

INFORMATION

Tuesday, June 4, 1968 - 5:45 p.m.

*Pres file*

Mr. President:

Herewith two pieces left with me  
by Phil Potter.

One is an eloquent memorandum by  
Mr. A/ B. Griswold, brother of Ben  
Griswold, a member of the Board of  
Trustees of the Baltimore Sun, who has  
been in Bangkok for 15 years.

The other is a speech delivered by  
Potter at Johns Hopkins on: The Press,  
the President and Vietnam.

W. W. Rostow

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ON THE U.S. POSITION IN SOUTHEAST ASIA

A year ago the position of the United States and its allies in Southeast Asia had improved to the point where it was possible to look forward with confidence to stopping Communist aggression. Apart from North Vietnam - which, strangely enough, no one thought of trying to dislodge from Communist control - the governments of all the Southeast Asian nations were either friendly toward the United States or neutral. Our stand in South Vietnam had brought several waverers over to our side. In Southeast Asia's most populous nation, Indonesia, the Communists had suffered a crippling defeat; Sukarno had been removed, and the "confrontation" against Malaysia had ceased. Burma and Cambodia, whose eternal friendship with Peking had been often reiterated, were learning - as India had learned earlier - that the Chinese are capable of attacking friends as well as enemies: weakness, rather than hostility, invites Communist attack, and Peking wants vassals rather than allies. The situation in Laos had stabilized. In Thailand American economic aid had set off a chain reaction of prosperity, which, in proportion to the amount of money the U.S. invested, is probably its most spectacular achievement anywhere in the world. Despite the troublesome incidents that are bound to occur when large numbers of soldiers are stationed on foreign soil, the Siamese welcomed our troops as protectors of their independence. Our bombers flew in increasing force from bases in Thailand against targets in Vietnam, contingents of the Siamese army were fighting on our side in the Vietnamese war, and American advisors were helping the Siamese border police control Communist terrorism and subversion.

In Vietnam, although we could hardly hope to win a quick victory under the peculiar rules we had imposed on ourselves, we had reassured

our allies and proved that a Communist conquest of Southeast Asia was not inevitable. True, the Communists possessed a superb organization, which they had built up over a period of more than forty years by a judicious mixture of idealism, lies and terrorism, while the South Vietnamese government had had to be improvised to perform tasks for which three-quarters of a century of French domination had left people unprepared. Considering the difficulties facing them, the South Vietnamese government were remarkably successful. The men that composed it had proved their courage by accepting office, for every one of them, from the highest posts down to the village level, was a prime target for assassination by the enemy. If they were not all models of virtue, a surprising number of them were honest and devoted civil servants who were not "newsworthy" enough to make the headlines. We had begun to realize that there was no use trying to impose an imitation of American democracy on the South Vietnamese, or expecting them to behave like good patriotic Americans: it was better to help them towards a government of a type which would be suited to their needs. To evolve such a government would take time, though not as much time as a lot of people thought. In "the battle for men's minds" it was less urgent to guarantee perfect justice than to provide security against enemy attack. Though the Viet Cong still held large sections of the South Vietnamese countryside, their hold was weakened by casualties and desertions; they were short of men and short of food; and the ruthless exactions by which they tried to replace their losses were embittering the peasants. In the pacified areas prosperity was everywhere on the rise. Our infrastructure, begun from almost nothing a few years earlier, had reached the point where our military superiority could start to pay off. The dispute between Peking and Moscow limited the amount of aid that could reach North Vietnam. Our bombing of the enemy's factories and supply routes was impeding the infiltration of men and material.

into the south. The tide had turned. Success was almost within our grasp.

Today most of the favorable factors are still the same, but one thing has changed. Though the population of North Vietnam is less than one tenth that of the United States, and their resources a tiny fraction of ours, we are showing signs of losing heart.

According to one argument of the appeasers in this country, we are bogged down in a war we cannot win, and the Tet Offensive proves that we are no match for the enemy. Yet the Tet Offensive, though it caught our intelligence napping and undid much good work that we had done, hurt the enemy far more than us. Their casualties were enormous, and their loss of prestige even worse; they had expected the people to join them in a "general uprising"; and when the uprising failed to materialize it proved that, no matter what our American newspaper men may think about the South Vietnamese government, the people prefer it to life under the Communists.

For those who despair of winning the war, it is well to ask two questions. If we cannot beat North Vietnam, what country can we beat? If we drop our South Vietnamese allies, what ally is likely to take us seriously in the future?

According to another argument of our appeasers; the United States is a merciless bully, immorally exerting the "arrogance of power" against a poor and tiny country which asks only to be allowed to settle its own affairs. This argument, besides being incompatible with the first one, is in itself muddled. A country, no matter what its size, is not a single organism with a will of its own; it is a highly complex structure whose affairs are settled by the interplay of various power-groups both inside and outside it; if those outside keep their hands off, the strongest power-groups inside it are sure to impose their will by force or get their

way by consent. There is no doubt about the identity of the strongest power-group in Vietnam today. If we were to withdraw now, the Communists, with their superior organization and their utter ruthlessness, would be able to seize control. Anyone wishing to know what kind of settlement they would impose and how they would do so will find the answer in Mr Hoang Van Chi's book From Colonialism to Communism. In it the author gives an eyewitness account of the North Vietnamese system of government, and shows in detail how the Communists, who compose only a tiny minority of the people, gained control over an extremely unwilling majority by wooing one group of North Vietnamese after another against the rest, and reducing them to impotence one by one by wholesale executions and terrorism.

The appeasers in America are not the authors of their own arguments. Whether they know it or not, they get them from sources which in turn got them from Hanoi's information offices in the capitals of Europe and Asia. Years ago the Hanoi government knew they could conquer South Vietnam if the U.S. did not intervene; they thought it unlikely that we would do so; but if we did, they counted on "world opinion," coached by their own information offices, to make us lose heart.

It is the Vietnamese Communists whom we are fighting, not the Russians or the Chinese. It is they who are the backbone of the Lao rebels and the main instigators of terrorism in Thailand; it is they who are the spearhead of aggression in Southeast Asia. The Chinese are handicapped by internal troubles; but they and their allies stand ready to strike in the Himalayas, Burma, Malaysia, Indonesia, the Philippines and Korea; and a breakthrough by Hanoi would be the signal for them to do so.

The nations which would then be threatened include some which the United States is solemnly committed to defend. Honoring such commitments would be much more difficult and costly than winning the present war. Our appeasers might think it more moral to dishonor them and betray our allies one after another.

Moral or immoral, the dangers of such a course are evident.

A. B. Griswold

May, 1968

Brother Ben Griswold  
 Member Board of  
 Trustees of JSM.  
 AB's been in Bangkok  
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PETER JOHNS HOPKINS

THE PRESS, THE PRESIDENT AND VIETNAM

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Disraeli once said of the British press "it's not only free but it's powerfull," a dictum Presidents of the United States have found all too true, frequently to their sorrow. In fact one could go farther and apply to the press what Justice Jackson said of the Supreme Court: "It's not that we are final because we are infallible. We are infallible because we are final."

It might even be said that we have a chief justice--of two of them--in Walter Lippman and the New York Times, not always infallible but always final.

Probably no president's troubles with the press have been so amply chronicled as Lyndon Johnson's but they are not unique. That became obvious to me as I researched through files on presidential relations with the press which, for some reason or other, I've been keeping for years.

One was a transcript of a television panel show in early 1964, just two months after Mr. Johnson took office, in which I participated. It was obvious at the time that the President's "honeymoon" with Washington's scribes had begun to founder.

One of the panelists was Peter Lisagor of the Chicago Daily News, whose summing up the reason for beginning discord was that "the president would like to make cheerleaders out of all of us, and we're fighting hard to preserve our virtue."

At the time and for a period thereafter, Mr. Johnson showered White House correspondents with attention, calling them into his oval office for coffee and soft drinks and to pass around dates, which he then was gobbling in quantities to maintain energy as he sought to crowd two days work into one. He strolled the White House grounds with his dogs and newsmen, who scribbled furiously as he talked. He chatted with them interminably as he soared through the nation's skies in Air Force One, and once or twice he even called them into cabinet meetings to question the various secretaries about their operations and plans.

It was an "open house" that left us all breathless and often exhausted. None dared leave the press lobby to go home to wives and kiddies until late in the night, for fear of missing one of his impromptu press conferences. In compensation he once had us bring the wives and kiddies to the helicopter pad on the South lawn for a hilarious party, featuring presidential ear-pulling of his boogles--Jim and Nor.

The honeymoon was unravelling nonetheless, and I credited Lisagor with a very pungent observation until I ran across a clipping of a Look magazine article written by Fletcher Knebel in 1962, two years before our panel show, on "Kennedy vs. The Press."

Asserting that Kennedy's two-year honeymoon with the Press was "on the pebbles, if not on the rocks," it cited as evidence that Kennedy had personally called down at least six Washington correspondents; that Attorney General Robert F. Kennedy had reprimanded at least four for stories he disliked; that the FBI had questioned six newspapermen in connection with stories concerning policies of

the Kennedy Administration; that three Kennedy Administration officials had threatened to sue newspapers; that Kennedy had cancelled 22 White House subscriptions to the late New York Herald-Tribune and that Arthur Schlesinger, Jr., a Pulitzer prize winning historian serving as White House aide, had called one columnist "an idiot," an adjective I often associate with columnists--and with Pulitzer prize winning historians.

Summing up newsmen's gripes, Knobel wrote that "one White House reporter"--could it have been Lisagor--complained: "They want us as a cheering squad, and arm of the executive branch of government."

This was before the Cuban missile crisis, when the Kennedy regime enraged the Press by withholding confirmation of news stories that the Russians were placing intermediate range missiles in Cuba, while the President and his top advisers consulted on a strategy to force their removal.

Pierre Salinger, White House press secretary, and Arthur Sylvester, Defense Department press secretary, <sup>LATER</sup> were to blithely <sup>TO</sup> defend later the right to keep newsmen--and the public--in the dark, and even to mislead them when national security interests were at stake.

Hence, one takes with a grain of salt a recent report by a committee of the American Society of Newspaper Editors ascribing to Mr. Johnson the worst record of any president in practising "official deceit and obscurantism for it's own sake, when there is a reason for it and when there is not."

The "credibility gap" and the contest between President and Press always has been with us. As Knobel wrote in his piece about Kennedy, every President since George Washington has spluttered over the headlines. Franklin D. Roosevelt awarded "dunco caps" and even an "iron cross" at his press conferences. Harry S. Truman thundered "S.O.B." at columnist Drew Pearson. Columnists Joseph and Stewart Alsop were "disinvited" to a dinner by Central Intelligence Agency hosts because of President Eisenhower's ire over a column.

History indicates, too, that the normal conflict between President and Press usually deepens, if, by unlucky chance, the Chief Executive has to preside over a war, although victory at an appropriate moment can give momentary lift. Vicksburg and Gettysburg saved an Abraham Lincoln so worried about his re-election prospects in 1864 that he dumped one Vice-President for another and substituted a "union ticket" label for the Republican party TAG. label.

The June Normandy landing came at an opportune time for Franklin D. Roosevelt, up for a fourth term in 1944, but victory over Germany proved no ticket to re-election of Prime Minister Winston Churchill a year later. That would indicate that in Democracies, wars, won or lost, are an albatross to leaders, if they survive to bear the odium. Harry Truman, presiding over stalemated war in Korea, wisely chose not to seek re-election. President Johnson now imitates this course, confounding friends and foes alike who thought he never willingly would give up power.

This Johnson, like the Johnson who succeeded Lincoln, also had the misfortune to follow into office a martyr--never calculated to do a successor any good.

Andrew Johnson missed impeachment by one vote in the Senate and God knows what the Press of his day was saying about him. Better recalled is what the Press said about Harry Truman, whose stock in the public opinion polls dipped even lower than President Johnson's. Seventy-seven percent once disapproved of the way the Missourian was handling his job. Mr. Johnson's low has been disapproval by 64 percent."

It may comfort Mr. Johnson that Mr. Truman, celebrating his 84th birthday the other day, 20 years after he left office, now is hailed as one of the nation's great Presidents. But at the moment, the President bitterly reflects that "the only difference between Kennedy's assassination and mine is that I'm alive and it has been more tortuous."

Possibly because his quivering still is observable, he seems more sensitive than some other Presidents.

In a piece I wrote a year ago about "Johnson's credibility gap" I noted that "all Presidents are sensitive to criticism and all are given to putting their best foot forward and keeping errors and oversights out of sight, and that the lack of privacy in the White House goldfish bowl has been an irritant to every occupant."

Mr. Johnson, I added, like so many Texans, is bigger than life and in him the peccadilloes of other Presidents got blown into bigger proportions; that his faults and his virtues were fully

manifest, in part because he found it almost impossible to maintain any reserve between himself and the rest of the world despite an obsession with secrecy about his plans and objectives.

As Bill Moyers, a former White House press secretary put it: "Fundamental to his operations and way of life is surprise, which keeps his foes off balance. He wants to retain the advantage of calling his own signals and deciding on his own timing."

That is a privilege the Press allows no public figure. It is always seeking to probe and announce what he is going to do before he does it.

As Moyers put it: "White House correspondents by and large try to report honestly, but their task of interpreting the President is not easy, and sometimes mistakes of the first magnitude are made. They are most troublesome when they seek to describe motives. The President objects to constant psychoanalysis by amateurs putting him on the couch."

If the Press does not understand the President and his motives, one wonders sometimes whether he understands the Press and its motives.

After days of talks with many responsible officials two years ago, this correspondent disclosed that the President was prepared at a cabinet meeting to announce a revised Food for Peace program reflecting the disappearance of agricultural surpluses and the need to acquire food on the market, at considerable cost, to continue the American war on hunger abroad.

The President, reading the article before arising, called staff members to his bedside, directed that mimeographed handouts officially disclosing the plan be burned; the cabinet meeting and public announcement were cancelled. The President, who likes to keep all options open to the last, felt one had been foreclosed and he had been betrayed. A cabinet member whom I had not consulted at all was tagged for blame and given, as he told me, "unshirted hell."

The new program was put into effect, but in piecemeal fashion, presumably to obscure the accuracy of my article.

I related the 1965 incident in my "credibility gap" piece a year ago, to my eventual distress, for it has been picked up in at least two books written about the President with distorting embroidery. One author said the President had considered permanent abandonment of the new program and denial of food to then drought-stricken India. Another wrote that the President had refused to see me for months thereafter, although we were old friends. Neither embellishment was true. A friendship begun in the 1950's when he was Senate Majority leader and I a Capitol Hill correspondent has endured and I have seen him since he entered the White House whenever I had need, although less frequently than when he first became President. He is a busier man than then, preoccupied with getting an honorable peace in Vietnam.

My liking for him may stem in part from a common Western upbringing, he in Texas, I in Arizona. He is comfortable with fellow Westerners, especially fellow Texans. Perhaps wrongly--we

of the West have a "country boy" awe and resentment of the East-- I have felt that some of my colleagues' disdain and dislike of the President stems primarily from his style and mode of speech, breezy, intimate and too often larded with Paul Bunyonesque hyperbole.

His "cow college" formal education has tended to put him overly on the defensive in relations with Ivy Leaguers, in the Press and elsewhere, and he is too prone to compensate by comparing his achievements to the Ivy Leaguer who preceded him in office, *BUT* although both were practical politicians with more rapport than is commonly known, and in sentimental moments, Mr. Johnson is almost gushing in tribute to the man who picked him as his Vice-President.

Constant unfavorable comparison with Kennedy's youthful glamor, speech and manner, his ease before the television cameras, the acceptance he had internationally--all enhanced in retrospect after his martyrdom--has been Mr. Johnson's lot. His vanity, like that of any other man, has suffered. In the practise of politics, Kennedy was as adept as any man, his deals as self-serving, his cajolery and ruthlessness in achieving his objectives as pronounced as that of any leader, his ambition soaring. But death at the hands of an assassin has dimmed memories of all this, and it's his grace and detachment, his penchant for under-statement and his Irish wit that are remembered.

Mr. Johnson does not enjoy reading that in current view he is a "whcolor-dealer" whose most innocuous act is apt to be considered

a political deal, his deepest motive the pursuit of votes, his friends "cronies," his speech "corny," his television demeanor awkward. He wants to be loved and admired now, not after death, and the rumor, half-truth and prejudice that are any current President's crosses to bear are his despair.

His biggest cross, of course, has been his inability to win a just and honorable Vietnam peace. This has eluded the man who burst on the nation as a "can-do" President, who pushed his predecessor's program through what had been for Kennedy a recalcitrant Congress, then proceeded to get enacted a "Great Society" program of his own--replete with medicare, aid for elementary, secondary and higher education, war on poverty, and new accords with the Soviet Union, nor has he been able to persuade the American people of the rightness of our great military effort to preserve the independence and assure the security of that far-off Asian land which is falteringly groping its way toward nation-hood.

The Press and the nation's intellectuals, youngsters abhorring the uncertainty the war has introduced into their college and life plans and reluctant to risk their lives; mothers reluctant to give up their sons; young women reluctant to give up potential mates have all questioned the validity of the nation's commitments and the importance of our stakes in Asia. They question President's wisdom in honoring the first and protecting the second.

Disagreement on these scores has been vituperative and even violent.

I can only advance my own views based on experience in Asia totalling about eight years out of the last 23.

I take sharp issue with what I conceive to be the central point of criticism from Walter Lippman, Senator Fulbright, John Kenneth Galbraith, Arthur Schlesinger, Jr., and their followers in the Congress, academia and elsewhere.

Their view, as I construe it, is that the United States has over-extended itself in an area where it has no legitimate business-- in an area they believe is destined to be China's sphere of influence.

To me this is influenced by Europocentrism that takes little cognizance of the world we now live in, where ties and relations with the emerging nations in Asia and Africa in years to come will be as important to the United States as are those in Europe from which most of our ancestors came. I cannot agree, for instance, with sentiments voiced by Senator Fulbright to his Arkansas electorate that "we have no common ties with the people" of South Vietnam.

To me, the preservation of the balance of power and the political and economic stability of Asia is as logical and rational as it is in the Atlantic region--and feasible. Japan, for instance, is now one of our greatest trading partners.

To me, the evidence is fairly conclusive that our presence in Asia, as the Free World's foremost economic and military-power, has helped to promote stability and maintain the balance of power, in our own interest and the interest of the new nations in Asia.

I find significant a letter Cambodia's Prince Norodom Sihanouk wrote to the New York Times in June 1965: "I've never had the slightest illusion on the fate that awaits me at the hands of the Communists, as well as that reserved for my government, after having removed from our region the influence, especially the presence, of the free world and the United States in particular."

One is hesitant about criticizing his own profession, but I believe that all too few of the journalists and television crewmen sent to Vietnam have been equipped with the knowledge to do much more than cover the war--particularly the American forces involved in it--as if they were covering a police beat back home, concentrating on violence and disorder and dramatics and ignoring underlying causes and efforts to deal with them.

I am reminded of a criticism Floyd McKissick, National Director of the Congress of Racial Equality, made of the press. He said that newspapers of this country had ignored brewing racial trouble while remaining alert for "newsworthy riots;" that the Negro receives publicity only when he "uses his tongue as a switch blade knife or sounds outlandish, extremist or psychotic." He told newsmen: "You won't report on the few black men who are middle class, who made it on your own terms. And you won't touch the poor black man who is 90 percent of us."

We do a very poor job in this Europe-oriented country in teaching our youngsters--potential journalists included--anything about Asian culture or history and we are very prone to apply our OWN STANDARDS OF CONDUCT, morality and government to countries we happen to visit or where we are sent to work.

I remember how startled I was in the China, Burma, India theatre during the war when I picked up and read Jawaharlal Nehru's "Glimpses of World History"--letters he wrote while in prison to his daughter, Indira. It's a book which sought to relate events and happenings in the Judaic-Greco-Roman-Anglo-Saxon part of the world with Asia's own history, as replete with important dates, discoveries and the activities of great leaders as our own.

It was a discovery to find that Asians were people, too, and more kindred to me and mine than is suggested in the sentence from Rudyard Kipling "East is East and West is West, and never the twain shall meet."

Senator Fulbright, who has given Asia only a cursory glance and spurned opportunities for travels there despite his chairmanship of the Foreign Relations Committee, forgets that it was the Japanese advance on French Indo-China in the fall of 1941 that launched us into the last great war. It came when Japan, in November of that year, rejected a series of proposed agreements handed the Japanese ambassador in Washington by Secretary of State Cordell Hull, under which Japan and Washington would agree that neither would violate the territorial integrity and sovereignty of any country in Asia.

Japan, like North Vietnam's President Ho Chi Minh and General Vo Nguyen Giap today, thought the United States never would pay the price to prevent its establishment of the Greater East Asia Co-Prosperity Sphere. But we did, and 14 years later we paid the price to prevent a Communist takeover of South Korea, just as we are paying a price today to prevent a Communist takeover of South Vietnam--in each case to preserve a world in which we could live in

a degree of ease, comfort and safety.

It is argued by some that our intervention in Vietnam deepens racial animosity toward us among Asians so that even success in our effort to turn back Hanoi's aggression against South Vietnam would be offset in the long-run by Asian detestation of white supremacy. Indeed, critics at home as well as in France, compare our objective with that of a France trying to reestablish itself as a colonial power in an area where it was thrown out by Japanese military power during World War II.

That, it seems to me, ignores our record of freeing the Philippines, a far richer land, more easily held since it lies across the South China Sea, where our naval power has been unquestioned. It ignores the speed with which we ended American occupation of Japan and restored it to full sovereignty, except for the time being in Okinawa, and helped usher it back into the society of nations. It ignores very considerable economic aid to India without demanding or getting any political concessions, or sometimes even civility.

It is said that if Asian leaders really wanted us to stay around in Asia they would be willing to say so out loud without subterfuge. One reason some do not is that they see signs of returning American isolationism, are unsure of our continued interest in Asia, and understandably are reluctant to take positions that could prove embarrassing if subsequently they have to make accommodations with powers hostile to us. Some Asian nations, of course, are fully

allied with us in Vietnam and share the burden of defending it.

That there are Asian scholars who share my belief that we have a place in the determination of Asia's future was evidenced last December, when Harvard Professor Edwin O. Reischauer, former ambassador to Japan, joined a group which deplored rising isolationist sentiment in the United States. It expressed deep concern that many Americans considered Asia "remote and marginal" to American interests. The group's statement stated that since the United States and Russia were both Pacific nations developments in that area would have direct impact on the security, economy and political health of both as well as on Japan, the third strongest industrial nation in the world.

Incidentally, the statement derided the Fulbright thesis that America's basic problem in foreign policy was "arrogance of power," saying rather that it was "continuing uncertainty as to the best use of our might."

