BECOME A TROUBLESOME POLITICAL PROBLEM, ESPECIALLY IN THE ASSEMBLY. MINH HAS EVIDENTLY RETURNED TO FRANCE, WHILE DZU IS REPORTED NOT ONLY OUT OF "PROTECTIVE CUSTODY," BUT ALSO NO LONGER UNDER HOUSE ARREST. STILL UNDER "PROTECTIVE CUSTODY", HOWEVER, ARE TRI QUANG, HO GIAC, LIEU MINH, AND ONE OR TWO MONKS FROM THE M LITANT AN QUANO CLIQUE.

26. I THINK THIEU INCREASINGLY HAS SHOWN EVIDENCE OF MORE AGGRESSIVE LEADERSHIP AND GREATER CONFIDENCE. I BELIEVE A NUMBER OF THE STRONG SUPPORT OF THE CONSTITUTIONAL GOVERNMENT AND OF HIM AS PRESIDENT WHICH YOU HAVE GIVEN AND WHICH I HAVE REPEATEDLY EMPHASIZED TO HIM. A SECOND FACTOR IS THE THREAT WHICH MOST VIETNAMESE BELIEVE NEGOTIATIONS POSES AND WHICH HAS TENDED TO PROVIDE A STRONG IMPETUS FOR UNITY IN THE GOVERNMENT. RUMORS OF A POSSIBLE COUP WHICH WERE CURRENT IN SOME CIRCLES A FEW WEEKS AGO ARE NO LONGER HEARD. A THIRD FACTOR IS THE INITIATIVE THIEU HAS SHOWN IN PROSECUTING CORRUPT OFFICIALS AND REMOVING INCOMPETENT PROVINCE CHIEFS. THESE ACTIONS HAVE WON GENERAL APPROVAL AS AN AUGURY FOR THE MUCH MORE WHICH STILL HAS TO BE DONE. A FURTHER FACTOR IS THE INCREASING CONFIDENCE OF THE MILITARY RANKS IN THIEU AND HIS GOVERNMENT. THE MEETING WHICH HE HELD WITH CORPS AND DIVISION COMMANDERS ON APRIL 9, IN WHICH HE ENDEAVORED TO INSTILL IN THEM NEW CONFIDENCE AND A MORE AGGRESSIVE OFFENSIVE SPIRIT, IS REPORTED TO HAVE GONE WELL, AND TO HAVE RESULTED IN FURTHER INCREASING SUPPORT BY THE MILITARY.



## B. MILITARY

27. MILITARY ACTIVITY SLOWED DOWN SOMEWHAT DURING THE PAST WEEK AS THE ENEMY SEEMED TO BE WITHDRAWING TOWARD BASE AREAS OR TO THE CAMBODIA AND LAO SANCTUARIES. THE RATIO OF ENEMY LOSSES, HOWEVER, CONTINUED HIGH WITH 3,071 ENEMY KIA COMPARED TO 329 FRIENDLY. MORE THAN 1,500 WEAPONS WERE CAPTURED DURING THE WEEK. AN INDICATION OF THE IMPROVING OFFENSIVE SPIRIT OF ARVN FORCES IS THE FACT THAT OF THE 95 MAJOR OPERATIONS HAVING CONTACT WITH THE ENEMY, 46 WERE CARRIED OUT BY ARVN, 23 WERE COMBINED ARVN/US OPERATIONS, 22 WERE CARRIED OUT BY US FORCES, AND FOUR BY FREE WORLD FORCES.

28. IN I CORPS, HIGHWAY 9 IS OPEN TO KHE SANH, AND ENEMY OPERATIONS CONTINUE AROUND THE PLATEAU. IN THE TWO NORTHERN PROVINCES OF QUANG TRI AND THUA THIEN, COMPANY SIZE UNITS OF THE ENEMY ARE STANDING AND FIGHTING AND ARE BEING DESTROYED. SHARP ENGAGEMENTS OF THIS KIND IN NORTHERN QUANG TRI ARE BEING CARRIED OUT LARGELY BY THE ARVN FIRST DIVISION, WHICH IS IN EXCELLENT SHAPE, STRONGER THAN BEFORE TET, ITS MORALE VERY HIGH, AND EAGER TO TAKE PART IN ANY OFFENSIVE OPERATIONS. IN II CORPS, THE THIRD AND FIFTH NORTH VIETNAMESE DIVISIONS APPEARED TO HAVE BEEN BADLY MAULED, AND TWO OTHER DIVISIONS SEEM TO BE DISENGAGING FROM THE KONTOM/FLEIKU AREA. IN III CORPS, THE ENEMY IS ALSO MOVING BACK TOWARD THE BORDER, BUT THERE REMAIN SOME RESIDUAL ELEMENTS AROUND SAIGON, WHICH ARE BEING STEADILY DESTROYED OR PUSHED AWAY FROM THE CITY. IN IV CORPS, THE ENEMY ALSO APPEARS TO BE AVOIDING ENGAGEMENT IN THE DELTA. THERE HAS BEEN MUCH LESS SABOTAGE ALONG HIGHWAY 4 WITH TRAFFIC FLOWING FAIRLY WELL DURING THE DAY TO SOC TRANG, BUT STILL ENCOUNTERING DIFFICULTY FURTHER SOUTH.

## C. PACIFICATION

29. AS WE HAVE REPORTED ON PACIFICATION AND THE MOST RECENT HAMLET EVALUATION SYSTEM SURVEY IN SAIGON 24361, AND MORE BRIEFLY IN MY MESSAGE TO YOU IN HONOLULU, I WILL NOT GO INTO DETAILS HERE. A GOOD MANY MINUSES ARE STILL EVIDENT. MOMENTUM IS NOT YET BACK TO THE PRE-TET LEVEL. THE URBAN RECOVERY EFFORT DIVERTS CONSIDERABLE ANTION OF HARD-PRESSED LOCAL OFFICIALS. THE PSYCHOLOGICAL SHOCK HAS NOT YET COMPLETELY WORN OFF. MORE THAN 200 HAMLETS WERE 80 PERCENT OR MORE DESTROYED DURING THE LAST TWO AND ONE-HALF MONTHS, AND ABOUT 425 MORE RECEIVED SUBSTANTIAL DAMAGE. LARGE NUMBERS OF VILLAGE AND HAMLET OFFICIALS, INTIMIDATED BY THE VC, LEFT THEIR POSTS. THE CHIEU HOI RATE CONTINUES LOW. WITH THE OPENING OF ROADS AND WATERWAYS, TRAFFIC IS PICKING UP BUT IS STILL WELL BELOW NORMAL. RICE SHIPMENTS FROM THE DELTA ARE RUNNING AT ABOUT ONE-HALF OF LAST YEAR'S RATE. YET WHEN ALL THIS IS SAID, PACIFICATION IS BACK ON THE TRACK, AND WE ARE STEADILY MOVING BACK INTO THE COUNTRYSIDE. TERRITORIAL SECURITY HAS BEEN LARGELY RESTORED AS 46 OF 51 BATTALIONS ASSIGNED TO DIRECT SUPPORT OF REVOLUTIONARY DEVELOPMENT RETURNED TO THEIR CAMPAIGN AREAS. POLICE STRENGTH OUTSIDE MAJOR URBAN AREAS HAS ACTUALLY INCREASED 2,600 OVER THE PRE-TET TOTAL OF 39,150.

30. A VERY ENCOURAGING FEATURE HAS BEEN THE GROWING SUCCESS OF PROJECT PHOENIX, THE ATTACK ON THE VC INFRASTRUCTURE, WHICH IS RUNNING WELL AHEAD OF THE PRE-TET LEVEL. ELIMINATIONS IN MARCH WERE THE HIGHEST OF ANY MONTH ON RECORD, A TOTAL OF 1,323 IDENTIFIABLE QUALITY (IMPORTANT) MEMBERS WERE EITHER KILLED, CAPTURED OR RALLIED. THE COMPARABLE JANUARY FIGURE WAS 488; FOR FEBRUARY IT WAS 540.

31. URBAN RECOVERY. WITH THE RAINY SEASON DUE WITHIN 15 TO 30 DAYS OVER MOST OF THE COUNTRY EXCEPT I CORPS, THE MAIN EFFORT HAS BEEN TO ASSIST IN QUICKLY RESETTLING THE 537,000 TET EVACUEES (DOWN FROM A PEAK OF 623,000 ON 5 MARCH) WHO REMAIN IN TEMPORARY SHELTERS OR ARE LIVING WITH FRIENDS AND RELATIVES. PRESIDENT THIEU HAS BEEN ACTIVE, HAS SET PROPER POLICIES, AND HAS SPURRED SAIGON MINISTRIES TO PUT OUT SENSIBLE INSTRUCTIONS. WE HAVE EITHER PRE-POSITIONED OR ARE NOW DISTRIBUTING MOST OF THE NECESSARY STOCKS OF CEMENT AND ROOFING TO HANDLE RESETTLEMENT ISSUES OF COMMODITIES. IT IS A MASSIVE LOGISTIC EFFORT FOR WHICH THE MACCORDS AND USAID LOGISTICS OFFICE DESERVE FULL CREDIT.

32. RECOVERY IS ONE AREA IN WHICH STRONG U.S. ADVICE AND RESPONSIVE ASSISTANCE HAS PRODUCED RESULTS THAT COULD NOT HAVE OTHERWISE BEEN ATTAINED. THE CENTRAL RECOVERY COMMITTEE, FORMED AT OUR SUGGESTION ON 4 FEBRUARY, HAS DONE A GREAT DEAL TO PULL THE GVN MACHINERY CLOSER TOGETHER. LAST WEEK, WE FURTHER STRENGTHENED OUR BEHIND-THE-SCENES INFLUENCE BY ORGANIZING A STRONGER COORDINATING OFFICE AND FORMING SIX STANDBY TASK FORCES TO BE CALLED ON WHEN NEEDED ON SUCH THINGS AS REFUGEES, LOGISTICS, FUNDS, AND PSYCHOLOGICAL AND POLITICAL MATTERS.

#### D. ECONOMIC

33. RETAIL PRICES IN SAIGON ROSE MODERATELY FOR THE SECOND WEEK IN A ROW, AFTER A SEVEN-WEEK DECLINE, AS THE ECONOMY IS BEGINNING TO FUNCTION MORE ACTIVELY AGAIN AFTER THE PROLONGED STAGNATION WHICH FOLLOWED THE TET SHOCK. WITH SOME RESTORATION OF CONFIDENCE, PEOPLE ARE RETURNING TO NORMAL BUYING HABITS. THE REVIVAL OF ACTIVITY IS SURE TO BE ACCOMPANIED BY RENEWED PRICE INFLATION, AND THE TASK AT HAND IS TO KEEP IT WITHIN BOUNDS. THE GVN HAS ALREADY RAISED SOME TAXES BY DECREE, IS PLANNING FURTHER SUCH INCREASES, AND HAS SUBMITTED PROPOSALS FOR OTHER INCREASES TO THE LEGISLATURE, BUT MUCH MORE WILL PROBABLY BE NEEDED.

34. THE GOVERNMENT HAS NOW SUBMITTED TO THE NATIONAL ASSEMBLY LEGISLATION FOR THE CREATION OF A WAR-RISK INSURANCE SCHEME AND THE MINISTER OF FINANCE HAS ACCEPTED AN OFFER TO BRING AN INSURANCE CONSULTANT ON TEMPORARY DUTY TO SAIGON TO TAKE PART IN ITS DEVELOPMENT AND IMPLEMENTATION.