Professor John Kenneth Galbraith of Harvard, former ambassador to India and now a severe critic of Administration Vietnam policy, had little hesitation in 1962 in committing American power to the defense of India, when Red China intruded on territory New Delhi claimed by inheritance from Britain in the high Himalayan areas of Ladakh and the Northeast Frontier Agency.

That intrusion began in Ladakh in 1954. But Prime Minister Nehru, who that year signed a pact with Chinese Premier Chou En-lai pledging

mutual respect for each other's territory, suppressed information about China's violation of the pledge. When the Chinese hit NEFA in 1959, however, he sought American acceptance of the McMahon line along the watershed between Chinese Tibet and India's NEFA, as the true international boundary. Then Secretary of State Christian Herter declined on grounds the 1914 line had never been demarcated.

Galbraith not only got permission from President Kennedy to state that the United States regarded it as the "accepted border", but two days later Nehru was able to inform the Indian parliament he had been assured by President Kennedy that the U.S. stood ready "to help India as much as possible" in its defense. Galbraith a week thereafter flew to Calcutta to inaugurate an airlift of U.S. arms to India. Soon U.S. Air Force transports arrived to distribute them to Indian forces in Ladakh and the Brahmaputra Valley, into which Red Chinese troops had almost come.

As Galbraith concedes, he kept open the option of providing many more American arms, but worked relentlessly at the same time to keep Indians from going into total mobilization and to prevent it from using its aircraft for fear of provoking Red Chinese air strikes in India which the United States might have to counter.

As it happened, whether because of American and British readiness to help defend India, because Russian remonstrance carried weight with Peking or whether it had accomplished all it had set out to do by humiliating India, the Chinese Communist regime ordered its troops to ceasefire and prepared to pull back in much, but not all, of the disputed frontier.

Galbraith thereafter opposed proposals that the U.S. provide India with supersonic aircraft and a ground control system in preference to having our own planes fly in on exercises and substitute for the expensive shipment of arms. He concurred in Defense Secretary Robert S. McNamara's decision on a fairly limited budget of arms aid for India.

Yet Galbraith disdains as "tendentious and irrelevant" suggestions that his support of the New Delhi government in its hour of humiliation is inconsistent with his current proposal that the United States and its allies in Vietnam cling to population centers along the coast of South Vietnam and relinquish rich agricultural areas where Vietcong and North Vietnamese power is strong.

His grounds for distinction are that India is a "democracy" and the Saigon government supported by the United States is a "military junta." He contends endorsement of India's claim to the McMahon line was justified by Red China's border intrusion, while the war in Vietnam, in his view does not stem from aggression by Hanoi, but is sustained by the "enormous indigenous power" of the guerillas.

Aware that tens of thousands of North Vietnamese troops have infiltrated into South Vietnam, it seems to me the irrelevance is Galbraith's. I find it ironic that he urged aid to an India with which we had no alliance whatsoever (alienating a Pakistan with which we had a defense pact) while he urges a relinquishment of territory in South Vietnam, which we undertook to protect by protocol to the Manila treaty of 1954.

Both India and South Vietnam have constitutionally elected governments. Neither wholly adhere to American standards of democracy. India's government barred opposition parties from getting on the ballot in Kashmir. It has dissolved by presidential decree elected Communist governments in Kerala and Bengal. Saigon bars Communists now in outright insurrection from running for office and demurs to proposals that the Vietcong's National Liberation Front be given a place in coalition government. DeGaulle's first postwar government in France did not long survive with Communists in ministries. Coalition government in Czechoslovakia ended with Foreign Minister Jan Masaryk's mysterious fall from a window (probably murder) in 1948. Gen. George C. Marshall's 1945-46 effort to promote coalition government in China failed, largely because Mao Tze-tung met every Nationalist concession by demands for more.

Those willing to accommodate the Communists in Vietnam do not seem to me to weigh the full implications of the affects on friendly countries of the area, nor on government's such as Japan's, moderately conservative, which have refused to denounce our Vietnam policy despite strong leftist agitation that it do so.

I agree that Communism is no longer an international monolith, but I do not agree that this makes it any less palatable to dishonor commitments we made in good faith with countries in Asia or anywhere else.

A friend recently wrote me: "Hasn't the argument that we must fight on to prove that we will honor our commitments been invalidated by public reaction to the war in the United States,

in that peripheral nations will conclude that no U.S. government is likely again in the foreseeable future to pay the price of honoring such a commitment?"

Surely, we are more likely to forfeit their trust by abandoning the commitment in Vietnam. If we come out of this war with an honorable peace, I would think that those with whom we have mutual defense ties would be fortified in conviction that alliances with the United States pay dividends to both parties.

Some argue that if new Communist governments emerge in Southeast Asia, it would be only a matter of time when they would fragment as in Eastern Europe and we could treat with them on an individual basis.

I wonder whether liberalizing tendencies and the pullaway from Moscow would have occurred in Eastern Europe, had the United States in 1947 not halted Communist expansion there by intervening in Greece. I know it is now odious to use the Hitler analogy, but who knows what kind of a world it would be had a line not been drawn in Poland against his continued aggrandizement. Would Yugoslavia have opted for a degree of freedom from Kremlin control had we not gone to Greece's aid? Would it have done so had we not been around to extend economic aid?

It is argued that we cannot maintain the burden of the war and face up to domestic social problems; that the war has made this a "sick society," alienated our youth and fostered domestic violence. A needed change in our draft laws, narrowing the period of vulnerability to the draft and applying the lottery principle, might do much to appease young men.

None would deny the financial strain of the war, but one can argue that meeting the cost here and now in Vietnam is less than it might be later if our enemies detect weakness in our resolve to defend the free world against Communist "wars of liberation" and thrust at us in more sensitive spots. No doubt the President should have been more candid about sacrifices needed, and sought a tax boost in 1966 instead of half-funding the conflict in the budget he produced in that election year. He's paying now for that and so is the country, in inflation.

It is argued that the United States, short of unlimited war, cannot avoid a stalemate in Vietnam. And that more and more it becomes an American war due to the lack of will and competence in the Saigon government and armies. This is due in part, in this correspondent's judgment, to some of the reporting from Vietnam, which concentrates on the activities of American troops, and ignores progress and improvement in South Vietnamese forces. The new Saigon government is doing more to strengthen its own army and take on more of the defense burden. Young American journalists tend to be more pessimistic about this than those of long experience in Asia. They are more impatient, find red tape suffocating and apply home standards to a foreign environment.

In Korea with American occupation troops in 1945, I found that during the 45 years of Japanese rule few Koreans ever got jobs higher than the equivalent of porter in a railroad station. In 1950 when I returned to cover the Korean war, Koreans were running their own trains. Their military effort, too, was derided at first. But once reorganized and reequipped after the Communist onslaught, the Koreans fought with increasing competence. Today

the country has political stability and fast economic growth. It has fielded competent divisions in Vietnam, proportionately as many as we have there. There is no reason to believe similar competence cannot be achieved in South Vietnam in the same time span.

Not the least onerous American responsibility is trying to understand the complexities of problem countries with which we deal. I know a man in the National Security Council who in 1966, when the Buddhists were threatening to bring down the regime of Premier Nguyen Cao Ky as they had the regime of President Ngo Dien Diem and others, spent weeks in the Library of Congress in the hope of gaining insight into the motivations of that enigmatic Vietnamese monk, Tri Quang. Among other things he found that Buddhist monks in neighboring Thailand had a higher percentage of schizophrenics than the norm in the population. But he never learned to understand the workings of Vietnamese Tri Quang's mind. He solaces himself with the observation of a professor of religion learned in Buddhism that Buddhist sects of Vietnam don't even understand one another.

One could make out a case that that 1966 imbroglio was much too well covered by American mass media, all with an insatiable daily appetite for some new piece of human drama. Vice President Humphrey, viewing it all with a politician's eye, said "it's foolish to try to keep a daily fever chart on this kind of thing. We should wait and see what's really going to happen."

Proving that there is kinship between all politicians, white,

black, yellow or brown, Premier Ky told an American friend "never believe what a Vietnamese says, including me. Watch what we do."

The New York Times could not wait for that, and hustled into print with everything the Buddhist opposition said. One day it was out with a page one story headlined "Buddhists Warn Regime in Saigon Civil War is Near--'Tens of Thousands' will die unless Premier Ky's military junta resigns, they assert." Three days later the same paper pushed back to Page 3 a half-column article headlined "Tri Quang, Buddhist Leader, Shifts Stand and Asks Support for Junta."

Ky had solved that threat by agreeing to move up by a few months the junta's previously announced timetable for national elections. Tri Quang, just possibly, had concluded that anarchy might serve the purposes of the Communist Vietcong, but not the objectives of himself and fellow Buddhists. As is known the elections came off, Premier Ky confounding reams of newspaper reports by stepping down into a subordinate vice presidency as President Nguyen Van Thieu took over the reins.

Tri Quang has scarcely been heard of since.

One wonders why Americans take with complete equanimity the absurd exaggerations of their own politicians and panic so readily when those of other nations engage in similar political hyperbole.

The proliferation of communications since World War II, especially in the television field, may be luring us to watch events around the world too closely, creating unnecessary tension and high blood pressure in America.

Things used to happen and nobody ever knew about them--and there were fewer headaches and head-shrinkers. There was, in those days, a little privacy for a government and it could make mistakes, omissions and commit indiscretions--such as President Johnson's statement that we would meet "any time any place" with Hanoi's representatives in the interest of peace--without the whole world knowing about them.

Madame Nhu, with her offhand televised denunciation of a monk's self-immolation as a "buddhist barbecue" may have cost her husband and brother-in-law, the President, their rule and their lives.

While we of the mass media have searched out and chronicled every last mistake made by the South Vietnamese and our own government in the course of the conflict in Vietnam--as we should--I am not at all sure that we have been as scrupulous in chronicling the progress that has been made in the past 13 years in building a nation where none existed before.

It is not strange that it is now governed by generals. Our first government, if memory serves, was run by a general and a military aide of his, Alexander Hamilton, was his righthand man and organizer of our first fiscal structure. Gen. Andrew Jackson also served two useful terms.

In emerging countries, especially those born of war, the military tends to learn the arts of administration and management quicker than the rest of the population. And not all generals are dictatorially-minded and immune to the humanities. Even Academia has drawn to its bosom Gen. James Gavin, as a fellow apostle of "dove-ism" on Vietnam.

Former Ambassador Henry Cabot Lodge has described the birth pains of South Vietnam as "uproarious evolution toward self government." I am afraid the uproar has gotten too much of the play in our mass media and the evolution has been too little noted.

It's too bad we cannot get more of the media up into Communist North Vietnam for unescorted stays to chronicle some of their cruelties and mistakes as well as we have reported the awkwardness and weakness of the Saigon government. Ho Chi Minh and his Communist colleagues welcomed Vietnamese of all parties in the Viet Minh movement that ended French rule in Indo-China, but no sooner was freedom won than he and his Communist apparatus dissolved the United Front, established a dictatorship and to make sure none had any illusions it meant to be obeyed liquidated thousands alleged to be "class enemies" and caused the exodus of at least 750,000 Vietnamese from the Communist North to the free South. Many former Viet Minh and others from the North have become leaders of the regime in the South. Premier Ky, for instance, calls himself a "Yankee Vietnamese."

But no Vietnamese in South Vietnam of any political stature has seen fit to join the Communist Vietcong's National Liberation Front.

There have been denials by those urging the Vietcong's incorporation into the South Vietnamese government that the insurgency is Communist-led, and Hanoi-controlled and supplied and that its political goal is unification under Ho.

The evidence is to the contrary, and President Johnson's policy, the use of limited and measured military power, to stop the aggression is rational and sane, whether he's been able to adequately

explain it to the American people and the world or not.

Perhaps, out of the presidency, and teaching at the University of Texas, with no urgent press at hand to interpret his motives, he can do a better job of explaining why he felt it necessary to send 500,000 American men half around the globe to preserve the independence and freedom of an Asiatic people.

He's also said that he will air some of his thoughts about the press. One hopes that they will not be in the tone of some of his private off-the-record recrimination, and that out of the goldfish bowl he will come to learn as I once told him "you have your job, and we have ours." We both try to do it as best we can.

# # #

ACTION

47

*Pres file*

~~SECRET~~

Tuesday, June 4, 1968 -- 5:40 p.m.

Mr. President:

The attached draft cable proposed (para 3, page 3) marked passage) that Bunker suggest to Thieu that he think of his visit "in terms of July 24-25, but keeping open possibility that it might move one way or the other as the situation develops."

Is this an acceptable formulation for you, in the light of our discussion at lunch?

W. W. Rostow

Yes \_\_\_\_\_

No \_\_\_\_\_

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

DECLASSIFIED  
White House Guidelines, Feb. 24, 1983  
By RG, NARA, Date 6-5-92

~~SECRET~~

WWRostow:rlh

47a

# OUTGOING TELEGRAM Department of State

INDICATE:  COLLECT  
 CHARGE TO

~~SECRET~~  
Classification

FOR OC/T USE ONLY

Origin  
Info

ACTION: Amembassy SAIGON IMMEDIATE

INFO: Amembassy PARIS

STATE

NODIS

EYES ONLY FOR AMBASSADOR FROM SECRETARY  
PARIS TODEL EYES ONLY FOR HARRIMAN, VANCE AND HABIB

Ref: State 174971; Saigon 29038

DECLASSIFIED  
E.O. 12958, Sec. 3.5  
State Dept. Guidelines  
By pc, NARA, Date 2-15-01

Subject: Thieu Visit

1. Firm decision has now been reached here that you should ask Thieu to agree to postpone his visit here until some mutually agreed date in July. Possible July dates would be 9-10, 16-17, or 23-24.

2. Key element in this decision, which you should communicate frankly to Thieu, is that Poor People's Campaign has now definitely scheduled major demonstration for originally-scheduled dates of June 18-19. We have evidence that student, pacifist, and other anti-war groups are now associated closely with the Campaign, and it is our best judgment that if we were to think in terms of a postponement within the month of June -- which

Drafted by: EA: WPBundy;bmm 6/4/68	Vol. In: 4235	Telegraphic transmission and classification approved by: The Secretary S/S-
Comments: White House - Mr. Rostow		

Page 2 of telegram to Saigon, Paris

~~SECRET~~  
Classification

would almost certainly require an announcement or become known before June 19 -- elements in the Campaign would decide to focus their efforts on anti-war themes and to seek to create greatest possible embarrassment to Thieu during the Washington portion of his visit. You should emphasize two points: (a) that the question is not repeat not one of security or of our ability to conduct effective conversations with Thieu, but solely one of embarrassment and of a small minority being able to negate the favorable and constructive impact of the visit through publicity operations which would cause embarrassment to Thieu in Washington in this time period; (b) in terms of sentiment on Vietnam, Poor People's Campaign and those associated with it continue to represent vociferous but numerically small minority -- in fact, over-all sentiment in the US has stabilized on a realistic view of the prospect for negotiations and such issues as coalition government ( 2-to-1 against in the latest Harris poll on the latter issue) and standing of GVN and Thieu personally shows signs of improvement. Point is that we do not wish to negate the constructive public impact of the visit by having it coincide with this Campaign, which of course we do not repeat not control in any way.

3. Hence, it is our belief that any announcement or report of agreed dates on visit should be deferred until after Campaign has

clearly come to an end, which we now estimate will be some time in the

Page 3 of telegram to Saigon, Paris~~SECRET~~  
Classification

last ten days of June. Thereafter, we could announce visit with every reasonable expectation that Washington atmosphere would be normal and that rest of visit could be planned properly and effectively. To permit adequate and time gap between announcement and visit, we would suggest Thieu think in terms of July <sup>24-25</sup> ~~24-25~~, but keeping open possibility that it might move one way or the other as the situation develops.

draw,  
4. You may also ~~draw~~ as you see fit, on the point that Paris talks do not repeat not as yet show signs of developing to the point where substantive highest level consultations would be urgently required short of mid-July in any case. Thieu himself might also raise the point that recent developments in Saigon and SVN, particularly the continuing VC attacks against the cities as well as the internal political situation in wake of the Cabinet reshuffle, would point away from his being absent during the month of June. <sup>He</sup> ~~They~~ might even speak frankly about his worries about leaving Ky in charge in his present frame of mind. However, we suppose that you would not wish to make these points affirmatively -- although ~~they~~ that they may be on his mind and will make it easier for him to accept the change.

5. For purposes of our common public information handling, we have of course now had both Saigon and Washington reports and statements that visit was being contemplated for late June. We would propose that





*WWR*  
48

**SECRET**

Tuesday, June 4, 1968 -- 5:30 PM

MEMORANDUM FOR THE PRESIDENT

*Pres file*

SUBJECT: PL-480 Package for Ceylon

In the attached, Messrs. Freeman, Gaud and Zwick recommend you approve a \$15 million PL-480 sale (150,000 tons of wheat flour) to Ceylon. State and Treasury concur.

This agreement would commit the Ceylonese to buy 200,000 tons of flour from us commercially and to expand valuable self-help programs already underway. Ceylon's economic performance over the past year has been encouraging. Prime Minister Senanayake is a responsible, pro-Western moderate who has put through tough foreign exchange reforms and begun a rice-growing campaign that promises to be a model of self-help programs. As a result, the country is back in the development business after years of leftist stagnation. But Senanayake needs all the help he can get to keep the economy moving and to survive politically.

This \$15 million sale would meet our pledge for calendar year 1968 in the Ceylon Aid Group organized by the World Bank. We've been doing about 30% of total Group assistance; there are 8 other donors.

State/AID find no problem here with the Symington Amendment (which requires us to terminate aid if military spending starves development), since Ceylon's defense budget is less than 1% of her GNP.

If you approve this sale, we could get good political mileage by having our Ambassador deliver it with a personal message from you to Senanayake. We happen to owe Senanayake a reply to a recent letter thanking you for our cooperation in the Aid Group. A proposed message is at Tab A.

I recommend you approve the PL-480 package and the message.

W. W. Rostow

Approve package and message \_\_\_\_\_

Disapprove \_\_\_\_\_

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

DECLASSIFIED  
White House Guidelines, Feb. 24, 1983  
By *lg*, NARA, Date *6-5-92*

~~SECRET~~

RPM/llw/vmr

~~SECRET~~

48a

EXECUTIVE OFFICE OF THE PRESIDENT  
BUREAU OF THE BUDGET  
WASHINGTON, D.C. 20503

MAY 29 1968

MEMORANDUM FOR THE PRESIDENT

Subject: Proposed P. L. 480 Agreement with Ceylon

In the attached memorandum, Orville Freeman and Bill Gaud request your authority to negotiate a \$15 million P. L. 480 agreement with Ceylon. The agreement would provide 150,000 tons of wheat flour (equivalent to about 207,000 tons of wheat). Repayment would be in dollars over twenty years, at 2 1/2% interest, with a two-year grace period. The first three payments would be a token \$100,000 each. In addition, Ceylon would agree to buy 200,000 tons of wheat flour (or an equivalent amount of wheat) on commercial terms.

Aid to Ceylon is coordinated through a group headed by the World Bank. At the most recent meeting of that group, we indicated that we would probably be unable to provide dollar assistance to Ceylon in FY 1968, but that we would try to provide food aid equal to our past pledges. U. S. assistance to Ceylon since 1965 has been as follows:

	<u>CY 1965</u>	<u>CY 1966</u>	<u>CY 1967</u>	<u>CY 1968</u>
U. S. "pledge"	15.0	15.0	15.0	(15.0)
U. S. assistance	12.0	7.5	10.0	15.0
(Dollar loans)	(7.5)	(7.5)	( - )	( - )
(P. L. 480 )	(4.5)	( - )	(10.0)	(15.0)

Last September we reported to you that a major exchange reform was needed to get at the root of Ceylon's serious economic problems. In November, 1967, the Government of Ceylon devalued the rupee by 20% as a result of the British devaluation. On May 6, the Government launched a number of further foreign exchange measures which are worthy of our support. These include an additional devaluation for certain types of foreign transactions, export incentives, and removal of import controls on some 300 imported items.

DECLASSIFIED  
E.O. 12958, Sec. 3.5  
NSC Memo, 1/30/95, State Dept. Guidelines  
By jc, NARA, Date 2-15-01

~~SECRET~~

~~SECRET~~

2

The Government of Ceylon has also undertaken a program to increase rice production which has yielded impressive results. The self-help conditions proposed for this agreement would support the 1968 production targets of this program.

The Symington amendment presents no problem, because Ceylon's defense expenditures are very small--less than 1% of GNP.

On the basis of Ceylon's self-help performance and our desire to support the moderate Senanayake government, I recommend that you approve this P. L. 480 program.

*Charles J. Zwick*  
Charles J. Zwick  
Director

Attachment

Approve \_\_\_\_\_

Disapprove \_\_\_\_\_

~~SECRET~~

~~CONFIDENTIAL~~

486

MEMORANDUM

MAY 23 1968

To: The President

Subject: Title I Public Law 480 Program with Ceylon

We recommend that you authorize us to negotiate with Ceylon a PL 480 dollar credit sale of \$15.0 million for about 150,000 tons of wheat flour, including the cost of ocean transportation. Payment terms would provide for 19 payments, the first three \$100,000 each, and the balance in 16 approximately equal annual amounts; initial interest rate during the two-year grace period is 2 percent, and the continuing interest rate is 2½ percent. The Departments of State and Treasury concur in this recommendation.

#### Need for Program

In December 1966 Ceylon undertook a program to reduce its rice ration in half as a means of reducing the cost of Government food subsidies and the outflow of scarce foreign exchange. A PL 480 dollar credit agreement was signed October 27, 1967 to meet a portion of their CY 1968 wheat flour requirements which have been growing as a result of the reduced imports of rice. This proposal will meet the balance of their wheat flour requirements for CY 1968 and provides aid at the approximate level of U. S. pledging in the past-- about \$15.0 million per year. U. S. assistance to Ceylon is administered within the framework of a Ceylon Aid Group led by the World Bank. The Bank makes a yearly study of the Ceylonese economy and estimates the outside assistance requirement. The credit sale here requested makes a significant contribution to the requirement established by the Bank without in any way acting as a disincentive to increased Ceylonese agricultural production.

#### Military Expenditure Review

State/AID has concluded that neither U. S. Development Assistance under the Foreign Assistance Act of 1961, as amended, nor PL 480 sales are being diverted to military expenditures and that Ceylon's resources are not being diverted to unnecessary military expenditures to a degree which would materially interfere with its development. A discussion of this is attached.

#### Self-Help Measures

Ceylon has been carrying on an intensive program of increasing rice production in order to reduce her dependence on imports. Progress under this program has been reflected in a 1967 crop of about 55 million bushels of paddy, an increase of 20 percent over 1966 and well above the previous 1964 record of approximately 50 million bushels.