35. RICE. THE GOVERNMENT HAS JUST SIGNED CONTRACTS WITH THE RICE TRADE TO BUY DOMESTIC PADDY. MINISTER TON'S ABSENCE FROM THE COUNTRY AT A SOUTHEAST ASIAN ECONOMIC CONFERENCE DELAYED ACTION ON THIS AS WELL AS OTHER ECONOMIC ISSUES.

36. THE GOVERNMENT IS ALSO SEEKING TO PURCHASE RICE FROM THE UNITED STATES, USING ITS OWN FOREIGN EXCHANGE. THE LIMITS HERE ARE THE AMOUNT AVAILABLE IN THE UNITED STATES, AND THE STORAGE CAPACITY IN VIET-NAM, NOT THE WILLINGNESS OF THE GVN TO EXPEND ITS OWN RESERVES. THE GVN DESIRED 150,000 TONS OF U.S. RICE; BY THE END OF THE WEEK IT APPEARED THAT THE TWO CONSTRAINTS WOULD LIMIT ITS PURCHASES TO 50 - 100,000 TONS.

37. MORE COMPLETE DATA FOR SHIPMENTS OF RICE OUT OF THE DELTA TO SAIGON IN THE FIRST THREE MONTHS OF 1968 INDICATE THAT 50,000 TONS ARRIVED SAIGON. RECENT REPORTS CONFIRM EARLIER ESTIMATES THAT 300-400,000 TONS ARE POTENTIALLY AVAILABLE FOR SHIPMENT FROM THE DELTA TO THE CAPITAL.

BUNKER

DTG : 191908Z APR 68

~~SECRET~~

~~CONFIDENTIAL~~

EE4371  
OO WTE12  
DE WTE 1661

1968 APR 19 23 35

FROM WALT ROSTOW  
TO THE PRESIDENT  
CITE CAP80997

~~CONFIDENTIAL~~

APRIL 19, 1968

BILL BUNDY TELEPHONED AS FOLLOWS:

"THE PRESIDENT ASKED ME TO CHECK AGAIN WITH THE  
SECRETARY ON THE WISDOM OF A NICE MESSAGE TO DE GAULLE  
ABOUT HIS VIETNAM STATEMENT TWO WEEKS AGO.

"THE SECRETARY FEELS QUITE STRONGLY THAT, APART  
FROM THE DELAY FACTOR, SUCH A MESSAGE AT THIS MOMENT  
WOULD BE CONSTRUED AS A CATEGORICAL ENDORSEMENT OF  
PARIS, AND MIGHT EVEN BE SO USED. HE THUS ADVISES  
STRONGLY AGAINST IT."

DIG 192254Z APR 68

~~CONFIDENTIAL~~

DECLASSIFIED

Authority 76991-259  
By copy, NARA, Date 5/1/92

*Pres file*  
68 APR 19 PM 6:43  
FRIDAY

2-10-68 FROM QUOTE COPY



~~TOP SECRET~~

EEA370  
00 WTE10  
DE WTE 1659

DECLASSIFIED  
E.O. 12958, Sec. 3.6  
NLJ 47-275  
By us, NARA Date 5-21-98

FROM WALT ROSTOW  
TO THE PRESIDENT  
CITE CAP80995

1968 APR 19 23 31

68 APR 19 PM 6:45

FRIDAY

~~TOP SECRET~~

APRIL 19, 1968

MAX TAYLOR SUMMARIZES HERewith SOME OF THE MOVES DETECTED IN  
RECENT PHOTOGRAPHY OF NORTH VIETNAM.

FOR YOUR INFORMATION, RECENT INTELLIGENCE ACQUISITIONS  
OVER NORTH VIETNAM HAVE REFLECTED THE FOLLOWING:

1. LAST WEEK, NINE HIGH-SPEED 100 TON COASTAL BARGES  
WERE DETECTED ON THE SONG CA RIVER NEAR VINH, TOGETHER WITH  
TWO LCMS. THE LAST TIME THAT COASTAL BARGES WERE SIGHTED  
WAS IN 1965. PRIOR TO THE RECENT SIGHTINGS NEAR VINH, COASTAL  
BARGES HAD NOT BEEN DETECTED OUTSIDE OF THE HAIPHONG AREA.  
LCMS HAD NOT BEEN SEEN PREVIOUSLY.

2. PHOTOGRAPHY REFLECTS THAT THE NORTH VIETNAMESE ARE  
RECONSTRUCTING THEIR CEMENT PLANT AND THEIR POWER PLANT AT  
HAIPHONG.

3. THE HAIPHONG RAILROAD HIGHWAY BRIDGE HAS BEEN REBUILT  
AND IS NOW OPERATIONAL.

4. THE DOUMER BRIDGE IN HANOI IS IN THE PROCESS OF BEING  
RECONSTRUCTED.

5. HOI LAC AIRFIELD HAS BEEN RECONSTRUCTED AND IS NOW  
OPERATIONAL. (THIS FIELD HAD BEEN OUT OF COMMISSION FOR SOME  
TIME). MIG 21S ARE NOW FLYING IN AND OUT OF HOI LAC.

DTG: 192252Z APR 1968

~~TOP SECRET~~

~~FROM QUICK COPY~~

1968 APR 20 01 36

68 APR 19 PM 8:52

FRIDAY

VZCZCEEA381  
OO WTE10  
DE WTE 1670

FROM WALT ROSTOW  
TO THE PRESIDENT  
CITE WH81005

UNCLAS

A/19/68

LIST OF COUNTRIES IN WHICH BOTH THE USSR AND COMMUNIST CHINA  
MAINTAIN EMBASSIES. IT DOES NOT INCLUDE SOVIET BLOC COUNTRIES.