The Government of Ceylon continues to accord high priority to programs for increasing food production. In the proposed agreement, we will seek

DECLASSIFIED  
AIO Guidelines 10-1695  
Authority Agri. Guidelines 10-28-82  
By JC . NARA. Date 2-15-01

~~CONFIDENTIAL~~

self-help measures whereby the Government of Ceylon would make its best efforts to:

- 1) Raise paddy production to 61.4 million bushels in 1968, with programs to achieve this goal concentrating on improving yields from existing croplands, particularly those with the highest production potentials;
- 2) Expand the availabilities of fertilizer for paddy to 89,000 tons for the two 1968 crop seasons;
- 3) Increase the proportion of rice acreage planted to high-yielding varieties;
- 4) Increase the utilization and productivity of presently irrigated lands through improved water management and other needed actions; and
- 5) Maintain rice supply and import policies that assure producers prices at incentive levels.

The proceeds accruing to the importing country from sales of commodities received under this agreement would be devoted to achievement of the agricultural self-help measures enumerated above and to other economic development objectives.

Recommendation

That you authorize us to proceed with the PL 480 agreement as described above.

May 17 1968

William F. Sand  
 Administrator  
 Agency for International Development

[Signature]  
 Secretary  
 Department of Agriculture

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

Disapprove: \_\_\_\_\_

Date: \_\_\_\_\_

48c

~~SECRET~~

MILITARY EXPENDITURE REVIEW - CEYLON

State/AID in consultation with the Interagency Advisory Committee concerned with the implementation of Section 620(s) (the Symington Amendment), of the Foreign Assistance Act of 1961, as amended, has determined (a) that Ceylon's resources are not being diverted to unnecessary military expenditures to a degree which materially interferes with its development, and (b) that neither U.S. development assistance nor PL 480 sales are diverted by Ceylon to military purposes. Among the principle factors in this determination are the following:

1. Defense expenditure as a percent of GNP for 1966-67 were .85%, much below the median for the region, and the trend of this defense share has been relatively stable.

2. Defense expenditures as a percent of central government expenditures for 1966-67 were 2.75%, also much below the regional median, and again the trend has been stable.

3. Foreign exchange spent for defense as a percent of import of goods and services has been minimal.

4. There is no evidence of U.S. development assistance (or PL 480 sales) being diverted to military expenditures.

DECLASSIFIED, & AID Guidelines.  
E.O. 12958, Sec. 3.5 10-16-95  
State Dept. Guidelines  
By jc, NARA, Date 2-15-01

~~SECRET~~

4:2

Proposed Reply to Prime Minister Senanayake of Ceylon

Dear Mr. Prime Minister:

I certainly share your gratification over the success of the recent meeting of the Aid Group. The United States is proud to have a part in Ceylon's development effort.

In that regard, I am glad to tell you that Ambassador Corry is now prepared to meet with your Government to negotiate a new food aid agreement under Public Law 480. We hope this agreement will help Ceylon continue and expand the economic reforms and self-help programs you have undertaken with such courage and vigor.

With warm personal regards.

Sincerely,

Lyndon B. Johnson

His Excellency  
Dudley S. Senanayake  
Prime Minister of Ceylon  
Colombo



S/S 7683

DEPARTMENT OF STATE

Washington, D.C. 20520

1-Hamilton  
2-Ret  
48e

~~CONFIDENTIAL~~

May 23, 1968

MEMORANDUM FOR MR. WALT W. ROSTOW  
THE WHITE HOUSE

Subject: Reply to a Letter to the President from  
Prime Minister Senanayake of Ceylon

My memorandum to you dated May 14 forwarded a letter to the President from the Prime Minister of Ceylon. A suggested reply is enclosed.

We suggest the enclosure be appended to the memorandum to the President concerning a new PL-480 sales agreement with Ceylon. We understand the memorandum has been signed by Secretary Freeman and Mr. Gaud and forwarded to the White House. If both the memorandum and the suggested reply are approved by the President, it is recommended that the reply be sent by telegram through our Embassy at Colombo, thereby informing the Prime Minister we are ready to negotiate the new agreement.

It is further recommended that, if approved, no publicity be given this message.

*John P. Walsh*  
Benjamin H. Read  
Executive Secretary

Enclosures:

1. Suggested reply.
2. Letter from Prime Minister Senanayake to the President dated April 30.

~~CONFIDENTIAL~~

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

DECLASSIFIED  
E.O. 12958, Sec. 3.5  
State Dept. Guidelines  
By *jk*, NARA, Date 2-15-01

DEPARTMENT OF STATE

Suggested Reply

Dear Mr. Prime Minister:

I very much appreciate the thoughtful comments about our aid program contained in your letter of April 30. We too are most interested in moving forward as fast as possible with the disbursement of the next increment of our assistance to you.

I am happy to be able to tell you that our Ambassador at Colombo is now prepared to meet with your negotiators to discuss the details of a new Public Law 480 agreement. I hope their negotiations can be quickly finished to the satisfaction of all concerned and that the assistance which you need can be expedited.

With warm personal regards,

Sincerely,

Lyndon B. Johnson

His Excellency  
Dudley S. Senanayake  
Prime Minister of Ceylon  
Colombo

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~~CONFIDENTIAL~~

Ambassy COLOMBO PRIORITY

STATE

DECLASSIFIED  
E.O. 12958, Sec. 3.5  
NSC Memo, 1/30/95, State Dept. Guidelines  
By jc, NARA, Date 2-15-01

1. Please pass following message from President to Prime Minister Senanayake:

2X "Dear Mr. Prime Minister:

I very much appreciate the thoughtful comments about our aid program contained in your letter of April 30. We too are most interested in moving forward as fast as possible with the disbursement of the next increment of our assistance to you.

I am happy to be able to tell you that our Ambassador at Colombo is now prepared to meet with your negotiators to discuss the details of a new Public Law 450 agreement. I hope their negotiations can be quickly finished to the ~~saxsifa~~ satisfaction of all concerned and that the assistance which you need can be expedited. With warm personal regards,  
Sincerely, Lyndon B. Johnson."

NEA/INC:GGBGriffin:msg 5/20/68 4985

NEA/XKE - William J. Handley

AID/NESA/SA - Mr. Griffel(draft) AID/VOH/FFP - Mrs. Bittermen(subs)  
E/CFP/FFD - Mr. Arnold(phone) NEA/P - Mr. Brown(subs) NEA/INC - Mr. Heck  
NEA -  
P/ON - Mr. Barch(info)

~~CONFIDENTIAL~~

2

COLOMBO

~~CONFIDENTIAL~~

2. White House does not plan to release this message and prefers that GOC not rpt not release.

GP-3

END.

Ceylon

482

Colombo, April 30, 1968.

My dear President,

I write to thank you for your response to my letter of February 11th. I was greatly encouraged by the sentiments you expressed.

My officials who attended the Aid Meeting in Paris, have informed me about the positive part your delegation played at that Meeting. I understand that this contributed in no small measure to the success of the Meeting.

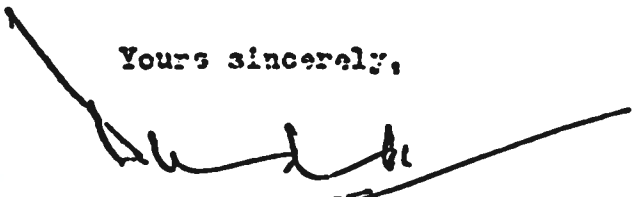
I would like to express my sincere appreciation of the pledge that your Government has made towards the Fourth Programme of Aid to Ceylon. We shall ensure that it is used to strengthen and support our efforts at economic progress and development.

In its recent Report and at the Paris Meeting, the World Bank emphasized the need for quick disbursement of the Aid that is pledged. In order to ensure this, it would be necessary to finalise the Agreement early and to complete quickly the procedures that precede disbursement. I have asked my officials to deal with these matters expeditiously and to keep in contact with your Mission in Colombo, in order to ensure that this is achieved.

I would like in conclusion to express again my thanks on behalf of the Government of Ceylon.

With warmest wishes,

Yours sincerely,



PRIME MINISTER.

DECLASSIFIED  
E.O. 12958, Sec. 3.5  
NSC Memo, 1/30/95, State Dept. Guidelines  
By je, NARA, Date 2-15-01

His Excellency Mr. Lyndon B. Johnson,  
President of the United States of America,  
Washington D.C.,  
U.S.A.

17

**ACTION**

~~CONFIDENTIAL~~

Tuesday, June 4, 1968  
5:15 p.m.

*Pres file*

Mr. President:

Herewith -- just so you could look at them -- draft letters to Thieu and Ky.

Should you decide to proceed, I would check them out with Sec. Rusk and Bunker before delivery.

W. W. Rostow

No letters required \_\_\_\_\_

Check with Sec. Rusk and Bunker \_\_\_\_\_

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

~~CONFIDENTIAL~~

WWRostow:rla

DECLASSIFIED  
White House Guidelines, Feb. 24, 1983  
By rg, NARA, Date 6-5-92

DRAFT

6/4/68

49a

Dear President Thieu:

The loss through accident of some of your leaders at their Saigon command post particularly saddened me.

I shall write also about this matter to Vice President Ky.

We know these things happen in war, but it was a painful and tragic accident.

These are critical times of fighting and talking and -- for you -- the consolidation of the constitutional government. The enemy is trying -- and will try -- every device at his command to divide our peoples and to divide our two governments from each other. But since we know his intent -- and our fighting men continue to give a good account of themselves -- I am sure we shall see it through in good style.

I trust we can work out a mutually convenient time for your visit here towards the end of July. There is much for us to consider together.

Sincerely,

LBJ

His Excellency  
Nguyen Van Thieu  
President of the Republic of Viet Nam  
Presidential Palace  
Saigon

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DRAFT

6/4/68

Dear Vice President Ky:

I was saddened and concerned to learn of the tragic accident in Saigon in which some of the city's brave leaders and defenders were killed and wounded, including a member of your family.

Although incidents of this kind always occur in the heat of battle, they are no less painful for that fact.

The enemy appears to have made 1968 the year of decision in Viet Nam. He is throwing his men into battle recklessly; trying to shake the confidence of the people of Viet Nam in their future and in their allies, as well as trying to divide the people of America.

I know you -- who have carried and still carry -- so much of your country's destiny on your shoulders, understand this well. If we all stay together we may see a proud, independent, and peaceful nation emerge in South Viet Nam sooner than may have seemed possible even a little while ago.

Sincerely,

LBJ

His Excellency  
Nguyen Cao Ky  
Vice President of the Republic of Viet Nam  
Saigon

Tues., June 4, 1968  
2:45 p. m.

Pres file

50  
—

MR. PRESIDENT:

Political notes from all over.

W. W. Rostow

~~SECRET~~ attachment

Do you wish me to have  
an unofficial, exploratory  
word with Dobrynin on  
a Soviet trip, which you  
mentioned the other day?  
(log 1811)  
WWR

yes —

no —

Call me —

WH - WWR<sup>1811</sup>  
50a

~~SECRET~~/EXDIS

June 3, 1968

8245

MEMORANDUM FOR THE FILES

Vladimir Petrov, a Soviet defector who spent some time at Yale, informed Under Secretary Rostow that two Russian diplomats (Second Secretaries) who recently returned from Moscow independently told him the Paris talks would drag along until after the inauguration of a new President.

One of the Soviets also suggested the USSR might lend the Democratic Party a hand by inviting President Johnson to visit Moscow.

R. T. Grey

- cc: WH - Mr. Rostow ✓
- S/S - Mr. Walsh ✓
- EUR - Mr. Leddy
- EA - Mr. Bundy

11 1 13  
POLICE  
SAFE

~~SECRET~~/EXDIS

DECLASSIFIED  
E.O. 12958, Sec. 3.5  
State Dept. Guidelines  
By pc, NARA, Date 2-15-01

ACTION

Tuesday, June 4, 1968

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Congratulatory Message to State Department Seminar

Last week you indicated that you wished to send a congratulatory statement to Secretary Rusk to be read at a reception marking the Tenth Anniversary of the Senior Seminar in Foreign Policy.

The draft for your signature is attached.

W. W. Rostow

*1. Rusk  
2. Press file*

51a

June 5, 1968

Dear Mr. Secretary:

I wish to join in celebrating the tenth anniversary of the Department of State's Senior Seminar in Foreign Policy.

Like the National War College and the other Service colleges, it has contributed in important ways to building the pool of trained senior career officials who are an indispensable asset to the Nation in these years when we bear global responsibilities.

We need alert, creative public servants, able to analyze a rapidly changing international scene; who understand the problems of other peoples but who also understand the problems and interests of the United States; who can handle all the tools of foreign policy and work with their military colleagues in the closest collaboration. I know the Senior Seminar has produced many such men in its first ten years.

In my absence, I ask you to convey my congratulations to the members of your staff concerned with the Seminar and to the graduates of the 1967-68 Seminar.

Sincerely,

/s/ Lyndon B. Johnson

Honorable Dean Rusk  
Secretary of State

LBJ:wwr;mx

6/4/68

Mr. Rostow

52

1 copy  
2. Pres file

June 4, 1968

~~TOP SECRET/NODIS~~

Mr. President:

Attached is a quick summary of Ambassador Rabin's report following his return from Israel.

The most significant item is not included because we are trying not to put it in writing. He reports that Israel does plan secret negotiations with King Hussein which they expect to last over the next 5-6 weeks. Their Cabinet has decided to be "quite forthcoming", and they want to keep the Jarring Mission alive, primarily as a screen for these negotiations. According to Rabin, Hussein has Nasser's go-ahead to work out what he can, and Nasser has asked only that Hussein check with him on the terms of the Jerusalem part of the settlement.

Since we learned this through our own channels from Hussein, we have been standing down on any effort to become more active on the fringes of Jarring talks. However, it is possible that Hussein will ask us to intervene with the Israelis on substance at some point.

W. W. Rostow

~~TOP SECRET/NODIS~~

DECLASSIFIED  
E.O. 12958, Sec. 3.6  
NLJ 01-116  
By sj, NARA Date 7-27-01

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S/S

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JUN 4 1969

MEMORANDUM

TO : The Secretary  
THRU : S/S  
FROM : NEA - Lucius D. Battle  
SUBJECT: Conversation with Ambassador Rabin

Ambassador Rabin, just back from consultations in Israel, made a comprehensive presentation of current Israeli assessments and positions during a call this morning on Gene Rostow, Joe Sisco and me. The following are the highlights of what Rabin had to say for your possible use during your lunch today with the President:

1. Soviet Position.

Israel sees no letup in Soviet military and political efforts throughout the Middle East. The Soviet military build-up, particularly in the UAR, continues with emphasis on reconstitution of the UAR bombing force and on intensified training of pilots. The Soviets have acquired the equivalent of naval and air bases in the UAR.

2. F-4s.

In view of the foregoing and given the present 4.5:1 Arab/Israeli ratio in supersonic aircraft, Israel does not understand the delay in a decision on F-4s.

~~SECRET~~/EXDIS

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E.O. 12958, Sec. 3.6  
NLJ 01-115  
By Sj, NARA Date 7-27-01

3. UAR and Jordanian Positions.

Israel sees no evidence of a UAR desire for peace. On the other hand Israel is cautiously optimistic with respect to the Jordanian attitude.

4. Jarring Mission.

Israel wants to keep the Jarring Mission alive. In Rabin's opinion, the majority of Israelis would be willing to pay a price involving relinquishment of some occupied territory for "real peace" which Rabin defines as a "peace treaty". Israel will accept no substitute for peace, however, and is prepared to carry the burden of occupation until peace is achieved.

5. Lebanese and Jordanian Border Situation.

Rabin is optimistic about the prospects for peace on Israel's border with Lebanon. He is also reasonably confident that Israel can bring the situation on the Jordanian border under control, primarily through intensified efforts to complete its anti-infiltration defense system.

6. NPT.

Rabin made clear that Israel believes it would be a mistake to remove Arab doubts about Israel's nuclear intentions prior to a peace settlement. He described the problem as essentially psychological rather than a question of whether or not Israel should acquire nuclear weapons.

7. Tiran and Senafir Islands.

Rabin made clear that Israel considered continued occupation of Tiran Island pending a peace settlement essential to its security. Israel is prepared, however, to withdraw from Senafir while reserving the right to continue patrolling that island from time to time.

INFORMATIONSECRET

June 4, 1968

*Pres file*

## MEMORANDUM FOR THE PRESIDENT

SUBJECT: NSC Meeting on US-UK Relations, June 5 - noon

The purpose of the National Security Council meeting is to look at current problems in our relations with Great Britain.

Secretary Rusk is prepared to speak to the major issues which are discussed in a State paper circulated to Council members. He will cover the effect on Britain of recent developments in France.

Summary of State paper - Tab A

Text of State paper - Tab B

Secretary Fowler will wish to speak to the economic and monetary issues including the problem of sterling.

Secretary Clifford may wish to comment on Britain and European defense and on the UK withdrawal from the SEATO area.

Unless covered in the discussion, you may wish to ask the following questions:

1. Will De Gaulle's domestic problems force him to give up his efforts to keep Britain out of the Common Market?
2. Are there steps we can take now to avoid another devaluation of the pound this year?
3. Will Britain's decision to concentrate its defense effort in Europe and the North Atlantic mean that we can reduce our troop contribution to NATO?

To conclude the meeting, you might ask for joint recommendations from State and Treasury on specific actions we can take to steady the international monetary system.

DECLASSIFIED

White House Guidelines, Full

By *ag*, NARA, Date *6-5-92*

BKS:amc

W. W. Rostow

SECRET

SUMMARY: NSC Paper on United Kingdom

I. Directions of UK Policy

Britain's economic-political crisis has forced major modifications in the Labour Government's domestic program and has turned Britain's world-wide foreign and defense policy toward a more European focus.

II. US-UK Relations and US Objectives

The British will attenuate the "special relationship" only as the prospect of their European commitment becomes more credible. Despite Britain's diminishing stature, it retains international assets of value to the US, including the desire to play a continuing role in world affairs, substantial residual prestige, active economic and military assistance programs, world-wide economic and commercial ties.

III. Major Problem Areas

A. Sterling: Sterling remains vulnerable. If signs of a significant turn for the better in the trade accounts do not appear by the summer months, sterling could again come under heavy pressure leading to a second devaluation.

US: A second devaluation or the adoption of a floating rate would lead to serious pressure on the dollar.

B. European Defense: Britain is looking at the possibility of closer ties to the Continent in the defense field, including the possibility of modest first steps that might evolve into a kind of European defense organization in the NATO framework.

US: We would welcome a "European caucus" as a full partner in a reconstituted NATO alliance. We wish to avoid, however, the appearance of "Anglo-American" planning.

C. UK and the EC: Despite the French veto, and proposals from various members of the Six for interim trade arrangements, the British see no viable alternative to full membership in the European Community.

US: We welcome the British stand against interim trade arrangements with the EC.

D. Southern Rhodesia: There is little likelihood of a settlement between the UK and the Smith regime in the near future.

US: We will continue to cooperate in step with the British and the UN on sanctions to avoid serious consequences in our relations with the African states and in the UN, as well as in our US-UK bilateral relationship.

E. US-UK Nuclear Cooperation: The British intend for political reasons to retain membership in the nuclear club, and will probably wish to continue existing arrangements for the exchange of information.

US: Future US policy is now under interdepartmental review.

[NOTE: The basic paper also discusses "Middle East" and "Malaysia/Singapore".]

I. DIRECTIONS OF UK POLICY

Britain's severe economic problems have shaken the international monetary system and sealed a historic transformation of British foreign policy.

The financial pressures of last November forced the UK to devalue the pound (from \$2.80 to \$2.40). That decision marked the failure of Labour's previous policy of demi-austerity and necessitated severe budget cuts. Devaluation was followed by another rejection by de Gaulle of the UK's Common Market bid. These setbacks led to a widespread public loss of confidence in Labour and in Wilson. A change in Labour leadership in the coming months, though remote, is no longer out of the question.

The British Government's vital objective is to make a success of last November's devaluation. Britain is seeking to achieve a £1,000 million (\$2.4 billion) turnaround in its balance of payments, i.e. to move from a deficit of over £500 million in 1967 to a sustained surplus at the rate of £500 million beginning in 1969.

The necessity of success has produced new policies far from Labour's socialist ideology: curtailed public spending, even in the welfare sector; a mandatory prices and incomes policy closely correlated to productivity; and rigorous measures to reduce domestic demand in order to shift resources into exports and private investment. Cooperation from the domestic sector and the patience of the international financial community are vital to Britain's success, but these factors are not assured and the outcome therefore is in doubt.

Since November, the direction of Britain's defense and foreign policy has become clearer and firmer. The Government has accelerated curtailment of world-wide commitments and clarification of its policy toward Europe. Still, the process is far from complete. Continued frustration of Britain's new European vocation nourishes traditional British parochialism, resentment toward France, and suspicion of Germany. Conservative Party leaders have attacked the Government's "retreat

from East of Suez," but before they can come to power, the cutbacks will probably have gone so far as to be irreparable. Thus, we can see the Britain of the future as, at best, a middle-sized, European power, albeit one with a nuclear capability, a residual sense of extra-European responsibility, and a continuing, if diminished, status as a favored partner of the US.

## II. US-UK RELATIONS AND US OBJECTIVES

We can expect British governments gradually to attenuate the "special relationship" as the prospect of achieving their aims in Europe becomes more credible, but they will not repudiate it entirely as long as it has advantages for them.

The UK continues to have economic and political assets which can provide valuable support for our own foreign policy objectives; for example, the British desire to play a constructive role in Western European political affairs and to provide substantial amounts of foreign aid in the less developed world. In addition they still have extensive Commonwealth contacts. These assets would probably be strengthened by a victory in the next General Election of the Conservative Party, which is currently running far ahead of Labour in by-elections, local elections, and public opinion polls.

## III. MAJOR PROBLEM AREAS

### A. The Problem of Sterling

No one can be certain that the post-devaluation economic program will succeed in producing the necessary, enduring balance of payments surplus. The basic positive factors are: the competitive edge provided by devaluation, the buoyancy in Britain's main export markets, and bold fiscal and monetary restraints on the domestic economy.

The negative factors are: a history of repeated crises; organized labor's reluctance, if not unwillingness, to accept wage restraint; archaic labor and management practices; a

stubbornly high level of import demand; high interest rates in the US and in Europe; Britain's precarious liquidity position; continuing nervousness about sterling; and the generally precarious international monetary situation.

The financial world so far has patiently awaited evidence that the UK is gradually moving toward surplus. Such patience is not unlimited and could be cut short by widespread strikes this summer or the collapse of the wage restraint policy. Then the financial world may well conclude that Britain's economic program is not going to succeed. This could lead to speculative selling of sterling, including further switching out of pounds by sterling area central banks.

Britain has substantial resources in standby credits and swaps to help meet such an eventuality. In a severe crisis they would need augmentation.

US Position: It is important to us that the British economic program succeed. The consequences of failure were portrayed last November, when the fall of one reserve currency, sterling, led to severe pressure on the dollar, to the gold crisis, to the forced termination of the "Gold Pool" arrangements, and to a large decline in US gold reserves. If Britain fails to achieve its balance of payments objective, there could be another deep sterling crisis which would put renewed pressure of the most serious kind on the dollar.

#### B. Britain and European Defense

On February 19 HMG announced that its defense will in the future be concentrated mainly in Europe and the North Atlantic area. On May 10 Defense Minister Healey announced that withdrawals from the Far East and the Persian Gulf have enabled HMG to make an immediate contribution to strengthening NATO's forces in Europe and the Mediterranean along the following lines: (1) a mobile task force (some 20,000 men) will be stationed in Britain but available for NATO defense; (2) an amphibious task force will be stationed in European waters; (3) two frigates will be kept in the Mediterranean; (4) a squadron of reconnaissance aircraft will remain in Malta until 1970; (5) in 1969, the UK is prepared to send a commando carrier with troops embarked to participate in NATO exercises in the Mediterranean.

The UK is also exploring the possibility of some modest first steps that might evolve into a kind of European defense organization in the NATO framework. The British have in mind initially talking with the European Community members (less the French), and perhaps the Danes and Norwegians, about the possibility of cooperation in the defense production and procurement field. Subsequently, they would hope to see a kind of European caucus in NATO under which the nations concerned could concert their positions on force levels, strategy, and other questions in advance of discussions with us.

Thus, by working quietly within the established NATO framework, the UK hopes to be able to avoid another head-on collision with the French which would in turn frighten off the Germans and other European Community members. This approach also assures a close institutional link between any future European defense organization and the United States, as well as with the other allies.

US Position: We have been quietly encouraging the British in these efforts as they are consistent with our long-standing attitude favoring Western European cooperation and unification. If the British succeed, the result would be an improved political balance in the Alliance. It would also improve prospects that the European members together could pick up more of the burden of their own defense. Care must be exercised to avoid the appearance of an Anglo-American initiative.

#### C. The UK and the European Communities (EC)

The United Kingdom is maintaining its application for full EC membership. It has not endorsed recent proposals from among the Six for interim commercial arrangements. Foreign Secretary Stewart said recently that the UK would only be interested in "proposals coming from the six as a whole which are clearly and unmistakably connected with our full membership in the European Economic Community." The British see little prospect that the Six will be able to agree on acceptable interim proposals.

The French veto on British membership has not diminished support within Britain for full membership. The British Government and, in general, the public seem to realize that

there is no viable alternative to entry into the Communities. Proponents of a North Atlantic Free Trade Area (NAFTA) have generated little British interest, in or outside the government.

The British are expected to make some new move to maintain forward movement on membership, perhaps this summer. Britain is most likely to propose collaboration on military-political matters and technology which are outside the clear responsibility of the Rome Treaty and which it would be easier for the Five to act upon without openly provoking de Gaulle.

US Position: The United States has long opposed EC preferential trading arrangements with other European states unless these lead to full membership within a reasonable period. Thus we welcome the British stand against interim arrangements with the Community. We do not believe that NAFTA is a practical or desirable alternative to British membership in EC.

#### D. Middle East

Britain no longer has the will, or can afford, to play a major security role in the Middle East.

In continuing the pursuit of its economic interests, however, HMG can be expected to rely increasingly on its diplomatic resources, mutual economic interest, and placating the Arabs on the Arab-Israeli issue.

US Position: We can constructively use Britain's residual political and economic influence in the Middle East, particularly with the Arab states, as part of our common desire to seek an equitable and enduring settlement of the Arab-Israeli conflict and to resist rising Soviet influence. In the Persian Gulf, we specifically wish to (a) encourage the British to maintain as much of their present special role as long as possible; (b) encourage the Saudis and Iranians in particular to settle outstanding differences; (c) encourage greater regional economic and political cooperation among the Gulf states; and (d) avoid an undue military buildup by littoral states while recognizing that some increase in indigenous forces is no doubt inevitable.

### E. UK Withdrawal from Malaysia/Singapore

Last January 16, Wilson announced the withdrawal of all British military forces from the Malaysia/Singapore area by the end of 1971.

The British declared that they would continue to meet their SEATO obligations after 1971 within the limits of their resources and would retain a "general capability for deployment overseas" if HMG judged such deployment necessary. However, they have declined to be drawn out on the nature of this capability or how it will be brought to bear in Southeast Asia.

The phase-down is calculated to minimize adverse effects on the economies of Malaysia and Singapore, and give them time to build up their own forces. A working group of the UK, Malaysia, and Singapore has begun discussing a proposed air defense system. A five-nation Defense Ministers' conference will be held in Kuala Lumpur in early June.

Australia and New Zealand are unlikely alone to fill the vacuum which will be created by the UK's departure. They look forward to a Commonwealth effort in this area.

US Position: We regret this removal of an important element of military and economic stability from Southeast Asia at a critical time. We have no intention of expanding our commitments or responsibilities as a result of the British decision, but we maintain a keen interest in the efforts of the Commonwealth partners to work out security arrangements necessary to assure continued stability in the area.

### F. Southern Rhodesia

The UK, rejecting the use of force, has been unable to bring an end to the illegal regime of Ian Smith in spite of discussions, the UN voluntary sanctions program (November 1965), or the limited UN mandatory sanctions program (December 1966). The sanctions program suffers from the refusal of South Africa and Portugal to participate and from lax or incomplete compliance by Japan, West Germany, France, and other industrialized countries. The British insist that the best method of bringing

pressure on Smith is through UN sanctions, and the Security Council is considering making selected mandatory sanctions more comprehensive.

US Position: We are continuing to cooperate with the British and the UN on sanctions and will support a UN decision to make selected mandatory sanctions more comprehensive. Any lessening of US support for such a UN resolution would have serious consequences for US relations with the UK, other countries of Africa, and in the United Nations generally.

#### G. US-UK Nuclear Cooperation

Various termination provisions in the 1958 US-UK Agreement for cooperation on the uses of atomic energy for defense purposes will soon come into play. The intent of either the US or the UK to terminate the exchange of information on nuclear weapons and/or military reactors must be accompanied by notice to this effect to the other party by December 31, 1968. Lacking such notice, that part of the Agreement dealing with cooperation on information will continue in force for at least five more years. Continuation of cooperation on the exchange of materiel beyond the end of 1969 will require a new agreement.

In spite of their parlous financial-economic condition, the British intend for political reasons to retain membership in the nuclear club. They are currently considering alternative improvements which will enable their Polaris missile force to penetrate Soviet missile defense systems. We expect that this summer they will ask us for additional and continuing assistance in these endeavors.

US Position: The question of future US policy in this field is now under review in the IRG/SIG mechanism. Some of the long-term factors which we must evaluate in reaching a decision include (1) future US-UK bilateral relations; (2) UK's future relations with the EC; and (3) the prospects of a future European defense organization and European nuclear cooperation.

#### H. UK and France

HMG probably has a mixed reaction to the current French crisis. The British may be expected privately to consider that de Gaulle's difficulties should serve as a salutary shock to his reputation. On the other hand, they would be apprehensive about the uncertain effects of political and economic instability in France.

Current troubles in France are not likely to help the near-term British economic position since (1) any tremors in the international monetary system seem to reverberate against sterling; (2) a reduction in French economic activity will hurt British exports to France; and (3) weakness of French exports in third markets will offer Britain new opportunities only over the longer term.

If, as seems likely, the French response to recent internal developments produces an expansionary, inflationary situation in the country, over the longer term the balance of payments impact would be adverse to France and presumably help to reduce the US and UK balance of payments deficits. Though we can visualize some weakening in the French balance of payments, it is too early to judge whether recent events will force the eventual devaluation of the franc. We should note that France has large reserves of gold and dollars with which the franc can be defended.

~~CONFIDENTIAL~~

Tuesday, June 4, 1968

MEMORANDUM FOR THE PRESIDENT

*Free file*

SUBJECT: Your Meeting with Ambassador W. Tapley Bennett, Jr.  
Wednesday, June 5, 6:00 p. m.

Our relations with Portugal have been cool. The Portuguese are unhappy with our policy of supporting self determination for their African territories and preventing military equipment of U. S. origin from being used in their colonial conflicts.

The Portuguese are holding their own against the guerrillas in Angola and Mozambique. They are losing ground in Portuguese Guinea.

Despite the strain caused by our differences over Africa, the Portuguese support our policy in Vietnam and remain committed to NATO. They have cooperated with us on the balance of payments issue.

You may wish to ask Ambassador Bennett for his assessment of Portugal's future in Africa and the long-term impact of the African issue on U. S. -Portuguese relations.

We continue to use our Azores facilities on a provisional basis. The Portuguese have not responded to our long standing offer to discuss a long-term agreement covering our peacetime use of these facilities. (Wartime use is tied to the duration of NATO.) As a result the Portuguese could revoke our peacetime use at any time.

You may wish to ask Ambassador Bennett whether he believes our Azores facilities could become an issue with the Portuguese.

W. W. Rostow

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E.O. 12958, Sec. 3.5  
NSC Memo, 1/30/95, State Dept. Guidelines  
By jc, NARA, Date 2-15-01

*MB ERF*  
MWG:mmm

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S/S-8113

DEPARTMENT OF STATE

Washington, D.C. 20520

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May 31, 1968

~~CONFIDENTIAL~~

MEMORANDUM FOR MR. WALT W. ROSTOW  
THE WHITE HOUSE

Subject: President's Appointment with Ambassador  
Bennett, Wednesday, June 5 at 5:30 p.m.

I am providing below background information for possible use by the President at his meeting with the U.S. Ambassador to Portugal, The Honorable W. Tapley Bennett, Jr., Wednesday, June 5 at 5:30 p.m. The President last met with Ambassador Bennett a year ago on June 6.

1. U.S.-Portuguese Relations--U.S. support for self-determination for the Portuguese African territories and our policy of preventing military equipment of U.S. origin from being obtained either by the Portuguese or various nationalist forces for use in conflicts in Portuguese Africa have caused a continued coolness in our political relations. Despite this strain, the Portuguese support U.S. policy in Viet-Nam and, within the context of their limited resources, remain committed to NATO. They are apprehensive about the presence of the Soviet navy in the Mediterranean, the South Atlantic and the Indian Ocean.

2. Economic Questions--The Portuguese have demonstrated a willingness to cooperate with the U.S. on the balance of payments program, even though they are concerned about the effects the restrictions may have on tourism and bank lending and supported us on the establishment of special drawing rights in the IMF. They took the same position as the U.S. following the devaluation of the British pound; there is continuing expansion of trade between the two countries; they went along with the Findley Amendment barring sales to North Viet-Nam and restricting sales to Cuba.

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E.O. 12958, Sec. 3.5  
State Dept. Guidelines  
By jc, NARA, Date 2-15-01

3. Azores -- We continue our de facto provisional peacetime use of the various military facilities on the Azores. There has been no substantive response from the Portuguese to our long-standing offer to discuss a longterm extension of that part of the agreement which expired December, 1962. (The agreement for U.S. use of the Azores during war in which the U.S. and Portugal are allied is for the duration of NATO. That part of the agreement permitting U.S. forces to be stationed and operate in the Azores in peacetime is what we wish to renew. As a result, the Portuguese could revoke our peacetime use at anytime, even though we would be entitled to a period of six months to one year for evacuation.)

4. Portuguese Africa -- During the past year, the military situation in Angola and Mozambique has remained in balance, with the Portuguese keeping pace with some increase in insurgency pressures and remaining in control of the threat. In Portuguese Guinea, however, the insurgent threat has mounted significantly with the guerrillas making progress in their attempts to control the countryside but with the Portuguese remaining in control of population centers. (Since the President last saw Ambassador Bennett, the Ambassador made a six-week, 25,000 mile trip to Angola, Mozambique and to eight independent African countries, July 23-September 2, 1967. Portuguese President Thomaz visited Portuguese Guinea and the Cape Verde Islands, January 29-February 21, 1968.)

5. Salazar Celebrates 40 Years in Office -- On April 27, Prime Minister Salazar completed 40 years as the leading member of the Portuguese Government; on the following day, April 28, he celebrated his 79th birthday. Although there is continued speculation about a successor, no single serious candidate has emerged nor is there any indication that Dr. Salazar intends to retire.

6. Non-proliferation treaty -- Because of its concern over what it regards as inadequate security guarantees for non-nuclear powers, Portugal is expected to abstain when the NPT resolution is voted on in the U.N. General Assembly.

  
Benjamin H. Read  
Executive Secretary

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ACTION

~~CONFIDENTIAL~~

Tuesday - June 4, 1968

*Pres file*

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Private Visit of Jamaican Prime Minister Shearer

Prime Minister is coming to Washington on Thursday, June 6, to receive an honorary degree at Howard University on Friday, June 7. He will remain in Washington until Sunday, June 9, and then go to New York until Friday, June 14.

He has expressed a desire to pay a short courtesy call. Ambassador Tobriner and State recommend that you accommodate him. I think it would be useful for you to let him know that we are not happy with Jamaica's unwillingness to play ball with the other Caribbean islands on regional projects like the Caribbean Bank.

W. W. Rostow

Approve appointment \_\_\_\_\_

Prefer no " \_\_\_\_\_

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

Cc - Jim Jones

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 E.O. 12958, Sec. 3.5  
 NSC Memo, 1/30/95, State Dept. Guidelines  
 By *jc*, NARA, Date 2-15-01

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INFORMATION

CONFIDENTIAL

Tuesday - June 4, 1968

MEMORANDUM FOR THE PRESIDENT

*Pres. file*

SUBJECT: Your Appointment with Covey Ollver, Wednesday, June 5,  
1:00 p. m.

Covey Ollver has asked to see you on two points:

1. Our representation in CIAP.
2. The future of the Alliance if the AID Bill is slashed to \$1 billion.

CIAP Representation

At its recent meeting of CIAP, we took the leadership in promoting steps to revitalize this key organ of the Alliance for Progress:

- We told CIAP we would schedule our program-leading in such a way that their country reviews would be meaningful to our decisions.
- We would seek CIAP views on important project loans before making them.
- CIAP decided to add two full-time members to give better coverage to the country reviews and follow-up on government performance between reviews.
- CIAP decided to join with the Inter-American Bank in establishing the Task Force on Physical Integration.

As CIAP enters this make-or-break phase, we unfortunately do not have strong representation in Sol Linowitz, as you know. The Latins are fully aware of this and are reacting. The Brazilians, for example, have told us they will go along with the addition of two full-time CIAP members if the US member also devotes himself full time. I regret to say Sol is not an enthusiastic advocate of the Task Force on Physical Integration and this is having its impact.

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NSC Memo, 1/30/95, State Dept. Guidelines  
By jc, NARA, Date 2-15-01

I agree with Covey Oliver that your efforts to give new dynamism to the Alliance would be helped if Sol Lisowitz were to drop his CIAP duties and you named a vigorous, imaginative person.

Cut in AID Bill

Covey and his people are convinced that growing Congressional disenchantment with aid to areas outside the hemisphere threatens appropriations for the Alliance for Progress. They reason that if the Alliance is broken out of the AID bill, existing sympathy for taking care of our own back yard will save most, if not all, of the Alliance appropriation request.

We do not know whether this assessment is solidly based. It is safe to assume that if the Alliance is split out, the rest of the AID bill, except for Vietnam, may all go down the drain. If Covey is sure of the residual support for the Alliance, there might be some basis for considering his proposal. If he is not, there is a good possibility the AID bill would be dismembered, and he would still end up with no more for the Alliance under a separate bill. You should quiz him hard on specific evidence to back up his contention that the Alliance would fare better going it alone.

W. W. Rostow

~~Pres file~~ 57

ACTION

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Tuesday - June 4, 1968

Pres file

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Political Situation in El Salvador

Contrary to what President Trejos told you this morning, we are not aware of any political instability in San Salvador.

Several months ago, there were a few disturbances in connection with municipal elections and more recently, there have been changes in Cabinet officers. But today, the political situation is stable and we see no storm clouds on the horizon.

I appreciate that President Trejos would like for you to go to San Jose. The difficulty is that President Kennedy went there in 1963; President Trejos is here now; and if the meeting were to be held in San Jose, there would be too much concentration on Costa Rica.

I recommend we proceed with the cable as drafted, and that Secretary Rusk explain to President Trejos why we would like to have the meeting at the headquarters of the Central American Regional Organization -- in San Salvador.

W. W. Rostow

OK, go ahead   
Call me

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E.O. 12958, Sec. 3.5  
NSC Memo, 1/30/95, State Dept. Guidelines  
By je, NARA, Date 2-15-01

Cc - Jim Jones

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NSC Memo, 1/30/95, State Dept. Guidelines  
By jc, NARA, Date 2-15-01

ACTION

Tuesday - June 4, 1968

5  
*Pres file*

**MEMORANDUM FOR THE PRESIDENT**

**SUBJECT: Secretary Rusk's Reaction to Your Latin American Trip**

Bill Bowdler discussed your Latin American trip (Tab B) with Secretary Rusk yesterday. These are his reactions:

1. He is in favor of one Central American stop where you could meet all five Presidents and agrees San Salvador looks like the best spot.
2. He prefers letting the Central Americans take the initiative to invite President Dias Ordaz.
3. He thinks it would be a mistake for you to go from San Salvador to Managua. The Central American Presidents whose countries you would not visit would resent this. You would undo the goodwill created in San Salvador.
4. Except for his concern over the altitude in Bogota (about 8600 ft.), he had no problem with the visit to Colombia.
5. He has serious reservations about making four stops in the principal population centers of Brazil. He thinks you can go to Brasilia without much trouble. You might go to one other city, like Recife in the Northeast, but he would not include Rio or Sao Paulo. He feels there are too many time bombs ticking in Brazil -- dissatisfied students, restive labor, anti-Costa e Silva political elements -- who would be tempted to use your visit to embarrass President Costa e Silva and you. He favors your visiting development projects in the interior.
6. If the airport will not handle your aircraft in Guyana, he suggests a stop in Port of Spain, Trinidad, instead.

The Secretary thought we should consult our Ambassadors in each of the countries on the itinerary as the next step. Based on their estimate

~~SECRET~~ SENSITIVE

-2-

of the security situation and recommendation as to program, we can firm up a schedule and organize an advance party.

Subject to your approval we will send out, through highly restricted channels, the cable at Tab A.

You may want to discuss the trip with Secretary Rusk at today's lunch.

W. W. Rostow

OK to send cable \_\_\_\_\_

Hold up, call me \_\_\_\_\_ .

**Attachments**

Tab A - Proposed cable

Tab B - Memo and itinerary on trip, May 25.

~~SECRET~~ - SENSITIVE

NODIS

Telegram to:	Mexico City	Guatemala City
	San Salvador	Tegucigalpa
	Bogota	San Jose
	Rio de Janeiro	Managua
	Georgetown	

The President is considering a 7-8 day trip to Central and South America immediately following visit to Hemisfair with Latin American Ambassadors on July 5.

Visit to Central America would be to one country where all Central American Presidents could gather as was done in President Kennedy's visit to San Jose in 1963. Stay would be for one day and one night. San Salvador seems logical place this time. It is ODECA headquarters; easiest place for President Mendez Montenegro to get to; politically acceptable to all participants.

Mexico City telegram 5067, May 23 (repeated info unnumbered to all CA posts) carries press account that Central American Presidents are planning such meeting and considering inviting President Diaz Ordaz. President Johnson would be highly pleased if Mexican President were

SANITIZED  
E.O. 12958, Sec. 3.6  
NLJ/RAC 01-97+NLJ 01-117  
By SJ, NARA, Date 2-11-01

~~SECRET~~ - SENSITIVE

NODIS

-2-

to attend at Central American initiative.

South American portion would include:

- 1) daytime stop in Bogota and one day and two nights in Cali.
- 2) 3-4 days in Brazil, visiting Brasilia, possibly Recife, and one or two development projects in the interior.
- 3) refueling stop in either Guyana or Trinidad on homeward journey.

For Central American posts: Request your views on possibility all Presidents meeting in San Salvador on Saturday, July 6. Would they be willing extend invitation to President Diaz Ordaz? Is there any significant action Presidents can take to serve as backdrop for meeting?

For Mexico City: What are chances of President Diaz Ordaz accepting a Central American invitation? Would it help to let him know that the President would be highly pleased if he were to join him there? How and when should this be conveyed?

~~SECRET~~ - SENSITIVE

NODIS

-3-

For Bogota: Because of altitude the President would probably not overnight in Bogota, but fly on to Cali to visit Cauca Valley. How would this be received by President Lleras and Colombian people? Is Cali best place to spend day visiting agricultural, industrial or Peace Corps projects? If not, what do you recommend?

For Rio de Janeiro: In addition Brasilia, President would like to visit Rio, Sao Paulo and Recife, but we doubt that this much exposure advisable in urban centers where hostile elements could create incidents. Do you agree with this assessment? We inclined select Recife for second stop where he could address SUDENE and visit agricultural project. Do you think political climate in Rio or Sao Paulo would be better? Also, are there readily accessible large projects in interior, such as hydroelectric plant, new industrial complex, agricultural colonization, which President might visit and participate in dedication ceremony?

Guyana : Has Atkinson runway been repaired sufficiently to permit President aircraft to land and take off safely? Could Burnham arrange airport reception similar to one planned a year ago? Would President's stop in Guyana be advisable in the pre-electoral period?

~~SECRET~~ - SENSITIVE

NODIS

-4-

All addressees requested furnish soonest answers foregoing questions,  
suggestions for program and comprehensive security estimate.

EO 12958 3.4(b)(1)>25Yrs

(C)

Ambassador may confer with his DCM [REDACTED] but

at this stage should not yet discuss trip with any other Embassy staff.

Tues., June 4, 1968  
5:45 p. m.

**MR. PRESIDENT:**

This is how it came about that Mohammed Hutchins was brought to the mountain by the Department of State.

Also brought in same caravan was Trejos' old math teacher Marshall Stone (see attached AP 114).

W. W. Rostow

**Attachments**

MEMORANDUM

THE WHITE HOUSE  
WASHINGTON

59c

June 4, 1968

MEMORANDUM FOR WALT ROSTOW

SUBJECT: Invitation to Robert Hutchins, for Trejos Dinner.

State tells me they put Robert Hutchins on the guest list for the state dinner after President Trejos had expressed an interest in seeing him. Hutchins was Chancellor of the University of Chicago at the time President Trejos was studying there.

Originally Trejos had planned to go to Chicago where he would have seen him. When this fell through, State decided to bring Hutchins to Trejos and so included him on the invitation list.