AFGHANISTAN

ALGERIA

BURMA

CAMBODIA

CEYLON

CONGO (BRAZZAVILLE)

DENMARK

FRANCE

FINLAND

GUINEA

INDIA

IRAQ

KENYA

LAOS

EXTRACT FROM QUICK COPY

MALI

MAURITANIA

MOROCCO

NAPAL

NETHERLANDS

NORWAY

PAKISTAN

SOMALIA

SUDAN

SWEDEN

SWITZERLAND

SYRIA

TANZANIA

TUNISIA

UGANDA

UNITED ARAB REPUBLIC

UNITED KINGDOM

YEMEN

YUGOSLAVIA

ZAMBIA

INDONESIA HAS DIPLOMATIC RELATIONS WITH COMMUNIST CHINA, BUT THERE IS NO CHICOM EMBASSY IN DJAKARTA.

BECAUSE OF THE CULTURAL REVOLUTION, CHINESE COMMUNIST AMBASSADORS ARE NOW PRESENT ONLY IN SYRIA, UNITED ARAB REPUBLIC, MAURITANIA, AND MALI. ALL OTHER CHINESE EMBASSIES ARE IN THE HANDS OF A CHARGE'.

DTG: 200113Z APR 68

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1968 APR 19 23 54

VZCZCEEA374  
OO WTE10  
DE WTE 1658FROM WALT ROSTOW  
TO THE PRESIDENT  
CITE CAP80994~~SECRET~~

APRIL 19, 1968

HEREWITH WESTY'S EVALUATION OF ENEMY SUPPLY MOVEMENTS AND  
WHAT HE PROPOSES TO DO ABOUT THEM.

1. MACV AND 7 AIR FORCE INTELLIGENCE ANALYSTS HAVE MADE A COMPREHENSIVE EVALUATION OF ENEMY EFFORTS TO REINFORCE DEPLETED FORCES IN SOUTH VIETNAM. THERE IS CONCRETE EVIDENCE THAT THE ENEMY HAS INITIATED A MASSIVE EFFORT TO MOVE CONSIDERABLE QUANTITIES OF EQUIPMENT, SUPPLIES AND PERSONNEL THROUGH HIS LINES OF COMMUNICATION DURING THE NEXT SEVERAL WEEKS, WITH A GOAL OF REACHING PRE-TET STRENGTH LEVELS BY LATE JUNE. THE RECENT UNPRECEDENTED VOLUME OF TRUCK TRAFFIC ON MAJOR LINES OF COMMUNICATION IN SOUTHERN LAOS AND ROUTE PACKAGE I; THE ACCELERATED REPAIR AND IMPROVEMENT OF RAILROADS AND ROADS; THE EXTENSION OF NEW ROADS FROM LAOS INTO SOUTH VIETNAM; THE BUILDING OF NEW ROAD SEGMENTS WITHIN SOUTH VIETNAM; THE RECONNAISSANCE EVIDENCE OF INCREASED VOLUME OF ACTIVITY IN LAOTIAN TRUCK PARKS AND CONCENTRATION AREAS; ALL OF THESE ARE INDICATIVE OF A DETERMINED ENEMY EFFORT TO CHANNEL AS MUCH TRAFFIC TO SOUTHERN DESTINATIONS AS WEATHER AND ROAD CAPACITY WILL PERMIT DURING THE MONSOON TRANSITION PERIOD. I AM CONVINCED THAT A CALCULATED, CONCENTRATED TACTICAL AIR AND ARC LIGHT EFFORT MUST BE SUSTAINED IN AN INTEGRATED CAMPAIGN TO THWART THIS ENEMY LOGISTIC PLAN.

68 APR 19 PM 7:00

FRIDAY

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Authority NLS/CBS 7By ics, NARS, Date 7-25-83

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2. ON 1 APRIL, 7 AIR FORCE INITIATED THEIR SOUTHWEST MONSOON INTERDICTION PLAN AGAINST LINES OF COMMUNICATION IN SOUTHERN LAOS, ROUTE PACKAGE I, AND IN-COUNTRY AGAINST CROSS BORDER INFILTRATION ROUTES, WITH THE OBJECTIVES OF; DESTROYING ENEMY CONCENTRATIONS IN TRUCK PARKS, ENROUTE SUPPLY POINTS AND TRANSHIPMENT CENTERS; INTERDICTING KEY CHOKE POINTS, AND BY DOING SO, CHANNELING ENEMY TRAFFIC; AND FINALLY KILLING TRUCKS IN TRANSIT. THE INTERDICTION AND TRUCK KILLING OPERATIONS ARE IN PROGRESS AT THE PRESENT TIME WITH NOTEWORTHY SUCCESS. HOWEVER, THE FIRST OBJECTIVE REQUIRES A MASSIVE EFFORT ON A SUSTAINED BASIS. ADDITIONAL WEIGHT OF EFFORT IS NEEDED TO INCREASE THE SCOPE OF THE OVERALL INTERDICTION PROGRAM IN ORDER TO ASSURE ULTIMATE SUCCESS.

3. (S) NOTWITHSTANDING THE CONTINUING IN-COUNTRY REQUIREMENTS, TO PROVIDE THE ESSENTIAL WEIGHT OF EFFORT REQUIRED FOR THIS PROGRAM, I HAVE DIRECTED, AS A MATTER OF URGENT PRIORITY, THAT 50 PERCENT OF THE ARC LIGHT FORCE (30 SORTIES) BE ALLOCATED IN SUPPORT OF THIS 7 AIR FORCE MISSION IN LAOS ON A DAILY BASIS. ALTHOUGH SUBJECT TO PREEMPTION TO SUPPORT IN-COUNTRY GROUND FORCES, THIS ALLOCATION WILL BE CONTINUED UNTIL MAY 1 IN ORDER TO ASSURE THAT SUFFICIENT FORCE IS AVAILABLE TO PROVIDE AN INTEGRATED, COORDINATED CAMPAIGN UNTIL THE PROGRAM OBJECTIVES ARE ACHIEVED. THE ALLOCATION WILL BE REEVALUATED ON 1 MAY.