*WGB*  
WGBowler

114

COSTA RICA-DINNER

WASHINGTON (AP)-PRESIDENT AND MRS. JOHNSON INVITED A SPECIAL GUEST TO THE WHITE HOUSE DINNER TONIGHT FOR VISITING COSTA RICA PRESIDENT TREJOS--A MATHEMATICS PROFESSOR WHO ONCE TAUGHT TREJOS. HE IS DR. MARSHALL H. STONE OF CHICAGO, A PROFESSOR OF MATHEMATICS AT THE UNIVERSITY OF CHICAGO.

PRESIDENT TREJOS LIVED IN THE UNITED STATES FROM 1946 TO 1947 WHILE HE TOOK GRADUATE COURSES AT THE UNIVERSITY OF CHICAGO, WHERE DR. STONE TAUGHT HIM MATHEMATICS.

LATER, TREJOS WENT BACK TO HIS HOMETLAND AND BECAME A UNIVERSITY TEACHER OF MATHEMATICS HIMSELF.

HIS ENTRY INTO THE COSTA RICA PRESIDENTIAL CAMPAIGN IN 1966 WAS HIS FIRST TRY AT NATIONAL POLITICS AND HE WAS ELECTED TO A FOUR-YEAR TERM.

PRESIDENT JOHNSON, IN HIS WELCOMING REMARKS AT SOUTH LAWN CEREMONIES, RECALLED THAT PRESIDENT TREJOS HAD BEEN A STUDENT IN THE UNITED STATES 21 YEARS AGO.

AND, THEN THE JOHNSONS PRODUCED HIS TEACHER AMONG THE 140 GUESTS AT THE STATE DINNER.

IT WAS A WARM WELCOME FOR TREJOS, WITH THE TRADITIONAL LATIN AMERICAN CHEEK-TO-CHEEK EMBRACE FROM PRESIDENT JOHNSON.

AMONG GIFTS THE JOHNSONS HAD FOR PRESIDENT AND MRS. TREJOS WAS A PORTABLE STEREO SET WITH A SELECTION OF RECORDS BY AMERICAN ARTISTS.

THE FORMAL DINNER MENU FEATURED FILET OF BEEF FLORENTINE.

THE DINNER WAS SERVED ON THE NEW WHITE HOUSE CHINA.

AND SOPRANO PATRICIA BROOKS OF THE NEW YORK CITY CENTER OPERA COMPANY REHEARSED AN AFTER-DINNER PROGRAM OF MUSICAL SELECTIONS THAT INCLUDED THE FAMOUS MI CHIAMANO MIMI FROM PUCCINI'S "LA BOHEME."

WE323PED JUNE 4

115

JOHNSON-INTERAMERICAN BANK

WASHINGTON (AP)-PRESIDENT JOHNSON SAID TODAY HE HOPES TO TRAVEL TO CENTRAL AND SOUTH AMERICA SOME DAY TO SEE FIRST HAND WHAT THE INTER-AMERICAN DEVELOPMENT BANK HAS DONE TO "TOUCH THE LIVES OF MILLIONS OF AMERICAN PEOPLE WITH HOPE."

HE MADE THE COMMENTS AS HE SIGNED A BILL AUTHORIZING THE UNITED STATES TO SUPPORT A \$1 BILLION INCREASE IN THE CAPITAL OF THE BANK, WITH THE U.S. SUBSCRIPTION SHARE ALMOST \$412 MILLION.

JOHNSON SAID "BY A HAPPY COINCIDENCE," HE WAS ABLE TO GREET VISITING COSTA RICA PRESIDENT JOSE JOAQUIN TREJOS FERNANDEZ WITH THIS "NEW EVIDENCE OF OUR COMMITMENT TO THE ALLIANCE FOR PROGRESS."

JOHNSON CALLED THE MEASURE, WHICH EXPANDS THE BANK'S CAPACITY TO RAISE FUNDS IN THE WORLD'S CAPITAL MARKETS, "ANOTHER MAJOR CONTRIBUTION TO SOCIAL JUSTICE AND ECONOMIC DEVELOPMENT IN FREEDOM."

WE/CR327PED JUNE 4

**INFORMATION**

60

*Pres file*

**Tuesday, June 4, 1968 -- 4:25 p.m.**

**Mr. President:**

**These enemy diary items are interesting:**

- the stripping away to the cities of rural people, making enemy food supply and replacements difficult;
- peace talks leading to enemy desertions;
- food and ammo shortages.

**W. W. Rostow**

**WWRostow:rln**

June 4, 1968

*Rustain 60a*

SUBJECT: Troop Morale

A notebook, with entries by an individual from D2 subordinate to E1 (possibly 2d Bn, 1st NVA Regt), reveals minutes of meetings and resolutions recorded mostly in April 1968.

In one undated entry it was noted that due to the FWMAF/RVNAF sweeps, very few human resources were left in Le Nam, Le Bac, Trung Chau, and Thang Phong. Those who remained in these areas were extremely poor and hunger-stricken, as they were unable to produce food for themselves.

In a Resolution adopted by the Party Committee of "E" on 25 April 1968, it was stressed that experiences should be drawn from the recent road construction mission.

Notes on the morale status of men in D2 recorded on 27 April 1968 indicate that most of the personnel assigned to construct roads showed their unwillingness to do the job on the ground that the chances for victory would slip away if the fighting was to be delayed by these non-combatant activities. These notes further point out that the achievements so far obtained in the road construction were unsatisfactory, although a large number of personnel were employed.

Also mentioned was the number of deserters of C6, C7, C8 (possibly 6th, 7th, and 8th Co, 2d Bn, 1st NVA Regt) and the Signal Unit of D which reached 16 in the recent past. The chief cause for desertion in C6 was the fear of combat atrocities coupled with an overwhelming desire for survival inspired by the "recent" (sic; possibly meaning current) peace negotiations. Thus, many people just wanted to outlive the war because they now thought that peace would come soon.

A later entry states that "E" now had to confront many problems which derived from the shortage of ammunition and provisions.

CDEC Log #05-2122-68, Bulletin 12, 510

INFORMATION

*Free file*

Tuesday, June 4, 1968 -- 4:00 p.m.

Mr. President:

Westy telephoned. He says:

- The hearings went okay;
- He will be leaving very early tomorrow morning (airborne by 6:00 a. m. ) for Saigon.

He sent his best wishes through me.

You may wish to have a final word with him on the telephone or have him in.

W. W. Rostow

WWRostow:rla

**INFORMATION**

**Tuesday, June 4, 1968 - 3:10 p. m.**

**Mr. President:**

*Pres file*

**You should know that Dr. Alton Fry, Sen. Brecke's legislative assistant, came in today to ask if we had any objection to the Senator making a speech in support of the President's position on the Paris talks; warning Hanoi not to expect a U. S. cave-in as the result of the election; urging Hanoi to get on with serious peacemaking.**

**I did not discourage him.**

**W. W. Rostow**

**WWRostow:rla**

INFORMATION

3

~~SECRET/SAVIN~~

Tuesday, June 4, 1968 - 3:20 p.m.

*Pres file*

Mr. President:

You should be aware that the Soviets are using Egypt to base some of their **BADGERS** in support of the Soviet Mediterranean squadron.

Soviet pilots may also be flying with Egyptian defensive air patrols.

W. W. Rostow

WWRostow:rla

DECLASSIFIED  
E.O. 12958, Sec. 3.6  
NLJ/RAC 01-90  
By abm, NARA, Date 3-13-03

LIMITED OFFICIAL USE

Tuesday, June 4, 1968

*Pres. file*

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Proposed Presidential Message on the Occasion of  
the Bonin Islands Reversion

Transfer of administration of the Bonin Islands to Japan will take place on June 26 in the Bonins. In view of the historic character of the occasion, and the fact that Prime Minister Sato will send a message to be read at the ceremony, a brief message from you would seem appropriate.

I recommend that you approve the attached proposed message and its release in Washington after the ceremony.

W. W. Rostow

Attachment

Approve \_\_\_\_\_

Disapprove \_\_\_\_\_

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

cc: Mr. Jorden

AJenkins:mm

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64a

**SUGGESTED MESSAGE FROM PRESIDENT JOHNSON TO  
BONIN ISLANDERS ON OCCASION OF REVERSION OF  
THE BONINS TO JAPANESE ADMINISTRATION  
June 26, 1968**

**This is an historic occasion for the United States and Japan,  
and in particular for you, the people of the Bonin Islands.**

**In November of 1967, Prime Minister Sato and I reviewed  
the status of the Bonin Islands and agreed that the mutual security  
interests of Japan and the United States could be accommodated  
within arrangements for the return of administration of these islands  
to Japan. I take pleasure in the fact that these consultations have  
now been successfully concluded. I fully share Prime Minister  
Sato's view as stated in our joint communique of November 15, 1967,  
that the return of administrative rights over the Bonin Islands will  
contribute to solidifying the ties of friendship between Japan and the  
United States.**

**As you begin your new lives today once again under Japanese  
administration, I extend to you my best wishes for the future.**

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62  
Tuesday, June 4, 1968

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Tuesday Luncheon - Initiatives with Czechoslovakia

*Pres file*

Secretary Rusk wishes to discuss several Czechoslovak matters at today's luncheon:

1. Treasury Circular 655. If we do not act by June 30 to lift the prohibitions of Treasury Circular 655, Czech beneficiaries of social security, veterans pensions, etc. will lose about \$5 million worth of back payments. The original purpose of the Treasury Circular was to deny payment in Communist countries if we were not sure the beneficiary was receiving the money, or getting its full benefit. We are satisfied the Czech beneficiaries are getting full value -- but this issue has been caught up in the broader question of an overall Claims Settlement.

The State Department at the working level now proposes that we break out Treasury Circular 655 from the overall package and act on it now. The arguments in favor are:

- humanitarian considerations regarding the beneficiaries.
- an opportunity to show some movement in response to the political changes in Czechoslovakia.
- the fact that back payments will be lost on July 1 as a bargaining counter, in any event.

The argument against is that we are not getting an immediate quid pro quo -- which makes Bill Macomber nervous. We would, however, propose to the Czechs that they resume regular payments on the World War II surplus property agreement (about one-third million dollars a year) and pay \$5 million defaulted back payments and interest. In addition they would resume debt service on roughly \$2 million worth of defaulted dollar bonds and release \$1 million worth of U. S. accounts in Prague. We would release about \$2 billion worth of blocked Czech property in the United States. There is no guarantee the Czechs will agree to this package -- but, as a practical matter, we are not going to be able to negotiate a firm, balanced agreement before June 30 in any case.

2. Czech Gold. Together with the British and the French, we have been holding \$20 million worth of Czech gold looted by the Nazis in World War II -- pending a claims settlement. Other elements in the negotiation include:

- our claim for \$72 million of American property which the Czechs nationalized in 1948.
- a \$17 million steel mill we refused to deliver to the Czechs after the 1948 coup. (We sold the mill for \$9 million, after considerable depreciation,

and distributed the money to claimants.)

-- two million dollars the Czechs agreed to pay us in a 1961 agreement which was initialed ad referendum but not confirmed by the U. S. Government. (A detailed discussion of these issues appears at Tab A.)

The real issue -- and your final decision on this is not urgently needed at today's lunch -- is whether we should:

-- negotiate-out a complete, final package before we return the gold, or

-- whether -- as Ambassador Beam advocates -- we should accept the \$2 million payment stipulated in the 1961 agreement, and tell the Czechs we regard this as an installment and will negotiate a final agreement when we have MFN authority to bargain with.

The basic problem with the 1961 agreement is that it provides less than 20 cents compensation on the dollar for nationalized properties, and this precedent would draw Congressional and public criticism. On the otherhand, our position of hanging onto Nazi-looted gold for over two decades has also drawn criticism.

3. MFN. Secretary Rusk has been considering a new approach to the MFN problem and the East-West Trade Bill. He has been thinking about reversing the process -- going to the Czechs, for example, and negotiating a bilateral MFN package first and then going to the Congress, country-by-country, for legislative action.

There is presently some activity on the Hill regarding MFN for Czechoslovakia. Congressman Findley expects to present a rider to the Foreign Aid Authorization Bill granting you authority to negotiate MFN for Czechoslovakia. He may present this at the Executive session mark-up of the bill in the House Foreign Affairs Committee today or tomorrow. Senator Mondale is also holding educational hearings today which touch on MFN for Czechoslovakia. He has also introduced a new bill to grant Czechoslovakia MFN.

I do not think Secretary Rusk expects any firm decision today on the various MFN possibilities. He may simply want to talk about it informally and briefly.

W. W. Rostow

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DEPARTMENT OF STATE

Washington, D.C. 20520

65a  
DECLASSIFIED  
E.O. 12958, Sec. 3.5  
State Dept. Guidelines  
By jc, NARA, Date 2-15-01

TO: The Secretary

THROUGH: S/S

FROM: EUR John M. Laddy *JML*

SUBJECT: Ambassador Beam's Comments on US Proposal for Settlement  
of Outstanding US-Czech Economic Questions -- INFORMATION  
MEMORANDUM

JUN 4 1968

You have before you our Memorandum of May 25, 1968 proposing a two-step approach to the Czechs designed (1) to lift Czechoslovakia from the prohibitions of Treasury Circular 655 and, if possible, come to some agreement on the defaulted Surplus Property payments and (2) to open the door for further negotiations and movement on the question of the return of the Czech gold and the settlement of our claims.

Ambassador Beam has sent two telegrams (EXDIS 2277 and LIMDIS 2238 at Tab A) in which he shows some misunderstanding of what our proposals may be, a misunderstanding based perhaps on lack of full knowledge of our proposals as developed since his return to Prague after home leave.

In his EXDIS, Ambassador Beam states he cannot see the Czechs "committing themselves to payment of the sum envisaged in return for a contingent benefit (restoration of MFN) related to the indefinite future." In fact our proposal would not commit the Czechs to any payment "until a year after the entry into force of a mutually satisfactory and reciprocal commercial agreement, providing on our side for the extension of MFN treatment to Czechoslovakia." We have sought by this formula to meet the Czech interest in the immediate return of the gold without sacrifice of the legitimate interests of the American claimants. We get for the claimants \$2,000,000 immediately plus agreement on the over-all sum. The Czechs get the gold without committing themselves to making any additional payments whatsoever until they are in a position to enjoy the benefits of MFN.

With regard to the reference in the LIMDIS telegram to a "Walt Rostow formula whereby we simply would make it clear to Czechs as well as to claimants that we would hold to a final figure in presently suggested range when we come to negotiate the restoration of MFN," I have confirmed that in fact there is no

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

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such "Rostow formula" other than some general expression of interest on the part of Walt when Ambassador Beam discussed the general question with him.

I am convinced that the proposals set forth in my Memorandum of May 25 provide the best possible means of meeting reasonable Czech expectations without undue sacrifice of the interests of the claimants with all the consequent Congressional complications. Of course, my proposals are subject, within certain limits, to some flexibility in negotiations.

Attachment

Tab A - EXDIS 2277 and LINDIS 2238.

EUR/EE;REL:le;HRE:er:eb  
6-4-68 X5620 X6123

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DEPARTMENT OF STATE  
ASSISTANT SECRETARY

8230

June 3, 1968

656

To: The Secretary  
Through: S/S  
From: EUR - John M. Leddy *JML*  
Subject: Treasury Circular 655 - Czechoslovakia -  
ACTION MEMORANDUM for White House lunch  
Tuesday, June 4.

The proposal to lift the application of Treasury Circular 655 to Czechoslovakia is a separable and urgent part of the overall Czech gold claims memo which you intend to discuss at the White House lunch tomorrow. The details of the gold/claims part of the package, as distinct from the Circular 655 part, can be held up for a while if necessary.

If at all possible I would like to inform the Czech Ambassador tomorrow afternoon on the Circular 655 part of the package since he will be leaving early Wednesday for an extended trip to Latin America. It is important to get this matter out of the way before the Ambassador leaves. You will recall that under present legislation the accumulated funds owing to Czech annuitants will revert to the Treasury on July 1 if we do not act this month.

EUR:R Beaudry (JML:eh)

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E.O. 12958, Sec. 3.5  
State Dept. Guidelines  
By *PC*, NARA, Date 2-15-01



DEPARTMENT OF STATE

Washington, D.C. 20520

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DECLASSIFIED  
E.O. 12958, Sec. 3.5  
State Dept. Guidelines

7899

By pc, NARA, Date 2-15-01

TO: The Secretary  
THROUGH: S/S YPS

MAY 25 1968

FROM: EUR - John M. Lenny W

SUBJECT: US Proposal for Settlement of Outstanding  
US-Czech Economic Questions -- ACTION MEMORANDUM

DISCUSSION:

On November 8, 1967 we made a comprehensive proposal to Czechoslovakia for the settlement of outstanding financial questions, including return of the monetary gold and payment of US claims (Tab A). A discussion of these issues appears at Tab B.

On May 2, 1968 following an intensive press and propaganda campaign, the Czechs delivered to our Embassy at Prague a note rejecting our proposal of November 1967 as "unfair and unacceptable" (Tab C). They demanded the immediate return of the gold and reiterated their offer to pay an additional \$2 million in settlement of our claims.

Since our proposal of November, two developments make some immediate forward movement toward a solution desirable:

(a) There has been a change of government in Czechoslovakia which gives promise of greater independence of policy and more respect for the individual which we wish to encourage.

(b) The Social Security Act of 1967 will cause the accrued benefits to non-citizen annuitants within Czechoslovakia to lapse unless Czechoslovakia is taken out of the prohibition of Treasury Circular 655 before

\* Circular 655 provides that in general no checks drawn on US Government funds (Social Security, Railroad Retirement, Civil Service Retirement and Veterans' Administration) are to be sent to countries where there is reasonable doubt that the payee will receive the check or be able to negotiate it for full value.

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

~~CONFIDENTIAL~~

-2-

July 1, 1968. This would be unjust to the annuitants who would lose the accrued benefits through no fault of their own. For some time it has been clear that Czechoslovakia meets the standard of paying full value to the annuitants which Treasury Circular 655 was designed to achieve. The nature of the new Czechoslovak government gives some assurance that this situation will continue.

A new proposal on gold and claims is now in course of preparation. This, however, will require clearance with the claimants and interested members of Congress and, moreover, will at best take some time to negotiate. We could not hope to reach agreement on this before the July 1, 1968 deadline for removing Czechoslovakia from the prohibition of Treasury Circular 655. We propose, therefore, to proceed in two successive steps.

In step one, we would, subject to your approval, tell the Czechs as soon as possible that in view of their unwillingness shown by their May 2, 1968 note to accept our over-all proposals for a package settlement, we are working on a new and separate proposal on gold and claims which we hope will provide a mutually acceptable basis for solution. So far as the other elements of the original package are concerned, we would tell them that we now are taking steps to remove Czechoslovakia from the Treasury Circular 655 list before July 1, 1968. We would express the hope that with this issue removed the Czechs will be willing to agree on the remaining elements of the package, other than gold and claims, as soon as possible. We are prepared, without prejudice to our respective positions on gold and claims, to enter into an agreement (Tab D) settling all the other issues as follows: The Czechs would resume regular payments of principal and interest on the Surplus Property Agreement (about \$310,000 a year) and fund payments in default since 1952 (\$3.1 million principal and \$1.9 interest) by paying \$1 million now and \$1 million each year thereafter for four years. In addition, the Czechs would resume debt service on dollar bonds in default within 12 months and undertake negotiations to this end with the bondholders within three months. (The total original value of the bonds was about \$2.7 million but it is believed that a substantial number of these bonds have already been bought back by the Czechs.) Finally, the Czechs would

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-3-

release crown accounts owned by the US valued at about \$1.068 million and the US would for its part release blocking controls on Czech property worth about \$1.7 million. We would point out that by removing Czechoslovakia from Circular No. 655, Czech annuitants, after verification and validation of their individual claims, would receive accrued back payments of about \$5 million and about \$500,000 a year thereafter.

I should emphasize that in the interest of justice to the annuitants and of contributing positively to the atmosphere of Czech-US relations, our lifting of Treasury Circular 655 would be unconditional and would not be affected by any unwillingness of the Czechs to enter into arrangements giving us compensation for the benefits they would thus gain. We would attempt, however, by our action to create a moral obligation for the Czechs to be forthcoming on the other items set forth in the preceding paragraph. Actual payments to annuitants could be made only after verification and validation of their individual claims had been completed.

Albania, the Soviet Union and Hungary are other East European countries subject to the prohibitions of Treasury Circular 655. We have no diplomatic relations with Albania and have no way of certifying that annuitants in Albania will receive their checks and be able to negotiate them for full value. With respect to the Soviet Union, the matter is under study. We shall be making a separate proposal to you on Hungary where accruals under Circular 655 subject to lapsing on July 1, 1968 amount to about \$1.3 million. Hungary probably does give fair value to the recipients of annuity checks.

\* H concurs reluctantly in this tactic and would have preferred that before we give an absolute undertaking to remove Czechoslovakia from Treasury Circular 655 we bargain with the Czechs to obtain some direct quid pro quo. H believes we should have the strongest possible justification to meet possible accusations by some members that we are evading the intent of Congress in making back payments at the last moment. H believes we should re-examine the situation before actually making payments to the annuitants. If by that time the Czechs have not given evidence of negotiating in good faith H believes we should then take advantage of any excuses to delay actual payments until they do so.

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

-4-

In preparation for step two, we will proceed as soon as possible to consult with the claimants and interested members of the Congress on a new gold/claims proposal. In our aide-memoire of November 1967 we offered to accept in total settlement of our claims the sum of \$44 million toward which we would credit the full \$17 million paid by the Czechs for the steel mill never delivered. (The steel mill was ultimately sold by us for \$9 million which was distributed to the claimants.) We were willing to accept \$2 million on the return of the gold and the remainder of \$25 million in seven annual installments. The Czechs responded in their note of May 2, 1968 by demanding the return of the gold and offering to pay only \$2 million (added to the \$9 million received for the steel mill, this would give the claimants a total of \$11 million). In our new proposal we would reassert our claim for \$44 million, with the same credit of \$17 million, but offer to return the gold on the payment of \$2 million with the remainder in seven annual installments (the number of installments would be negotiable to some degree) to begin one year after the entry into force of a mutually satisfactory and reciprocal commercial agreement, providing on our side for the extension of MFN treatment to Czechoslovakia (Tab E).

This would enable us to reach present agreement for the return of the gold and thus remove this highly sensitive political issue in our relations with Czechoslovakia; show good will for the new régime; win for the claimants acceptance by the Czechs of a reasonable total ultimately to be paid to them; make use immediately of the leverage which will ultimately be given us by the return at some uncertain future date of MFN; and avoid compromising the interests of the claimants. While the total amount of \$27 million still to be paid (\$44 million minus the \$17 million attributed to the steel mill) would be negotiable within certain limits, we would in no case go below the 40 percent return to claimants, the minimum as yet received in any claims settlement with an East European communist country. A 40 percent (40 percent of \$72 million) return to the claimants would be a total of \$28.8 million of which \$9 million, the amount for which we sold the steel mill, has already been distributed to the claimants. This would require the Czechs to pay an additional \$19.8 million. This amount, plus the \$17 million for the steel mill, would give a total of \$36.8 million, which would be our lowest negotiating limit for a settlement.

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

-5-

Even our lowest negotiating limit is likely to pose a major negotiating problem, however. This 40 percent settlement for US claimants represents a 51 percent settlement from the Czech point of view since they are credited with the full \$17 million which they paid for the steel mill while our claimants receive only the \$9 million sales proceeds. It will be very difficult to budge the Czechs above the \$28.8 million level which to them represents 40 percent--the level at which we settled with Poland and Romania.

If substantial difficulty should arise in our discussions with the claimants and interested members of the Congress, we would again consult you.

The general subject of what we can do to take advantage of the present situation to press forward with obtaining legislative authority for granting MFN is discussed in a separate memorandum (above).

RECOMMENDATIONS:

That you approve a proposal to the Czechs that we separate the gold/claims issue from the package proposed in our aide-memoire of November 8, 1967 and reach agreement on the remaining issues as set forth in the memorandum at Tab D (and on page 2 above).

Approve \_\_\_\_\_

Disapprove \_\_\_\_\_

That you approve a further proposal to the Czechs to be made after previous consultation with the claimants and interested members of Congress for the return of the gold on the conditions set forth in the memorandum at Tab E (and on page 4 above).

Approve \_\_\_\_\_

Disapprove \_\_\_\_\_

Clearances:

G - Mr. Bohlen - *Substanc*  
*JASL*

L - *MA* Meeker

E - Mr. Solomon *RS*  
*MS*

H - Mr. Macomber

(see footnote page 3) *WM*  
*MB*

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DEPARTMENT OF STATE  
ASSISTANT SECRETARY  
EUR

650

May 22, 1968

7890

TO : The Secretary  
THROUGH: S/S *JPW*  
FROM : EUR - John M. Leddy *JML*

DECLASSIFIED  
E.O. 12958, Sec. 3.5  
State Dept. Guidelines  
By *jc*, NARA, Date 2-15-01

SUBJECT: Most-Favored Nation Treatment for Czechoslovakia  
ACTION MEMORANDUM

You recently expressed interest in the possibility of our taking the initiative to work out with Czechoslovakia a mutually satisfactory and reciprocal commercial agreement providing on our side for the extension of MFN treatment, with the understanding that such an agreement would then be presented to Congress for its approval.

I have talked with Messrs. Solomon, Macomber and Meeker, and it is our conclusion that such an approach has merit and that we should make soundings on the Hill in a preliminary way with key Congressional figures to determine their reactions.

I would see several advantages in moving in this way with the Czechs. It would show responsiveness on our part to the recent political developments in Czechoslovakia, and would demonstrate that we are serious in our intention to grant MFN if a balanced agreement can be worked out. Also, an initiative of this kind could be beneficial in connection with our efforts to achieve a satisfactory settlement of our gold/claims problem with the Czechs. (A separate memorandum is being sent to you on this subject). Lastly, it might be helpful in terms of making similar arrangements at a later date with other Eastern European countries, including the Soviet Union, if we submitted to Congress a proposal concerning Czechoslovakia which would spell out in specific terms what we

would

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-2-

would consider to be a balanced and reciprocal commercial agreement.

There are, on the other hand, some risks and disadvantages. After developing what in our view would be a balanced agreement, the Congress might take a contrary position and refuse to approve it, on the grounds that it was inadequate in terms of benefitting the U.S. interest. Another disadvantage might be that such a course would not conform to our traditional approach of seeking general negotiating authority from the Congress and not having the details of the agreement subsequently approved by Congress. There has been some sensitivity in the Senate on the principle of the President negotiating trade agreements without a prior grant of authority as was done in the case of the US-Canadian Automobile agreement. These disadvantages might be minimized through advance consultation with key Congressional figures.

If we proceed in the manner suggested, negotiations undoubtedly would go on for several months, at least; it is possible, in fact, that an agreement would not be ready for submission to Congress until early next year. Meanwhile, we would not seek to publicize the discussions. Thus, while the Czechs would be conscious of our interest, we could avoid the appearance to the world at large of seeming to wish to capitalize on the latest developments in Czechoslovakia and the attendant strains between Prague and Moscow.

With regard to the preliminary Congressional soundings, we believe that these should begin with Mr. Mills in the first instance, and that Mr. Solomon should undertake this contact. Mr. Mills' approval would be essential and would be helpful in discussions with other Representatives and Senators. The approach to Mr. Mills would be timed so as not to interfere with progress in connection with the tax/budget cut problem. Following the talk with Mr. Mills, Mr. Macomber will coordinate subsequent contacts on the Hill.

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-3-

In talking with Mr. Mills, Mr. Solomon would seek his views, not only on the type of proposal discussed in the first paragraph of this memo, but also on other possible approaches to the MFN problem (such as a simple amendment to the Foreign Assistance Act or the Trade Expansion Bill providing for MFN to members of GATT -- which thus would include Czechoslovakia and could also cover Romania if and when she joins GATT). As you are aware, this idea and others have been included in various bills or amendments which have already been floated on the Hill (Senator Mondale and Representative Findley). Their fate is quite uncertain, however, and should not interfere with our approach to Mr. Mills. The main point of the consultation would be to bring Mr. Mills into the picture before we take a position rather than to try to sell him on any particular approach.

Recommendation:

That you authorize Mr. Solomon to consult with Representative Mills and Mr. Macomber to see other key Congressional figures concerning MFN treatment for Czechoslovakia, along the lines set forth above.

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

Disapprove: \_\_\_\_\_

Concurrences:

E - Mr. Solomon

H - Mr. Macomber

L - Mr. Meeker

EUR:WJStopsel, Jr. AMR

CONFIDENTIAL

INFORMATION

66

~~SECRET~~

Tuesday, June 4, 1968 - 12:00  
noon

*free file*

Mr. President:

You should read this quite worrying cable reflecting Ky's black mood.

It may or may not be connected with the Cambodian report that he is thinking about a nationalist-neutralist-anti-U. S. military coup.(attached)

W. W. Rostow

Saigon 29082

[Redacted]

3.4(b)(1)

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SANITIZED  
E.O. 12958, Sec. 3.6  
NLJ/RAC 01-87  
By Sj, NARA, Date 1-30-02

WWRostow:rla

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1968 JUN 4 12 40

DECLASSIFIED  
E.O. 12958, Sec. 3.5  
State Dept. Guidelines  
By jc/ry, NARA, Date 2-26-01

SECRET

HCE 323

PAGE 31 SAIGON 29282 041158Z

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ACTION-SS 33

INFO SSO 02, NSCE 33, /330 7

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P 041205Z JUN 68  
FM AMEMBASSY SAIGON  
TO SECSTATE WASHDC PRIORITY 3967  
INFO AMEMBASSY PARIS  
AMEMBASSY KATHMANDU PRIORITY  
CINCPAC FOR POLAD

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EXDIS

PARIS FOR VIETNAM MISSION

KATHMANDU FOR AFB BUNKER

SUBJECT: CONDOLENCE CALL ON VICE PRESIDENT KY.

1. GENERAL ABRAMS AND I CALLED ON KY LATE YESTERDAY TO EXPRESS OUR AND AMBASSADOR BUNKER'S REGRETS AND SYMPATHIES FOR THE ROCKET ACCIDENT WHICH KILLED A NUMBER OF THE LEADING POLICE AND MILITARY OFFICERS IN THE SAIGON AREA.

2. UNLIKE HIS USUAL EASY AND FRIENDLY WELCOME, HE GREETED US GRIMLY, AND AS HE TALKED IT WAS CLEAR HE WAS IN A DARK, DEPRESSED AND DESPONDENT MOOD. IN REPLY TO OUR CONDOLENCES, HE SAID HE COULD NOT UNDERSTAND THIS ACCIDENT. THE VIETNAMESE AIR FORCE EXERCISES STRICT CONTROL

AND DISCIPLINE AND NEVER TAKES CHANCES IN AN OPERATION OF THIS KIND.

SOBLY RUMORS WERE CIRCULATING IN THE CITY. (HE DID NOT SPECIFY, WHEN I ASKED WHAT KIND OF RUMORS, BUT THE IMPLICATION WAS THAT OUR FORCES WERE CARELESS IN THE USE OF GUN-SHIPS IN POPULATED AREAS. GENERAL ABRAMS SAID HE WAS INVESTIGATING THE ACCIDENT, AND MEANWHILE HAD IMPOSED A BAN ON THE USE OF ARMAMENTS ON GUN-SHIPS IN BUILT-UP AREAS. NOTE: GENERAL ABRAMS TOLD ME USE OF ARMAMENTS ON GUN-SHIP IN SAIGON AREA WILL FROM NOW ON BE STRICTLY CONTROLLED BY HIM. IN A FEW DAYS HE WILL DELEGATE AUTHORITY ONLY TO TWO SENIOR US GENERAL/ WEYNAD

~~SECRET~~

*Routin*

AND MAY.)

3. KY COMMENTED THAT HE HAD LOST SOME OF THEIR ABLEST OFFICERS, AND SHRUGGED HIS SHOULDERS WITH A "WHAT TO DO NOW?" EXPRESSION. HE SAID MAJ. GENERAL THANG, COMMANDER OF IV CORPS WOULD BE IN SAIGON TODAY TO TENDER HIS RESIGNATION, AND HE TOO WAS THINKING OF RESIGNING. GENERAL ADAMS ASKED HIM WHAT GOOD THAT WOULD DO. KY AGAIN SHRUGGED HIS SHOULDERS.

4. KY THEN SPOKE FAVORABLY OF GENERAL MINH TAKING OVER CONTROL OF SAIGON AND GIA DINH AREA TODAY, AND ASKED RHETORICALLY WHERE IS HE GOING TO GET STAFF.

5. COMMENT.: APART FROM THE TRAGEDY ITSELF, THE LOSS OF CLOSE FRIENDS AND ABLE OFFICERS, KY WAS NO DOUBT CONCERNED BY THE WOUNDING AND DEATH OF CERTAIN OF HIS LEADING SUPPORTERS, WHICH WILL MODIFY THE THIEU-KY POWER COMPLEX. GENERAL LOAN, DIRECTOR GENERAL OF THE NATIONAL POLICE, IS STILL IN HOSPITAL WITH SERIOUS LEG WOUND HE RECEIVED SOME WEEKS AGO, WILL PROBABLY REQUIRE ANOTHER OPERATION, AND MAY BE OUT OF ACTION FOR CONSIDERABLE TIME IN SUNDAY'S TRAGEDY, COLONEL PHO QUOC CHU, DIRECTOR OF THE PORT OF SAIGON, ONE OF KY'S MOST INTIMATE FRIENDS AND SUPPORTERS, WAS KILLED.

6. KY MUST BE AWARE THAT THIEU INTENDED AT SOME STAGE TO REPLACE LOAN, AND THIEU HAD NOT CONCEALED THAT HE REGARDED THE PORT DIRECTOR AS ONE OF THE MAIN SOURCES OF CORRUPTION (NOTE: FUNDS FOR KY), AND HAD TO BE REMOVED IN THE CLEAN-UP HE IS EMBARKING ON. KY MUST ALSO KNOW THAT HUONG WOULD WANT TO MAKE THESE CHANGES IN HIS CAMPAIGN AGAINST CORRUPTION. IT IS MY GUESS THAT ALL THIS EXPLAINS

KY'S DARY AND BITTER MOOD, BUT I DOUBT HE IS GOING TO RESIGN.

7. WHEN I SAW PRESIDENT THIEU SUBSEQUENTLY TO EXPRESS OUR CONDOLENCES (SEPTEL) I REMARKED THAT KY HAD SAID MAJ. GENERAL THANG INTENDS TO RESIGN. THIEU EXPRESSED SURPRISE AND DOUBT, SAYING THAT THANG WILL BE COMING IN TODAY FOR A CEREMONY WHICH WILL GIVE HIM ANOTHER STAR.

GENERAL LOAN WILL ALSO BE PROMOTED, HE SAID.

66b

CENTRAL INTELLIGENCE AGENCY  
Intelligence Information Cable

ROUTINE

IN - 22940

PAGE 1 OF 2 PAGES

STATE/INR DIA NMCC/MC (SECDEF JCS ARMY NAVY AIR) CIA/NMCC NIC NSA SDC ONE CRS  
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This material contains information affecting the National Defense of the United States within the meaning of the Espionage Laws, Title 18, U.S.C. Secs. 793 and 794, the transmission or revelation of which in any manner to an unauthorized person is prohibited by law.

GROUP 1  
Excluded from automatic  
downgrading and  
declassification

NO FOREIGN DISSEM

THIS IS AN INFORMATION REPORT, NOT FINALLY EVALUATED INTELLIGENCE.

SECRET

CITE [REDACTED]

3.4(b)(1)

DIST 3 JUNE 1968

COUNTRY CAMBODIA/NORTH VIETNAM/SOUTH VIETNAM/FRANCE

DCI [REDACTED] 3.4(b)(1)

SUBJECT DISCUSSION BETWEEN SIHANOUK AND FRENCH AMBASSADOR TO CAMBODIA ON POSSIBLE  
COUP BY PRESIDENT KY DESIGNED TO TURN SOUTH VIETNAM INTO A NEUTRALIST  
COUNTRY

ACQ [REDACTED]

FIELD NO.

SOURCE [REDACTED] 3.4(b)(1)

1. AT A FAREWELL AUDIENCE WITH PRINCE SIHANOUK ON 22 MAY 1968, THE DEPARTING FRENCH AMBASSADOR, HUBERT ARGOD, SAID BOTH THE FRENCH EMBASSY AND HE HIMSELF HAD DEFINITE INFORMATION FROM SAIGON THAT VICE PRESIDENT KY WAS TENDING TOWARDS A NEUTRALIST SOLUTION TO THE VIETNAM WAR. ARGOD SAID THAT KY WOULD PROBABLY ATTEMPT A COUP D'ETAT WITH THE SUPPORT OF SOME OF THE MILITARY AND EVEN WITH THAT OF THE NEWLY FORMED ALLIANCE OF FORCES FOR NATIONAL DEMOCRACY AND PEACE IF THIS ORGANIZATION GUARANTEED, WITH THE AGREEMENT OF THE NATIONAL LIBERATION FRONT, TO MAKE SOUTH VIETNAM A NEUTRAL COUNTRY LIKE CAMBODIA. PERSONS CLOSE TO KY HAD TOLD THE FRENCH CONSULAR REPRESENTATIVE IN SAIGON THAT KY

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(classification)

NO FOREIGN DISSEM  
(dissem controls)

SANITIZED  
E.O. 12958, Sec. 3.6  
NLJ/RAC 01-88

E. SJ, NARA Date 7-24-01

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(classification)

NO FOREIGN DISSEM  
(dissem controls)

NO LONGER WISHED TO DEAL WITH THE AMERICANS AND THAT HE HAD DECIDED TO WORK TOWARDS A "SIHANOUKIST" SOLUTION TO THE TROUBLE IN SOUTH VIETNAM. ACCORDING TO SOUNDINGS MADE ON KY'S BEHALF AMONG THE MEMBERS OF THE NATIONAL ASSEMBLY AND HIGH VIETNAMESE OFFICIALS, THIS WAS THE ONLY SOLUTION IMMEDIATELY ACCEPTABLE TO THE MAJORITY OF VIETNAMESE.

2. SIHANOUK SAID THAT HE ALSO HAD VERY RELIABLE INFORMATION TO THE SAME EFFECT AND THAT VIETNAMESE LIVING IN CAMBODIA HAD EVEN SOUNDED MEMBERS OF HIS GOVERNMENT TO DETERMINE WHAT CAMBODIA'S POSITION WOULD BE IF KY DECLARED FOR A NEUTRALIST SOLUTION AND AN ALLIANCE WITH THE NATIONAL LIBERATION FRONT. SIHANOUK COMMENTED THAT IT WAS UNTHINKABLE THAT THE PRESIDENT OF THE NLF WOULD LET HIMSELF BE SUPPLANTED BY A PERSON LIKE KY, AN ASSASSIN SEEKING A LAST SOLUTION BEFORE HIMSELF BEING LIQUIDATED.

3. [Redacted] DISSEM. CINCPAC ARPAC PACAF PACFLT [Redacted]

[Redacted]

3.4(b)(1)

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(dissem controls)

17

INFORMATION

~~SECRET~~

*Pres file*

Tuesday, June 4, 1968  
10:50 a. m.

Mr. President:

Herewith Berger (with Bunker's concurrence) recommends that we push Thieu's visit off into July, to bypass Resurrection City and all that. He believes the trip to, say, Honolulu, bypassing Washington, would be "completely unacceptable" to Thieu.

He recommends that we make an early announcement. (para. 4)

W. W. Rostow

Saigon 29038

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WWRostow:rla

DECLASSIFIED  
E.O. 12958, Sec. 3.5  
NSC Memo, 1/30/95, State Dept. Guidelines  
By jc, NARA, Date 2-15-01



Department of State

TELEGRAM

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518Q  
June 4, 1968  
1:20 A.M.

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DECLASSIFIED  
Authority RAC 18406  
By *iss* NARA, Date 4-17-98

NOBIS

PARIS FOR VIETNAM DELEGATION (HABIS)

KATHMANDU FOR ANBASSADOR BUNKER

REF: (A) STATE 174971 (B) STATE 175050

SUBJ: THIEU VISIT

1. IN VIEW OF FACTORS OUTLINED REFTEL (A), I RECOMMEND DELAYING THIEU'S STATE VISIT UNTIL JULY. IDEA OF MODIFYING HIS VISIT TO EXCLUDE WASHINGTON WOULD BE COMPLETELY UNACCEPTABLE TO THIEU.

2. I BELIEVE THAT THE BEST WAY TO HANDLE THIEU WOULD BE TO OBTAIN A PROMPT DECISION FROM WASHINGTON ON SPECIFIC DATES IN JULY WHICH COULD BE SUGGESTED TO THIEU AS ALTERNATIVES TO JUNE DATES. THIEU COULD THEN BE APPROACHED WITH A PERFECTLY FRANK EXPLANATION WHY WE THINK IT BEST TO DEFER THE VISIT A FEW WEEKS. WE DO NOT BELIEVE THE SUGGESTED DELAY WILL PROVE DISTASTEFUL TO HIM AND HE MAY WELCOME IT SINCE HE HAS BEEN CONCERNED WITH GETTING BEHIND HIM ALL THE MOVES HE WANTS TO MAKE IN THE FIELD OF ADMINISTRATIVE REFORMS BEFORE UNDERTAKING THE VISIT. SUCH A DELAY WOULD ALSO GIVE THE NEW CABINET MORE TIME TO SHAKE DOWN, GIVE THIEU MORE TIME TO DEAL WITH THE IMMEDIATE SITUATION IN SAIGON, AND THIS HOPEFULLY ALLOW HIM TO DEPART ON HIS VISIT WITH A FEELING OF A LITTLE MORE CONFIDENCE.

3. WITH RESPECT TO THE EVENTUAL PUBLIC ANNOUNCEMENT I DO NOT SEE ANY GREAT DIFFICULTY IN SIMPLY ANNOUNCING THE FINALLY AGREED DATES IN JULY AS SOON AS THESE ARE AGREED. IF FURTHER ELABORATION IS NEEDED IN RESPONSE TO QUESTIONS, WE COULD SAY THAT THE VISIT HAS ALWAYS BEEN CONTEMPLATED FOR LATE SPRING OR EARLY SUMMER, AND THESE DATES WERE THE MOST CONVENIENT FOR BOTH PRESIDENTS.

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PAGE TWO SAIGON 29038 JUNE 4, 1968, NODIS

4. SINCE THERE ARE INCREASING REPORTS FROM VARIOUS SOURCES THAT THE VISIT WILL OCCUR IN MID TO LATE JUNE, I URGE THAT THE FINAL DECISION ON JULY DATES BE TAKEN SOONEST AND WE BE AUTHORIZED TO TAKE THE MATTER UP IMMEDIATELY WITH THIEU IN THE ABOVE TERMS.

5. WE HAVE TURNED AROUND WITH AMBASSADOR BUNKER, WHO CONCURS.

BERGER

BT

~~SECRET~~

68

INFORMATION

*Pres file*

~~SECRET~~/HARVAN

Tuesday, June 4, 1968 - 10:45am

Mr. President:

Herewith Harriman's reply on a response to pressure on Saigon.

I am arranging that Harriman get in Paris Bunker's assessment of the problem posed for GVN morale by these attacks at a time when Hanoi-Haiphong are open cities.

W. W. Rostow

Paris 15453

~~SECRET~~

WWRostow:rlm

DECLASSIFIED  
E.O. 12958, Sec. 3.5  
NSC Memo, 1/30/95, State Dept. Guidelines  
By jc, NARA, Date 2-15-01

68a

~~SECRET/HARVAN~~

PARIS 15453, June 4, 1968

DELTO 231

It is our judgment that it would be a great mistake to threaten to bomb urban areas in North Vietnam if enemy attacks against Saigon continue. We strongly recommend against it. To threaten action means we should be prepared to carry it out. To actually bomb Hanoi or Haiphong in present circumstances would, we believe, lead Hanoi to break off these talks and have other adverse reactions.

Moreover, to demand the stopping of attacks on Saigon while limited bombing in North continues is, we believe, a modification of the March 31 offer. We do not think it desirable to change that offer at this time. In our past statements dealing with subject of matching restraint, we have pointed out that attacks on Saigon "are not conducive to progress in Paris." We will continue to remind the North Vietnamese of this, as we have done in five previous meetings.

Military situation in Saigon and elsewhere has direct relationship to course of talks in Paris and we would appreciate current assessment, particularly the consequences of continuing attacks on Saigon.

Harriman

DECLASSIFIED  
Authority RAC 18431  
By is NARA, Date 4-17-98

~~SECRET~~

**INFORMATION**

**Tuesday, June 4, 1968 - 10:00 a. m.**

*Pres file*

**Mr. President:**

**You should know that Justice Fortas  
will have to leave at 2:30 p. m. today to meet  
his class at American University at 3:00 p. m.**

**W. W. Rostow**

**WWRostow:rla**

70  
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INFORMATION

Tuesday, June 4, 1968 -- 9:55 a.m.

Mr. President:

*Pres file*

Keith Waller telephoned this morning to say that Robert Menzies will be in New York June 10-14, 1968.

This is just for information; but Keith thought you might like to know.

W. W. Rostow

rla

DECLASSIFIED

Authority 71C 83-56  
By ics/eg, NARA, Date 6-23-92

INFORMATION <sup>r</sup>  
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*Pres file*

~~TOP SECRET~~

Monday, June 3, 1968 -- 6:30 p. m.

Mr. President:

I have considered carefully the attached memorandum of Abe Fortas'. I have also made it available to Secretaries Rusk and Clifford whose views you may wish to hear.