3. (S) THE OUT-COUNTRY TACTICAL STRIKE FORCE WILL BE PROVIDED BY OUT-OF-COUNTRY RESOURCES PRIMARILY. THE IN-COUNTRY INTERDICTION PROGRAM WILL BE PROVIDED 103 SORTIES PER DAY FROM IN-COUNTRY RESOURCES. APPROXIMATELY 70 SORTIES ARE PRESENTLY BEING EXPENDED IN THIS ROLE ON A PRE-PLANNED BASIS WITHIN FIELD FORCE SORTIE ALLOCATIONS. HOWEVER, IN THIS PROGRAM IT IS INTENDED THAT THE EFFORT WILL HAVE CONTINUITY AND BE CONTROLLED BY 7 AIR FORCE IN COORDINATION WITH FIELD FORCE COMMANDERS. COMMANDERS WILL BE REQUESTED TO PROVIDE SPECIFIED STRIKE ZONES FOR SPECIFIED PERIODS OF TIME FOR IMPLEMENTATION OF THIS PROGRAM.

5. (S) IT IS MY OPINION THAT SUCH A COMPREHENSIVE, HARD HITTING CAMPAIGN IS ABSOLUTELY ESSENTIAL DURING THIS CRITICAL PERIOD OF TRANSITION IN MONSOON SEASONS, TO ASSURE THAT THE ENEMY IS DENIED ANY POSSIBILITY OF RECOUPING HIS POSITION BY MASSING HIS LOGISTICAL TRAFFIC ON MULTIPLE LINES OF COMMUNICATIONS OUT-COUNTRY AND IN-COUNTRY.

DTG: 192237Z APR 68

~~SECRET~~

INFORMATION

44

~~CONFIDENTIAL~~

Friday, April 19, 1968  
5:45 p.m.

*Pres file*

Mr. President:

Herewith Joe Barr reports  
Asian Bank meeting in Tokyo, at time  
of your March 31 speech.

W. W. Rostow

~~CONFIDENTIAL~~

WWRostow:rla

DECLASSIFIED  
White House Guidelines, Nov. 29, 1983  
By Ag, NARA, Date 4-20-92



~~CONFIDENTIAL~~  
THE UNDER SECRETARY OF THE TREASURY  
WASHINGTON, D.C. 20220

APR 9 1968


44a

MEMORANDUM FOR THE PRESIDENT

Subject: Asian Development Bank Meeting

I was one of the first senior American officials on the scene in Asia after your March 31 statement. I had an opportunity to talk with many of the financial leaders of the area. They displayed disquiet, unease and uncertainty over the future. If I read the conversations correctly, these financial leaders, at least, would appreciate the opportunity for frank and candid discussions of what they can expect from the United States in the years to come. They, for their part, I believe, are prepared to do much more than in the past to meet their share of the financial burden of mutual security.

A more detailed report is attached.

  
Joseph W. Barr

Attachment

DECLASSIFIED  
E.O. 12958, Sec. 3.6  
NLJ 97-274  
By is, NARA Date 10-3-97

~~CONFIDENTIAL~~



~~CONFIDENTIAL~~  
THE UNDER SECRETARY OF THE TREASURY  
WASHINGTON, D.C. 20220  
APR 9 1968

446

MEMORANDUM FOR THE PRESIDENT

Subject: Asian Development Bank Meeting

I was in our Embassy in Tokyo when your speech began coming through on the ticker. Frankly, neither Ambassador Johnson nor I could believe the ticker, and we had USIA bring in the tape and play back your words for us.

Ambassador Johnson had a dinner that evening for Japanese Finance Ministry and Central Bank officials, and the conversation of course centered around your speech and what it meant to Asia. We could give them no additional information. However, I did pursue a line of argument that Secretary Fowler had begun with a Japanese delegation in Washington on March 20 -- namely that our partners in Asia must help us by carrying a much heavier share of the financial burden of our security arrangements than they have been willing to assume in the past.

The Japanese delegation to which I am referring was headed by Mr. Satoh, the head of the Mitsui Bank, and included some of the leading industrialists in Japan. Secretary Fowler seemed to crack through their normal reserve and get them to understand that they had a problem. The transcript of the Fowler conversation is attached.

The report of Secretary Fowler's comments circulated widely and instantaneously in Tokyo. By the time I arrived there, I definitely got the impression that the Japanese had decided that perhaps it was time for them to quit playing cute games and start talking to us like men.

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E.O. 12958, Sec. 3.6  
NLJ 97-274  
By is, NARA Date 10-3-97



~~CONFIDENTIAL~~

-2-

If the reaction of the financial community is any indication, it will now be possible to discuss some of these problems of mutual security and financial arrangements with more effectiveness and candor than has been possible in the past.

On my arrival in Manila, I was confronted with requests for more bilateral conversations than I could accommodate. We did manage to meet with Korea, Nationalist China, Malaysia, Indonesia, Thailand, Singapore, and, of course, the Philippines. Running through all these conversations there was a distinct undercurrent of unease and disquiet. I did my best to assure these people that we would continue to live up to our responsibilities in Asia, but I hammered home again and again that they must give us their support and assistance -- especially their financial assistance. Every delegation to whom I talked -- with the exception of the Thais -- understood what we are up against and agreed to do all that they could to take on a financial share of our security burden.

I limited myself to discussing investment of reserves, but frankly I think it is high time to go after some of these governments to take on the costs of local hire (their nationals employed on our bases in the area).