Without circulating the memorandum, I have sounded out opinion among thoughtful people in the Vietnam Information business. The consensus appears to be that we are doing well in Paris and that an effort at a harder sell would, in the words of the cable at Tab A, "produce 'plague on both your houses' attitude in world press, thus dissipating advantage which so far seems clearly ours."

In short, there is considerable resistance to using Paris as an outlet for data on "past and current military activities, supply and infiltration of personnel into South Vietnam," etc.

My own reflection is somewhat different:

-- We should use Paris but use it on one issue at a time until the point is driven home hard. I believe we did this rather well on the question of the presence of North Vietnamese in the South.

-- The next big issue is Laos. There, against the background of Souvanna's speech, they should do a full-scale job at the next session. They are fully equipped with all the material for such an effort.

-- We have not clearly worked out where we go after Laos; but, in my judgment, we should be preparing to defend the legitimacy of the elections which have taken place; the constitution, and the existing constitutional institutions in Vietnam.

-- We should at every meeting underline and repeat the constructive proposals we have made: the DMZ; honor the 1962 Laos Accords; one man, one vote in the South; etc.

-- We should leave to Saigon, backstopped by Washington, the strictly military issues, such as the rate of infiltration, atrocities, etc.

In that connection, we have been running each week a Vietnam information meeting and State has now set up under Ed Thompson an inter-departmental group to follow through on our weekly meetings on this subject.

~~TOP SECRET~~

-2-

-- What is missing, however, is a civilian voice speaking strictly on the war. In my judgment, the President has had to carry too much of this burden personally because, except when giving Congressional testimony, the Department of Defense simply did not speak out. Sec. Rusk should carry the diplomatic and political side of it, but the fear of sounding over-optimistic or hopeful or offending the other side or whatever has left us in the position of a Department of Defense virtually silent on what is happening in the war.

In short, if I were writing the directive, it would read about like this:

1. The Paris team should do a full-scale, factual information job on whatever issue it is currently pressing in the talks; for example, the DMZ, North Vietnamese troops in the South, Laos.
2. The Paris team should keep steadily before the press the constructive proposals it has made.
3. Saigon and Washington must do a much better job on
  - current rates of infiltration;
  - information from defectors and captives;
  - data from captured enemy documents;
  - atrocities; etc.
4. The Secretary of Defense should himself speak on the state of the war; and so should his major civilian colleagues.

W. W. Rostow

WWRostow:rla

~~TOP SECRET~~

71a

MEMORANDUM

TOP SECRET

The discussions at Paris between our representatives and those of North Vietnam are commanding world-wide attention, including intense interest in this country. The evidence at hand indicates that North Vietnam has not succeeded thus far in utilizing these talks as an effective platform from which to broadcast propaganda, and that our representatives have been successful in countering the North Vietnamese attempts.

However, it is essential that during this critical period, this Government should initiate and carry through a program of communicating to the public the facts with respect to the actions of North Vietnam. The pendency of the talks in Paris provides us with an opportunity, forcefully and dramatically, to state the facts; and this should be supported by redoubled efforts through all of our establishments abroad. Unless we are successful in accomplishing this, it is possible that the dogged and relentless repetition of falsehoods by North Vietnam will have an effect upon world and domestic opinion. I am also concerned that public attention may be so diverted by the fact that conversations are

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Authority 71C 83-56

By ics/hg, NARA, Date 6-23-92

taking place in Paris as to cause the public to lose sight of the fact that Hanoi is continuing and increasing its aggressive warfare.

In order to implement this:

(1) I am directing the Secretary of Defense and the Director of the Central Intelligence Agency to prepare, in usable form, as complete statements of the facts with respect to the past and current military activities, supply and infiltration of personnel into South Vietnam, as is possible. These should be presented plainly, simply and graphically. There should be a reconsideration of heretofore classified material which might be declassified now for the purpose of presenting the complete story.

This information should be directed, among other things, to showing (a) that North Vietnamese troops are, and have been, operating in South Vietnam and in large numbers: for example, statements of captured personnel, photographs, etc. might be helpful; (b) the current rates of supply and infiltration of personnel; (c) North Vietnamese activities in Laos and Cambodia; (d) North Vietnamese and Viet Cong atrocities in Hue, and destructive attacks upon civilians by them.

(2) I am requesting our representatives at Paris to use the foregoing material, subject to their own judgment, as soon and as forcefully as appropriate.

(3) I am directing the Secretary of State to see that every embassy and all other appropriate establishments of this Government abroad are furnished with material for the described purpose, and that they are instructed with respect to the use and distribution of such material.

(4) It is realized that coordination, both as to timing and content of this program will be necessary, and I have instructed the Director of the United States Information Agency to consult with Mr. Walt Rostow who will be in charge of this program.



Department of State

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TELEGRAM  
28

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PAGE 01 PARIS 15378 011325Z

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ACTION SS 70

INFO SSO 00, NSCE 00, CCO 00, FILE 02, /072 W

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R 011300Z JUN 68  
FM AMEMBASSY PARIS  
TO SECSTATE WASHDC 2468  
INFO AMEMBASSY SAIGON  
CINCPAC

~~SECRET~~ PARIS 15378

DELTO 212

LIMDIS

REF: STATE 173265

1. WE ARE ALSO CONCERNED, AND CONCUR IN PROPOSAL TO DEVELOP MATERIAL FOR HARD, FACTUAL PRESENTATION. PRESENT ATMOSPHERE HERE INDICATES BEST HANDLING WOULD BE (1) NOT TO VOLUNTEER, BUT TO SAVE CONCISE SUMMARY FOR USE ON RESPONSE BASIS WHEN BEST OPPORTUNITY ARISES AND (2) TO MAINTAIN LOW PROFILE BY DISINCLINATION TO PROPAGANDIZE. SECOND POINT REFLECTS OUR CURRENT ASSESSMENT THAT OTHER SIDE HAS SERIOUSLY OVEREXTENDED ITS PROPAGANDA EXERCISE, AND A COUNTERPOINT OF OUR QUIET REASONABLENESS HAS HAD TELLING EFFECT. WE ARE RELUCTANT TO UNDERTAKE ANY EFFORT WHICH COULD BE EVEN REMOTELY CONSTRUED AS PLAYING SAME GAME. SUCH ACTION ON OUR PART LIKELY TO PRODUCE "PLAGUE ON BOTH YOUR HOUSES" ATTITUDE IN WORLD PRESS, THUS DISSIPATING ADVANTAGE WHICH SO FAR SEEMS CLEARLY OURS.

2. WE NOTE THAT HANOI'S TIRADES AND STATISTICS ARE NOT GETTING PRESS ATTENTION IN EUROPE AND IT APPEARS SAME IS TRUE IN U.S. INDEED, PRESS IS BORED WITH RECRIMINATIONS AND SIFTING OF HISTORICAL ASHES. OUR EMPHASIS ON NEXT STEPS HAS HAD MUCH MORE CONSTRUCTIVE EFFECT.

HARRIMAN

~~SECRET~~

DECLASSIFIED  
Authority 716 83-57  
By cs/hg, NARA, Date 6-23-92

SECRET

72

Lunch Meeting With the President  
Tuesday, June 4, 1968 - 1:30 p.m.

AGENDA

*Pres file*

1. Situation in Paris and Saigon: Bombing Policy. (Secs. Rusk and Clifford; Gen. Wheeler)
  - 19th and 20th parallels? (Tab A)
  - Other possible forms of retaliation against Saigon attacks.
  - U.S. tactics in rooting out VC from Saigon.
2. Thien visit. (Sec. Rusk)  
Should it be pushed off beyond the end of June? (Tab B)
3. NPT. (Sec. Rusk)
  - Situation report.
  - Timing of Ball swearing in (June 14 now looks reasonably safe).
4. Middle East. (Sec. Rusk)
  - Jarring situation report.
  - Proposal for two Americans to work quietly with Israelis and Arabs in support of Jarring (Tab C)
5. Germany. (Secs. Rusk and Clifford)
  - Full offset.
  - "Non-combat" troop withdrawals.
6. Jordan. (Sec. Rusk)  
Oral message of reassurance to Hussein. (Tab D)
7. Most-Favored Nation Treatment for Czechoslovakia. (Sec. Rusk)  
The Secretary will pose the issue.
8. Other.

DECLASSIFIED  
White House Guidelines, Feb. 24, 1993  
By *AG*, NARA, Date *6-8-92*

W. W. Rostow

WWRostow:rlh

SECRET

72a

~~SECRET~~ PARIS 15436, June 3, 1968

1. In light of Le Duc Tho's arrival in Paris today we recommend that considerations of bombing between 19 degrees and 20 degrees be deferred.
  
2. Although we, of course, do not know what instructions Tho may be bringing, there is possibility that because of his position, more flexibility may be introduced into our discussions, including possibility of private conversations.
  
3. In these circumstances, bombing between 19 and 20 degrees might thwart these possibilities and therefore it would be well to test the water.

Harriman

DECLASSIFIED  
Authority RAC 18440  
By iso NARA, Date 4-20-78

~~SECRET~~

Tab A

5  
Department of State

INDICATE:  COLLECT  
 CHARGE TO

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Classification

72b

FOR OFFICIAL USE ONLY

200.00 10 31

Origin  
Info

ACTION: Amembassy SAIGON PRIORITY  
Amembassy KATHMANDU PRIORITY

INFO: Amembassy PARIS

STATE 174971

NODIS DEPT DISTRIBUTION TO EA ONLY

TODEL 325

REF: Saigon 28632

PARIS FOR HABIB

KATHMANDU FOR BUNKER

SUBJECT: Thieu Visit

*Retlow*

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E.O. 12958, Sec. 3.5  
State Dept. Guidelines  
By *jc*, NARA, Date 2-15-01

1. In view of mounting though still sketchy evidence that Poor Peoples Campaign (PPC) demonstration now planned for June 19 may muster in six figures and may include some militant anti-Viet-Nam groups, June 18-19 dates for a Washington visit have been discarded.
2. June 25-26 dates are similarly unattractive at this time because public announcement of visit would have to be made while PPC gathering momentum, perhaps thereby inducing its leadership to set back their plans or to encourage prolongation of demonstrations so as to take advantage of Thieu's presence here.
3. Balanced against these factors, we must consider that climate of public opinion in this country is now as placid on question of Viet-Nam

*677B*

Drafted by: EA/VN:SJL <i>677B</i> /dogar/bpw/fmlc	Est. No. 3773	Telegraphic transmission and classification approved by: EA - William P. Bundy
Clearances: EA/VN-Mr. <i>677B</i> Burke		WH-Mr. Wright S/S-O:RFinch

~~SECRET~~

Classification

FORM 8-64

*Jul B*



ACTION

72c

*sup*

~~SECRET~~

Thursday, May 23, 1968 -- 7:30 p.m.

Mr. President:

Herewith a proposal by Sec. of State on the Middle East.

It would:

- engage Arthur Goldberg, after he leaves his post, in contact with the Israelis;
- engage, at your choice (and their willingness to serve) David Rockefeller, Eugene Black, John McCloy, or Robert Anderson as our agent with the Arabs.

Sec. Rusk's view is that the national interest now requires us to engage more actively in trying to achieve peace in the Middle East.

I am inclined to agree.

W. W. Rostow

~~SECRET~~

WWRostow:rlh

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E.O. 12958, Sec. 3.5  
NSC Memo, 1/30/95, State Dept. Guidelines  
By jc, NARA, Date 2-15-01

THE SECRETARY OF STATE  
WASHINGTON

72d

~~SECRET~~

May 23, 1968

Mr. President:

I am increasingly concerned, as I know you are, about the continuing delay in moving the Middle Eastern problem toward a more permanent solution. Israel seems to be saying that they will not discuss the substance of outstanding questions with Ambassador Jarring in the absence of face to face discussion with its Arab neighbors. Further, it has refused to act with restraint in Jerusalem and has not even made such a token gesture as withdrawal from the Saudi Arabian islands of Tiran and Senafir.

Israel's Arab neighbors, for their part, seem unwilling to talk seriously about the substance of a permanent settlement and are resting upon periodic propaganda exercises aimed at both Israel and the United States in such forums as the Security Council.

Meanwhile, the influence of the Soviet Union in such key countries as Egypt, Syria and Iraq continues to grow at the expense of our and other Western interests. You are familiar with the arms problem in the area and the refusal of the Soviet Union to discuss the matter seriously with us prior to Israeli withdrawal.

I have been trying to think of some way in which we could get this problem off of dead center — a situation filled with danger.

One possibility would be that we and the Soviet Union discuss this matter secretly and in complete detail — putting together a package which the two of us would then try to impose upon the countries of the area. I do not believe that this would work. I doubt that we and the Soviets could agree simply because their and our interests are in direct conflict. I doubt that the two

of us

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of us could impose a result upon the countries of the area. We failed to restrain Israel last June and there is serious question as to how far the Russians could go with, say, Egypt and Syria.

Another alternative, which appeals to me, is that we ourselves get into a more serious dialogue with both Israel and its Arab neighbors in an effort to find a basis for a settlement with which both sides could live. This would mean asking someone, very privately, to be in touch with both sides on your behalf on a more serious basis than we have yet attempted. There is some difficulty in having the same individual talk both to Israel and to the Arabs because such a person might be looked upon merely as a conduit to the other side and would not be treated with complete frankness. This suggests that we might ask two highly competent Americans to try to see what could be done — one talking with Israel and the other talking with the Arabs.

It seems to me that Arthur Goldberg would be a good person to carry on serious talks with Israel after he leaves his present UN post. I have reason to think that he would be willing to do so. He is a tough-minded man and a superb negotiator and would be trusted by Israel even though points of real disagreement may come up.

As for the Arabs, my mind turns to one of the following (in order of preference): David Rockefeller, Eugene Black, John McCloy and Robert Anderson. I would put Robert Anderson higher on the list except for his private interests in the area.

You might wish to give this idea some thought in order that I may discuss it with you at your convenience.

For your

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-3-

For your information I am attaching a summary which I asked Luke Battle to prepare of all of the suggestions which we have made to both sides in the Middle East. In thumbing through this, you will note that we have been very active in our efforts but that our advice thus far has been largely ignored by both sides. We have had some limited response here and there but the record indicates that both sides have been very stubborn up to this point.

*Dean Rusk*

Dean Rusk

~~SECRET~~

FROM WALT ROSTOW  
TO THE PRESIDENT  
CITE CAP81204

FRIDAY 72e  
MAY 31 PM 0 02

~~SECRET~~ NODIS

MAY 31, 1968

KING HUSSEIN IS AGAIN WORRIED BY RUMORS OF AN IMMINENT ISRAELI ATTEMPT TO SEIZE TERRITORY ON THE EAST BANK IN NORTHERN JORDAN FROM WHICH SOME TERRORISTS OPERATE. HE HAS ASKED AMBASSADOR SYMMES FOR A STATEMENT "FROM THE HIGHEST AUTHORITY IN USG" OF OUR PRESENT ATTITUDE TOWARD THE INDEPENDENCE AND TERRITORIAL INTEGRITY OF JORDAN.

WE DO NOT BELIEVE ISRAEL PLANS SUCH A MOVE, ALTHOUGH WE CAN NEVER RULE OUT AN ATTACK AGAINST TERRORIST BASES. WE DON'T KNOW WHY HUSSEIN IS BEING FED THESE RUMORS, BUT IT MAY BE AN EFFORT TO KEEP HIM UNEASY ABOUT TRYING TO DEAL WITH ISRAEL. OR IT MAY SIMPLY BE NORMAL OPERATION OF THE ARAB RUMOR MILL.

ALTHOUGH WE DO NOT BELIEVE THESE RUMORS, WE DO THINK IT WOULD BE A GOOD IDEA TO RESTATE ASSURANCES WE HAVE GIVEN HIM BEFORE AS A BACKGROUND FOR POSSIBLE NEGOTIATION WITH THE ISRAELIS. THIS, RATHER THAN CURRENT RUMORS, MAY BE WHAT IS REALLY ON HIS MIND IN MAKING THIS REQUEST, AND WE WANT HIM TO KNOW THAT OUR POSITION REMAINS AS WE DESCRIBED IT TO HIM LAST NOVEMBER.

THE ONE ELEMENT IN THIS MESSAGE THAT WOULD BE NEW IS OUR SAYING WE WOULD OPPOSE ANY ACQUISITION OF TERRITORY BEYOND PRESENT CEASE-FIRE LINES. WE HAVE NOT HAD TO FACE THAT, BUT I CANNOT BELIEVE EVEN THE ISRAELIS WOULD EXPECT US TO SIT BACK QUIETLY IF THEY TRIED TO TAKE NEW TERRITORY ACROSS THE JORDAN RIVER.

NICK KATZENBACK RECOMMENDS THAT AMBASSADOR SYMMES BE AUTHORIZED TO CONVEY URGENTLY THE FOLLOWING ORAL MESSAGE FROM YOU TO HUSSEIN:

"YOUR APPREHENSIONS CONCERNING FUTURE SANCTITY OF JORDANIAN TERRITORY HAVE BEEN BROUGHT TO MY ATTENTION. I WISH AGAIN TO ASSURE YOU, AS I DID IN MY LETTER OF FEBRUARY 11, THAT IT IS OUR POLICY AND OUR INTEREST TO CONTINUE OUR CLOSE RELATIONSHIP AND OUR SUPPORT OF THE HASHEMITE KINGDOM OF JORDAN. AS AMBASSADOR SYMMES HAS INDICATED TO YOU, WE HAVE MADE ABUNDANTLY CLEAR TO THE GOVERNMENT OF ISRAEL OUR POLICY TOWARD THE CONTINUED INDEPENDENCE AND INTEGRITY OF YOUR COUNTRY. FROM OUR TALKS LAST NOVEMBER, YOU KNOW OF OUR POSITION ON THE ULTIMATE DISPOSITION OF THE WEST BANK AND JERUSALEM. YOU SHOULD ALSO KNOW THAT WE WOULD STRONGLY OPPOSE ANY OCCUPATION OF TERRITORY BEYOND THE PRESENT CEASE-FIRE LINES. I RECOGNIZE THAT YOUR MAJESTY HAS SOUGHT TO PREVENT USE OF JORDANIAN TERRITORY TO MOUNT ACTS OF VIOLENCE ACROSS THE CEASE-FIRE LINE AND URGE THAT CONTINUED EFFORTS BE MADE TO PREVENT THESE ACTIONS WHICH PROMOTE INSTABILITY AND ARE AN IMPEDIMENT TO PROGRESS TOWARD PEACE. I WISH ALSO TO ASSURE YOU THAT WE ARE CONTINUING OUR EFFORTS TO BRING ABOUT A JUST SETTLEMENT IN THE NEAR EAST WHICH IS, AFTER ALL, THE ONLY SOLUTION TO THE PROBLEM ABOUT WHICH WE ARE BOTH CONCERNED."

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E.O. 12958, Sec. 3.6  
NJ 01-116  
By sj, NARA Date 7-27-01

*See D*

~~SECRET~~--MARIA THREE

Monday, June 3, 1968 - 7:00 p. m.

Mr. President:

*Pres file*

This conversation in Hanoi with the French delegation may foreshadow what we may soon confront, if the new Politburo member, now going to Paris, pushes the talks towards a Southern settlement. He is, incidentally, a man long associated with the Communist effort in the South.

Briefly:

-- The NLF is creating a special new front -- the Alliance of National, Democratic and Peace Forces -- a wholly owned subsidiary.

-- The NLF might let the Alliance be its negotiating agent -- with the Americans, as suggested here -- as with the GVN, since it would involve less loss of face for Hanoi than having NLF talks, and vice versa for Thieu.

-- In any case, it may foreshadow a negotiating push for getting rid of Thieu and forming a "provisional government" to manage elections, etc.

I have a feeling they may have sent the new high level man to Paris to bypass the bombing cessation issue and sound us out on how hard or soft we are on a political settlement in the South.

I could, of course, easily be wrong.

W. W. Rostow

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NSC Memo, 1/30/95, State Dept. Guidelines  
By *g/rq*, NARA, Date 2-26-01

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INFORMATION

Monday, June 3, 1968 - 2:00 pm

MR. PRESIDENT:

*Pres. file*

Italy is entering a period of political instability. The problem stems from the elections. The Christian Democrats strengthened their position, but their major partner in the center-left coalition government, the Socialists, took a severe beating.

The Socialists decided not to participate in a new coalition government and have announced they will hold a party congress this fall. It is expected they will decide to re-enter the government after the congress.

The Christian Democrats will therefore have to operate as a minority government for the next several months. The Socialists are expected to cooperate by supporting the Christian Democrats in the Parliament. More is not likely to stay on as Prime Minister during this period.

Leaders of both the Christian Democrat and Socialist parties are aware of rising social discontent, exemplified by recent student riots in Rome. The example of France may pressure them toward prompt rebuilding of their coalition despite the Socialist announcement. Intensive consultations are already underway between individual party leaders in preparation for the June 5 meeting of the new Parliament.

W. W. Rostow

MWG:mmm

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INFORMATION

Monday - June 3, 1968

MEMORANDUM FOR THE PRESIDENT

*Pres file*

SUBJECT: Visit of Costa Rican President Trejos -- June 4-5, 1968

The visit of President Trejos gives you the opportunity to stress democracy and development under the Alliance for Progress. Costa Rica gets high marks on both. It has one of the longest traditions of stable, democratic government in the hemisphere. It also has a good record of meeting Alliance goals in education, health, agriculture and industry.

Your participation in the visit is limited to the welcoming ceremony, a half hour office visit and a state dinner -- all on Tuesday, June 4. The welcoming statement and toast, which were sent to you at the Ranch, are designed to give maximum emphasis to the democracy and development themes.

On the official call, there are no outstanding issues in our relations which require decision at the Presidential level. [redacted]

3.4(b)(1)

[redacted] President Trejos is not likely to raise bilateral issues, leaving that for his accompanying Ministers to discuss with State and AID. I attach a memorandum from Under Secretary Katzenbach with talking points (Tab A) which you might use in your conversations with President Trejos. You will want to mention his consistent support on Vietnam.

There is one point not covered in the Katzenbach memorandum which President Trejos is likely to mention: his pet project of a highway from San Jose to the Caribbean port of Limon and modern port facilities. He regards this as the single most important contribution to Costa Rican development at this stage. The World Bank and the Central American Bank are interested in financing the project. What remains is to work out the details. If he raises the subject, I recommend you tell him you know about the project, and agree on its importance.

Our record of assistance to Costa Rica is good. It has received \$188.7 million under the Alliance in loans and technical assistance. For FY 1969,

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E.O. 12958, Sec. 3.6  
NLJ 01-117  
By SJ, NARA, Date 12/3/01

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another \$6.7 million is earmarked, subject to Congressional action on the AID Bill and Costa Rican self-help measures.