I had what I considered to be an extremely unfortunate experience with the Thais. Mr. Sommai and Mrs. Suparb of the Central Bank of Thailand came to call on me to sound me out as to the attitude of the United States Government on converting a portion of Thai reserves into gold. They stated that the British devaluation had cost them some \$8 to \$10 million; they were concerned about the potential devaluation of the dollar; and they wanted to shift some \$60 to \$100 million of their reserves into gold. I told the Thais very bluntly that the way they put the issue was extremely offensive. I told them that we were attempting to meet our security and development responsibilities in Asia. It was not easy for us to meet these responsibilities even with their cooperation. However if they started a policy of refusing to hold dollars

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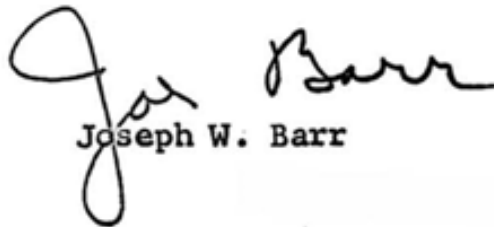
~~CONFIDENTIAL~~

-3-

and making large-scale conversions into gold, then our efforts in Thailand could become financially impossible.

The Thais left evidently very miffed. At dinner that evening I told Mr. Sommai that while I stood by my statements to him, I did not intend my tone of voice to be offensive. With that he remarked that he quite understood the strain that we had been under and that for their part the Thais would not use the reserves they had invested in the United States to purchase additional gold; they would buy more gold as they piled up new reserves from our military expenditures!

Before I left Manila, Governor Usami, the head of the Central Bank of Japan, urgently requested a private meeting with me. He had a speech written out. What he had to say was so significant and so completely at variance with what the Japanese financial people have ever volunteered up to now, that I asked his permission to transcribe the conversation verbatim and send it back to you. The conversation is attached.



Joseph W. Barr

Attachments

~~CONFIDENTIAL~~

44c

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March 29, 1968

MEMORANDUM OF CONVERSATION

Participants:

**Japan:** Haruo Nakajima, Financial Minister,  
Embassy of Japan  
Kiichiro Satoh (Mission Leader), Board Chairman,  
Mitsui Bank; Vice President, Federation of  
Economic Organizations (Keidanren)  
Yoshinaga Seki, Board Chairman, Mitsubishi  
Electric; Chairman, Kaidanren Committee on  
Trade Liberalization  
Yoshihiro Inayama, President, Yawata Iron and  
Steel; President, Japan Iron and Steel Federation  
Toyosaburo Taniguchi, Board Chairman, Toyobo Co.;  
President, Japan Spinners' Association  
Kagayaki Miyazaki, President, Asahi Chemical;  
President, Japan Chemical Fibers Association  
Takusaburo Kosaka, President, Shin-etsu Chemical  
Seitaro Inoue, Director General, Export General  
Merchandise Center of Japan

**United States:** Secretary Fowler  
Under Secretary Barr  
Assistant Secretary Surrey  
Acting Assistant Secretary Petty  
Ralph Hirschtritt, Deputy to the Asst. Secretary  
F. Lisle Widman, Director, OIN  
Murray Ryss, Deputy Director, OIEA  
Paul K. Stahnke, State Department  
Mark Weiss, Special Assistant to the Under  
Secretary  
Donn S. Smith, OIN

Time and Place: Room 4426, Main Treasury, March 20, 1968,  
4:00 p.m.

Distribution: Messrs. Deming, Surrey, Petty, Schiff, Willis,  
Hirschtritt, Widman, Diehl, Ryss, Exec. Sec.,  
Dept of State, Embassy Tokyo

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- 2 -

As the Secretary had been detained at the White House, UNDER SECRETARY BARR opened the meeting. The UNDER SECRETARY welcomed Mr. Satoh and his Mission, and invited Mr. Satoh to make any statement he cared to make.

MR. SATOH began by observing that Japan had gone through several sudden crises lately, including balance of payments, the proposed U.S. import surcharge, and the gold rush. Japanese businessmen had organized the Mission Mr. Satoh led in order to reveal the effect various U.S. trade measures would have on Japan, and to discover what actions were being considered. Japanese businessmen, MR. SATOH said, were behind dollar defense measures, and did not speculate in gold. They recognized that the American balance of payments situation must be rectified. Various measures being contemplated, however, might hurt Japan more than the United States would benefit, MR. SATOH said. Japan would be willing to accelerate its Kennedy Round tariff cuts as an alternative to such measures. Japanese businessmen had heard, MR. SATOH continued, that U.S. trade measures were directed at Europe, but such measures might affect Japanese exports more than was realized. Exemption of less developed countries from a surcharge, MR. SATOH said, would hurt Japan's competitive position.

SECRETARY FOWLER entered at this point. After apologizing for being late, he said he wished to be frank and direct. He first wanted to talk about the international monetary system and the U.S. balance of payments, then about America's bilateral relations with Japan. There must be no mistake, the SECRETARY said, that the United States must take action to bring its balance of payments into equilibrium. Equilibrium is important, SECRETARY FOWLER continued, to a United States which wishes to engage in international affairs. It is also important to the maintenance of the international monetary system on which trade and development are based. In many ways, the SECRETARY said, the maintenance of the international monetary system is more important to others than to the United States. The U.S.A. depends on trade for only 4 percent of its GNP, and could do fairly well on its own. Other countries, including Japan, were much more dependent on trade.

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- 3 -

The United States, SECRETARY FOWLER said, wanted balance of payments equilibrium so it could play its part in the world, and cooperate with Japan in maintaining peace and security. We cannot continue to play our part, the SECRETARY continued, unless we bring our financial affairs and our balance of payments into order. This goal is important to the United States, to the world, and to Japan. The view that the United States must take decisive measures to bring its international payments into equilibrium, SECRETARY FOWLER said, is one held by the President, by Congress, by the American business community, and by the world's central bankers.

It is very difficult to correct a large deficit, SECRETARY FOWLER said, when one person tells you to correct the balance but not to affect foreign investment; another tells you not to affect aid to developing countries; and others tell you not to interfere with bank lending, tourism, troop levels overseas, or trade. How, the SECRETARY asked, can one bring about balance of payments equilibrium without pain to any of the constituencies, or without changing the payments positions of other countries? It cannot be done with mirrors; if America's balance of payments improves, another country's surplus must be reduced. Nor can equilibrium be reached by affecting only one sector.

SECRETARY FOWLER said that the United States must choose a combination of measures which will preserve and increase trade, maintain security, and ultimately promote a free flow of goods and capital. To achieve equilibrium, the United States must either maintain a substantial trade surplus, or bring its troops home, cut off foreign aid, or take other measures not compatible with the type of world we wish to live in. The United States, the SECRETARY said, must increase its trade surplus, which has been declining. The United States has an attractive domestic market, SECRETARY FOWLER continued, which is an inviting export target for nations like Japan, and a disincentive for American businessmen to export. America's growth in GNP since 1960 is equal to the total economies of the United Kingdom, France, and Italy combined.

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Given this situation, SECRETARY FOWLER said, Treasury was concerned that in most major trading countries there are non-tariff barriers which restrict our exports, and tax devices which advantage exports. The United States had no export tax incentives, the SECRETARY continued, and very few non-tariff barriers. We must see our goods marketed on fair competitive terms with other countries. That is why the President had said that we would prepare legislative measures in the trade field but that the scope and the nature of these measures would depend upon the outcome of our consultations with other countries.

With respect to relations between Japan and the United States, SECRETARY FOWLER said, he had a list of export tax incentives employed by other countries. Japan was listed more than any other country and had such tax incentives as tax deferrals, tax-free reserves, etc. Considering that the United States has no tax incentives and Japan has many, the SECRETARY said, he was puzzled as to why when we consider some incentives it creates such a furor and delegations come from other countries to ask us not to even think about such actions.

MR. MIYAZAKI said that Japan had abolished those tax incentives which were in violation of the GATT, and that from a businessman's point of view many of the tax incentives used by Japan were not very effective.

SECRETARY FOWLER replied that he would be glad to be updated on which incentives Japan had abolished. He said the United States would not do anything which was not within the purview of GATT. The United States, the SECRETARY continued, was perhaps the only country which respects GATT; many other countries violate the GATT with impunity.

In 1961, SECRETARY FOWLER said, the United States exported to Japan twice as much as it imported from Japan. Now Japan runs a bilateral trade surplus with the United States. In addition to this, our joint security arrangements provide a \$1/2 billion balance of payments windfall to Japan every year and add \$1/2 billion to the U.S. deficit. The preservation

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of the international monetary system is of great importance to a country whose trade potential is as great as Japan's, the SECRETARY declared. We are trying to bring our balance of payments into equilibrium. This requires stern measures.

SECRETARY FOWLER said he hoped that the measures finally adopted by the United States would not be offensive to Japan but hoped that Japanese businessmen would realize that these measures are taken in order to preserve the international monetary system. The United States had a \$3-1/2 billion deficit last year. This would be a serious deficit in any year, SECRETARY FOWLER said, but was particularly serious in view of the fact that the United States had had a deficit of more than \$1 billion for ten years running. Whatever trade measures the United States finally adopted, the SECRETARY said, they would be within the purview of GATT and nothing others are not already doing. These measures were not a pretext for gaining a trade advantage, the SECRETARY reiterated, but were aimed at preserving the international monetary system.

MR. SATOH said he understood what Secretary Fowler had been saying. He understood that the U.S. balance of payments was very important. Japan had suffered several times from a balance of payments deficit and every time had taken restrictive measures. Japan was now running a serious deficit, MR. SATOH said. There were many reasons for it, including a shortage of natural resources in Japan. There were many reasons for the U.S. deficit besides Vietnam. One of these reasons is American foreign investment which has grown from \$8 billion to \$60 billion since 1945. Overseas investment is healthy in normal times, MR. SATOH said, but in times of crisis one should use profit repatriation to help the balance of payments.

SECRETARY FOWLER said that the U.S. balance of payments program included mandatory controls on the outflow of funds and on profit repatriation. These regulations had been in effect since January 1. We hope, the SECRETARY said, to get a \$1 billion advantage from the direct investment program.

MR. SATOH expressed the opinion that the United States could get two or three times this amount from profit repatriation.

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SECRETARY FOWLER said that if he had the time to go into the figures he believed he could demonstrate that this would not be possible. This particular horse, the SECRETARY said, is presently carrying as heavy a load as it will bear without bucking.

MR. SATOH said that Japan had restricted direct investment during periods of deficit.

SECRETARY FOWLER said that he believed Japan's present deficit was largely caused by its very commendable 12 percent real growth rate. The United States had never thought of growing at more than 4 or 5 percent, the SECRETARY said. Japan had merely cut back from a fantastic growth rate to a very high one. This is why, SECRETARY FOWLER said, he did not accept the proposition that solving its balance of payments involved a great deal of sacrifice for Japan.

MR. MIYAZAKI noted that the Secretary had said that exports accounted for only 4 percent of American GNP. The \$500 million improvement aimed for on the trade balance represented only 2 percent of U.S. exports. Was there any other way, MR. MIYAZAKI asked, besides an import surcharge to achieve this amount of improvement?

SECRETARY FOWLER said that he had no affection for an import surcharge, but that the United States cannot achieve equilibrium without improvement of its trade account. Just as Japan exports in order to get the raw materials it needs to keep its industry running, so the United States needs trade improvement, not for the sake of \$500 million, but to get foreign exchange to do other things that are in everyone's interest.

MR. SATOH said that he hoped that rumors of a U.S. import surcharge would turn out to be just that.

SECRETARY FOWLER said that he believed that the eagerness to initiate restrictive trade measures had been exaggerated as far as the Administration was concerned, but not exaggerated as far as the Congress was concerned. A high import surcharge,

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SECRETARY FOWLER said, would probably be very popular in Congress right now. We had not been getting much help from other countries in solving our balance of payments problems, the SECRETARY concluded. If this situation continues, the wishes of Congress might prevail.

*ks! Donn S. Smith*  
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Donn S. Smith

Approve: \_\_\_\_\_

Approve as amended: \_\_\_\_\_

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April 9, 1968

MEMORANDUM OF CONVERSATION

Participants: For Japan  
Makoto Usami, Governor, Bank of Japan  
Shijuro Ogata, Assistant to the Chief,  
Foreign Department, Bank of Japan

For the United States  
Under Secretary Barr  
Mark Weiss, Treasury Department  
Sam Y. Cross, Treasury Department

Time and Place: Mr. Barr's suite, Manila Hilton Hotel,  
April 5, 1968, 12:30 pm

Distribution: Mr. W. Rostow, White House  
Assistant Secretary Bundy, State Department  
Ambassador U. Alexis Johnson, American  
Embassy, Tokyo

[Note: During the First Annual Meeting of the Asian Development Bank, April 4, 1968, a bilateral conversation had been arranged between Under Secretary Barr and the Japanese Delegation including Governor Usami of the Bank of Japan and Mr. Murai of the Finance Ministry. Governor Usami was unable to attend because of illness. The following day Governor Usami's staff strongly pressed for a subsequent meeting with Under Secretary Barr, indicating the Governor very much wanted to see him before the Governor returned to Tokyo on the afternoon of April 5. At the meeting Governor Usami read from a list of notes he had prepared in advance. The following is a report of the conversation prepared by Governor Usami's assistant and interpreter.]

Governor Usami (in substance):

I attended a meeting of the Group of 10 Ministers and Governors in Stockholm and after that we came back to Tokyo to hear the statement of President Johnson. We believed that peace should come eventually but, as to timing, we did not know at all -- this statement was rather unexpected.

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The negotiations with North Vietnam will be time-consuming but we hope the U.S. will not give any impression that negotiation will suffer a set-back. I believe that even if the progress is slow, that the progress will continue in the negotiations; otherwise there will be confusion.

Now, very frankly, I want to tell you my personal opinion. If the United States is about to conclude an honorable peace, we hope this peace will not cause any confusion in Asia politically as well as economically. Otherwise the war would be regarded as meaningless. Should the U.S. fail to conclude the negotiations successfully, the war would be considered as a failure (the Governor here is attempting to emphasize the successful conclusion of the negotiations). Therefore, we hope the U.S. will carry on the policies which were announced by President Johnson earlier this year as regards "after Vietnam" -- although we fully understand that the U.S. policy might have to be subject to some changes because of the negotiations and also because of the coming election.

While I was in Manila, I met a few people from countries which are friendly to the U.S. and all of them are very much concerned with the outcome of the peace negotiations because they and we have relied upon the U.S. and we hope the U.S. will continue the policy of economic expansion in this area through peace.

When we attended the Group of Ten Ministers Meeting in Stockholm, we got the following impression. Those who participated in this meeting were gentlemen and they never mentioned Vietnam in the discussions; but as you can see from the Ministerial Communique announced after the Ministerial Meeting, it was emphasized that the improvement of the U.S. balance of payments is given the highest priority by the President of the U.S. Although nobody mentioned Vietnam directly, Vietnam was in everybody's minds there. Therefore, we hope the U.S. will take necessary internal measures such as tax increase and you will avoid the introduction of an import surcharge, if possible, and if not, the surcharge should be the minimum possible.

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Mr. Barr (in substance):

We may be successful in getting peace and we may not. If we cannot, what would you recommend to the U.S.?

Governor Usami (in substance):

This is a political question and I am not in a position to state the opinion of Japan. However, I can state my personal opinion as a private individual of Japan. There are two alternatives in front of the U.S.: one is to stop the negotiations because of the failure; another one is continue the negotiations anyway with great patience. I hope the U.S. will take the latter course -- in other words, continue the negotiations with great patience however difficult. Although Mr. Barr asked the question -- if the U.S. cannot conquer the peace -- we hope the U.S. will continue this negotiation, and if the U.S. stops the negotiation, it will bring about a great confusion.

Mr. Barr (in substance):

It is very difficult to pour foreign exchange, taxes and men into Vietnam and continue to pour those things there. It is financially difficult. What would you suggest.

Governor Usami (in substance):

Of course, I know how difficult it is, but if the war had not been started yet, the situation might be different. But since you are already there, you should not pull out.

When the statement of President Johnson was announced, we thought this announcement must have been made because the U.S. is quite sure of the possibility of the success of the negotiation; otherwise the statement could not have been made.

Governor Usami continued with additional comment:

I am again speaking as a private Japanese and we Japanese are so concerned with Communist China. There have been lots of arguments about Communist China in Japan. However, as far as the Government is concerned, we have been working very closely

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with the U.S. Therefore, should the U.S. Government change their policy toward Communist China, we hope that they will get in touch with us in advance. Otherwise, there will be great confusion. We have to admit it might be inevitable to change the policy toward Communist China in the future but, even then, we would appreciate your getting in touch prior to any announcement of change in policy.

The Asian Development Bank is a venture initiated by both the U.S. and Japan. So, whichever situation occurs, the U.S. and Japan should cooperate to bring up this new Bank.

Mr. Barr:

The bill giving \$200 million to the Special Funds of the Asian Development Bank has been presented to the U.S. Congress but after the announcement of President Johnson, the political climate has changed and now there is a 50/50 chance to get the bill passed in this year. However, this year there are many difficult problems such as tax increase and many other things, so it might not be passed. Anyway, maybe next year or so it will be passed and this is regardless of whatever party comes into power after the election.

Sam X. Cross

Approve:

J. W. B.

Approve as amended:

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