W. W. Rostow

Attachment

Tab A - Katzenbach memorandum and talking points, May 31.

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DEPARTMENT OF STATE

Washington, D.C. 20520

75a

May 31, 1968

MEMORANDUM FOR THE PRESIDENT

Subject: Your Meeting with President Trejos of  
Costa Rica, Tuesday, June 4, at 12:30 p.m.

President Trejos

You first met President Trejos at Punta del Este last year. This is his first visit to the United States as President of his country. A leading educator in Costa Rica, Trejos studied graduate mathematics at the University of Chicago about twenty years ago. In 1957, he returned to the United States as a guest of the State Department. In addition to an official party that includes several cabinet ministers, he is accompanied by his wife, Clara, and by Juan Jose, the second eldest of his five sons. After completing their two-day visit to Washington, they will return to Miami via San Antonio, where Governor Connally will host a luncheon and the party will tour HemisFair '68. The trip to HemisFair should serve to increase U.S. public awareness in Central America and Costa Rica for purposes of trade and tourism.

What Costa Rica Wants

The principal Costa Rican objective will be a successful visit that increases the international prestige of Costa Rica, and that enhances domestically the image of the Trejos Administration. The coalition parties that support Trejos are preparing to run in the February, 1970, elections against former President Jose Figueres, whose party controls the strong legislature. (President Trejos will not be eligible to run in 1970, nor does he especially like politics.)

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Downgraded at 12-year intervals;  
not automatically declassified.

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E.O. 12958, Sec. 3.5  
State Dept. Guidelines  
By jc, NARA, Date 2-15-01

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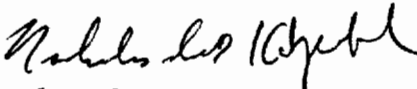
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What We Want

Costa Rica is heavily dependent upon us economically and supports our foreign policy. Our objective in this visit is to extend a strong welcome to a valuable Central American friend well known throughout Latin America for its democratic traditions and for its lack of a military establishment.

President Trejos will probably not bring up specific bilateral matters; the ministers accompanying him plan to do that at the appropriate levels and agencies. Rather, he is expected to concentrate on broad policy questions, such as Alliance for Progress developments since the Punta del Este meeting, U.S. trade policy toward underdeveloped countries, and the financial and personnel burdens placed on small countries by the proliferation of international organizations and activities. Suggested talking points are at Tab A.

President Trejos may be somewhat uncertain of his English and an interpreter will be standing by, as will Assistant Secretary Oliver and Country Director Burrows.

  
Under Secretary

Enclosures:

- Tab A - Talking points.
- Tab B - Press guidance.

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TALKING PAPER FOR YOUR MEETING  
WITH PRESIDENT TREJOS OF COSTA RICA  
June 4, 1968

TALKING POINTS

Presidential Opener

- I am happy you could accept my invitation to Washington. Your visit will help in following up on the commitments we made together at Punta del Este last year.
- Thank you for your constructive reply to the message I sent during Pan American Week to mark the first anniversary of the Punta del Este Meeting. (President Trejos' reply was very optimistic on the future development of Latin America and included the statement that an auspicious beginning has been made.)
- I am grateful for your consistent support on Viet-Nam. (Most recently, President Trejos published in Costa Rica his message of congratulations to you on your March 31 speech. You acknowledged receipt of his message by telegram.)
- I appreciate your generous remarks about U.S. assistance in your May 1 State of the Nation address to the Costa Rican Legislative Assembly.

Costa Rica and Central America

- I hope Costa Rica will continue to play a progressive role in the physical and economic integration of Central America.

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E.O. 12958, Sec. 3.5  
State Dept. Guidelines  
By jc, NARA, Date 2-15-01

Topics President Trejos May Raise

U.S. Trade Policy

(President Trejos may mention his serious concern that the U.S. might place quotas or other restrictions on such products as meat and textiles, at a time when Costa Rica is beginning to export these products to the United States in an effort to diversify away from coffee. He may also say that some kind of guaranteed market for diversification products is the only answer to the coffee problem.)

You May Want to Say

- As I have just reaffirmed in my May 28 message to the Congress on trade legislation, my Administration is strongly opposed to trade restrictions and protectionism. For 33 years, it has been the policy of the U.S. to lower the barriers to world trade.
  
- The U.S. is fully aware of its responsibilities to the developing countries of the world. We and the other industrialized nations agreed at UNCTAD II to work for the early establishment of a system of generalized preferences for all developing countries. There are many difficult questions to resolve, however, and legislation will be required. A majority in Congress favoring such preferences will be difficult to obtain.

The Growing Number of International Organizations and Agencies

(President Trejos may mention that the proliferation of international organizations and activities places serious financial and personnel strains on small countries.)

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- 3 -

You May Want to Say

- The U.S. shares Costa Rica's concern over the increasing burden of international and inter-American organizations. We have long believed that existing agencies, facilities and staff be used to perform new activities whenever possible.

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75c

VISIT OF PRESIDENT JOSE JOAQUIN  
TREJOS FERNANDEZ OF COSTA RICA

June 1968

PRESS GUIDANCE PAPER

The Presidents might refer to their meeting giving them a chance to renew acquaintanceship arising from the Punta del Este Summit Meeting in April 1967.

The Presidents might indicate they exchanged views on various broad hemispheric issues. These could include developments in the Alliance for Progress since the Punta del Este reunion, their views on the development and problems concerning the Central American Common Market, and a re-statement of the objectives of the 1967 Punta del Este meeting, including physical integration of the Americas.

The Presidents could refer specifically to their discussions on the continuing development of Costa Rican democracy and also to President Trejos' plans to further the economic development of his country.

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FROM WALT ROSTOW  
TO THE PRESIDENT  
CITE CAPS1232

DECLASSIFIED  
E.O. 12356, Sec. 3.4  
NEJ 94-193  
By 48, NARA, Date 8-15-94

Presfile  
MONDAY  
'68 JUN 5 AM 10:23

~~CONFIDENTIAL~~

JUNE 3, 1968

HERewith GEORGE MCGHEE'S FINAL REPORT ON GERMANY.

1. KIESINGER. IN MY LAST MEETING WITH CHANCELLOR KIESINGER, HE ASKED ME TO CONVEY TO YOU HIS WARM GREETINGS AND TO ASSURE YOU THAT HE STILL FELT AS HE HAD EXPRESSED HIMSELF TO YOU IN WASHINGTON LAST AUGUST. AS HE WROTE YOU, HE CONSIDERS YOUR DECISION NOT TO SEEK A NEW TERM AS AN UNSELFISH ACT OF THE HIGHEST ORDER OF STATESMANSHIP. IN MY CONVERSATION WITH HIM, IT DEVELOPED THAT HIS IMMEDIATE CONCERNS ARE WITH THE CURRENT SITUATION IN FRANCE, BOTH FROM THE STANDPOINT OF ITS EFFECT ON FRANCE AS A MEMBER OF THE EUROPEAN COMMUNITY AND INSOFAR AS IT MAY INDUCE UNFAVORABLE REACTIONS IN GERMANY. HE IS ALSO CONCERNED ABOUT THE INCREASE OF THE NPD VOTE TO TEN PER CENT IN THE RECENT BADEN WURTEMBERG ELECTIONS, AND THE ADVERSE EFFECT ON THE STABILITY OF THE SPD AS A COALITION PARTNER RESULTING FROM ITS CORRESPONDING EIGHT PER CENT LOSS.

2. PRESENT INTERNAL SITUATION. DESPITE THE NPD INCREASE AND CONTINUED STUDENT UNREST THE INTERNAL SITUATION IN GERMANY REMAINS RELATIVELY STABLE, PARTICULARLY IN COMPARISON WITH THAT IN FRANCE AND EVEN ENGLAND. THE POLITICAL STORM OVER THE EMERGENCY LAW SHOULD RECEDE ONCE THE LAW IS PASSED. THE GROUND COALITION, ALTHOUGH SQUEAKY, IS UNDERSTOOD BY ALL TO BE THE ONLY VIABLE GOVERNMENT AVAILABLE AND WILL CONTINUE AT LEAST UNTIL 1969. STUDENT UNREST, ALTHOUGH TROUBLESOME, HAS NOT RESULTED -- AND SHOULD NOT -- IN A THREAT TO THE GOVERNMENT AS IN FRANCE. THE GREATER THREAT IS THAT IT MAY PRODUCE A RIGHT WING REACTION. MOST IMPORTANT, THE WORKERS HAVE REFUSED A LINKAGE OF THEIR OBJECTIVES WITH THOSE OF THE STUDENTS, AND THE LABOR UNIONS REMAIN CONSERVATIVE AND STABLE AND DO NOT THREATEN STRIKES. THE GERMAN ECONOMY IS MOVING FORWARD SATISFACTORILY AT A RATE OF FIVE PER CENT ANNUAL INCREASE IN GNP, AND UNEMPLOYMENT HAS BEEN REDUCED TO MANAGEABLE PROPORTIONS. GERMANY HAS FOUND ITSELF, INCREASINGLY, AS A PIVOTAL COUNTRY IN EUROPEAN AND WORLD DECISIONS -- SUCH AS MONETARY REFORM, KR ACCELERATION, AND BRITISH ENTRY. THERE IS, HOWEVER, AN UNDERLYING APPREHENSION LARGELY ARISING FROM UNCERTAINTIES IN THE GENERAL WORLD SITUATION.

3. U.S./GERMAN RELATIONS. U.S./GERMAN RELATIONS ARE ON THE WHOLE QUITE SATISFACTORY. ALTHOUGH THERE IS A STRONG ANTI-VIET-NAM SENTIMENT AMONG THE YOUTH, THIS HAS NOT RESULTED IN ANY APPRECIABLE OVERALL ANTI-AMERICANISM. WE STILL HAVE A RESERVOIR OF GOOD WILL AMONG THE GERMAN PEOPLE AND STRONG SUPPORT AMONG GOVERNMENT AND PARTY LEADERS. GERMANY, BEING A COUNTRY IN UNSTABLE INTERNATIONAL EQUILIBRIUM, MUST "LEAN" ON OTHER COUNTRIES. WITH INCREASING EVIDENCE OF FRENCH INTERNAL WEAKNESS, THERE SHOULD BE A TENDENCY TO SHIFT TOWARD GREATER DEPENDENCE ON THE U.S. -- PARTICULARLY THE AMERICAN SECURITY GUARANTEE AND THE CONTINUED HIGH LEVEL OF U. S. FORCES IN GERMANY. THE CREATION OF A POPULAR FRONT GOVERNMENT IN FRANCE WOULD PRODUCE A FEELING OF "ENCIRCLEMENT" IN GERMANY, WHICH WOULD REQUIRE SPECIAL REASSURANCES FROM US. AT THE SAME TIME KIESINGER WILL CONTINUE TO SHOW THAT HE IS CAPABLE OF PURSUING AN INDEPENDENT POLICY, WHICH FIRST TAKES INTO ACCOUNT GERMAN INTERESTS. HE WILL CONTINUE TO SEEK GREATER FREEDOM FOR MANEUVER IN THE FACE OF RAPIDLY CHANGING CIRCUMSTANCES. HE WILL CONTINUE, IN A PRAGMATIC WAY BUT WITH LITTLE HOPE OF A REAL BREAKTHROUGH, THE PRESS FOR PROGRESS IN GERMAN EASTERN POLICY.

4. CURRENT PROBLEMS. (A) NPT. THE GERMANS ARE RELUCTANTLY DRAWN ALONG BY THE COURSE OF EVENTS TOWARD THE SIGNING OF THE NPT. I AM CONVINCED, PARTICULARLY AS A RESULT OF MY LAST DISCUSSION WITH THE CDU LEADER, KURT BIRRENBACH, THAT THEY WILL SIGN -- IF A LARGE MAJORITY OF THE OTHER IMPORTANT NATIONS OF THE WORLD DO, THEY WILL, HOWEVER, WISH TO WAIT UNTIL AFTER THE U.S. SENATE FOREIGN RELATIONS COMMITTEE HEARINGS AND WILL BE INFLUENCED BY THE FIRMLINESS OF U.S. INTERPRETATIONS OF AMBIGUITIES IN THE TREATY AND SOVIET REACTIONS.

(B) OFFSET. WE ARE IN THE FINAL STAGE IN THE NEGOTIATIONS FOR AN OFFSET AGREEMENT FOR THE NEXT FISCAL YEAR. IN MY JUDGMENT, THE 250 MILLION DOLLAR DIFFERENCE REMAINING BETWEEN US CAN ONLY BE SETTLED BY A "SPLITTING OF THE DIFFERENCE" APPROACH -- INVOLVING CONCESSIONS BY BOTH SIDES. IN MY LAST MEETING WITH HIM, I URGED KIESINGER THAT THE GERMANS BETTER THEIR CURRENT OFFER.

(C) TROOP LEVELS. THE GERMANS REMAIN SENSITIVE TO POSSIBLE FURTHER DECREASES IN U. S. TROOP LEVELS. REDUCTIONS BEYOND THE LIMITED DEPLOYMENT NOW UNDER WAY SHOULD BE AVOIDED IF AT ALL POSSIBLE -- AND ASSURANCES TO THIS EFFECT GIVEN -- ALTHOUGH THIS NEED NOT PRECLUDE SAVINGS IN "NON-COMBAT" ACTIVITIES.

5. FUTURE U. S. APPROACH. WE SHOULD CONTINUE TO MAINTAIN AND STRENGTHEN OUR TIES WITH GERMANY AS PERHAPS THE MOST STABLE AND POTENTIALLY INFLUENTIAL FREE WORLD COUNTRY, THROUGH FULL AND EARLY CONSULTATION -- AS AN EQUAL. WE SHOULD BE ALERT TO AND REASSURING IN REGARD TO WELL-KNOWN GERMAN SENSITIVITIES.

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NJ 92-383  
By 10, NARA, Date 8-12-93

*Pres file*  
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~~SECRET~~

FROM WALT ROSTOW  
TO THE PRESIDENT  
CITE CAPS1231

~~SECRET~~

JUNE 3, 1968

AS YOU KNOW, ELLSWORTH BUNKER HAS WARNED US RATHER SOLEMNLY OF THE EFFECTS ON SOUTH VIETNAMESE MORALE OF CONTINUED ATTACKS ON SAIGON WHILE WE LEAVE HANOI-HAIPHONG UNMOLESTED. ATTACHED IS:

1. A PASSAGE FROM A PERSONAL LETTER TO ME FROM BOB KOMER IN THE SAME VEIN; AND
  2. A MEMORANDUM TO YOU FROM GENERAL TAYLOR.
- THE ISSUE IS LIKELY TO BECOME, AT LEAST TEMPORARILY, MORE ACUTE WITH THE BAD ACCIDENT WITH THE U.S. ROCKET IN SAIGON YESTERDAY.

THE INDICATIONS ARE, HOWEVER, THAT THE ENEMY FEELS HE HAS STRUCK PAYDIRT IN THE HARASSMENT OF SAIGON; AND INTELLIGENCE SUGGESTS FURTHER ATTACKS IN THE DAYS AHEAD.

AS I SEE THEM, OUR CHOICES ARE:

- DO NOTHING;
- GO BACK TO THE 20TH PARALLEL WHICH WILL HELP A LITTLE BUT NOT BE A SERIOUS REPLY TO THE HARASSMENT OF SAIGON;
- AFTER WARNING THE ENEMY, ESTABLISH A TIT-FOR-TAT POLICY TOWARDS HANOI-HAIPHONG, CONDUCTING RAIDS NOT ON A REGULAR BASIS BUT AS DIRECT RESPONSE TO ATTACKS ON SAIGON;
- GO BACK TO HANOI-HAIPHONG ON A REGULAR BASIS.

NO ONE CAN PREDICT WHETHER THE ENEMY WILL BREAK UP THE TALKS ON THIS BASIS. HE MIGHT SUSPEND THEM WHILE WE WERE ATTACKING HANOI -- OR HE MIGHT NOT. I HAVE NO RECOMMENDATION AT THIS TIME; BUT I DO NOT THINK WE SHOULD SIMPLY IGNORE THE WARNINGS COMING TO US FROM SAIGON.

WRS

AT THE MINIMUM, WE MAY WISH TO HAVE WESTMORELAND'S ASSESSMENT WHILE HE IS HERE, INCLUDING THE POSSIBILITY OF MEASURES WHICH WOULD CUT DOWN THE POSSIBILITY OF ENEMY PENETRATION OF SAIGON.

I HAVE NOTED YOUR MESSAGE ABOUT SAIGON IN RELATION TO TOMORROW'S GLASSBORO SPEECH. I DOUBT THAT WE SHOULD PUBLICLY WARN THE ENEMY ABOUT SAIGON ATTACKS UNLESS WE HAVE DECIDED ACTUALLY TO MOVE IN RETALIATION; BUT I SHALL DISCUSS THE MATTER WITH SECRETARIES RUSK AND CLIFFORD TODAY.

QUOTE

I FEAR THAT CONTINUED ENEMY HARRASSMENT AND PENETRATION OF THE CITIES WILL SOON BEGIN ERODING SVN WILL TO FIGHT IF WE CAN'T STOP SUCH TERROR ATTACKS. IT WILL EAT AWAY AT THE WILL OF THE URBAN 40 PERCENT OF SVN'S POPULATION WHO ARE THE REAL BULWARK OF THE GVN. IT WILL ALSO LEAD TO A WIDENING GULF BETWEEN AMERICANS AND VIETNAMESE, AS THE LATTER ASK INSISTENTLY WHY WE ARE NOT BOMBING HANOI WHEN IT IS ATTACKING SAIGON. THUS OUR SHOWING RESTRAINT AT THE VERY TIME HANOI HAS EVOLVED A NEW FORM OF ESCALATION WILL GREATLY COMPOUND OUR PROBLEM OUT HERE.

HOW CAN WE MINIMIZE THIS IMBALANCE WITHOUT SACRIFICING THE NEGOTIATING TRACK? IS THERE NO WAY IN WHICH WE COULD HOLD THEIR CITIES HOSTAGE FOR OURS? WHY COULDN'T WE TELL HANOI'S NEGOTIATORS PRIVATELY THAT IF THE VC/NVA ATTACK SAIGON AGAIN WE WILL ATTACK HANOI? OR THAT IF THEY ATTACK DANANG, WE WILL STRIKE HAIPHONG? WE WOULDN'T PUBLICLY INSIST ON RECIPROCITY, BUT SIMPLY SAY PRIVATELY THAT WE WOULD EXERCISE IT. IF THEY BROKE OFF THE TALKS ON THIS BASIS, OUR CASE WOULD SEEM STRONG TO ME. ALTERNATIVELY, IF WE GO TO A COMPLETE BOMBING CESSATION, IT REALLY OUGHT TO BE TIED TO SOME SUCH UNILATERAL DECLARATION THAT FURTHER ATTACKS ON OUR CITIES WOULD LEAD TO RENEWED BOMBING OF THEIRS.

JUST FORGET THIS IDEA IF I HAVE THOUGHT ABOUT THE UNTHINKABLE. BUT IF WE CAN SOMEHOW FORCE HANOI TO ABANDON ITS ATTACKS ON CITIES IN RETURN FOR U.S. RESTRAINT, I THINK WE STILL HAVE AN EXCELLENT CHANCE TO SO CHEW UP HIS STRENGTH (AND INCREASE ARVN/GVN STRENGTH) AS TO FORCE A FAVORABLE SETTLEMENT.

END QUOTE

[2]

MAY 31, 1968

MR. PRESIDENT:

I FIND MYSELF AGAIN APPLAUDING THE VIEWS OF AMBASSADOR BUNKER (SAIGON 25566 MAY 29) ON THE NEED FOR RENEWED BOMBING OF NORTH VIETNAM AND OF LINKING TO THE INCREASING ACTS OF TERROR IN THE SOUTH, PARTICULARLY THOSE DIRECTED AT THE URBAN POPULATIONS. I HAVE LONG BEEN A PROPONENT OF RELATING THE BOMBING OF THE NORTH VIETNAMESE HOMELAND TO THE ACTS OF TERROR, SABOTAGE AND VIOLENCE COMMITTED AGAINST THE HOMELAND OF THE SOUTH VIETNAMESE. IT IS ENTIRELY FEASIBLE TO MEASURE THE RISE AND FLOW OF SUCH ACTS SINCE THEY ARE RECORDED, DEMONSTRABLE FACTS AND TO ADJUST THE INTENSITY OF OUR BOMBING TO THEIR FLUCTUATION. ON THE OTHER HAND, TO REGULATE OUR BOMBING BY THE UPS AND DOWNS OF INFILTRATION AS HAS BEEN OFTEN SUGGESTED, IS NOT FEASIBLE SINCE THE FACTS ARE ONLY PARTIALLY KNOWN AND OFTEN THE EVIDENCE CANNOT BE USED IN PUBLIC TO JUSTIFY TAKING ACTION ON IT.

THERE ARE FOUR PRACTICAL WAYS TO REGULATE OUR BOMBING-- ACCORDING TO THE WEIGHT OF BOMBS DROPPED, THE NUMBERS OF SORTIES FLOWN, THE LOCATION OF TARGETS ATTACKED AND THE KIND OF TARGETS ATTACKED. WE CAN INDICATE RESTRAINT OR ESCALATION BY VARYING ANY ONE OR ALL OF THE FOUR REGULATORS. RIGHT NOW WE ARE NEITHER CONSISTENT NOR EFFECTIVE IN OUR ACTIONS BECAUSE WE ARE SIGNALLING RESTRAINT BY LIMITING THE AREA ATTACKED WHILE INTENSIFYING THE ATTACKS IN THE AREA OPEN TO OUR BOMBING. I THINK WE SHOULD TRY A NEW APPROACH IN LINE WITH AMBASSADOR BUNKER'S COMMENTS.

MY PROPOSAL WOULD BE FIRST TO LAUNCH THE PUBLIC CAMPAIGN WHICH WE NEED SO BADLY SETTING FORTH SPECIFIC EXAMPLES THE TREMENDOUS EFFORTS OF THE ENEMY TO ESCALATE THE WAR IN SOUTH VIETNAM. THEN, ON THE OCCASION OF THE NEXT SPECTACULAR ACT OF VIOLENCE OR ESCALATION BY THE ENEMY (PERHAPS THE INITIATION OF THE EXPECTED OFFENSIVE IN THE HIGHLANDS), WE SHOULD ANNOUNCE THE LIFTING OF ALL TERRITORIAL RESTRAINTS ON OUR BOMBING AND OUR INTENTION TO ADJUST IT HENCEFORTH TO THE SCALE OF WAR IN THE SOUTH AND THE BEHAVIOR OF THE ENEMY. I THINK THAT NUMBERS OF SORTIES FLOWN WOULD BE THE EASIEST AND MOST FLEXIBLE MEASURE OF OUR LEVEL OF EFFORT FOR PUBLIC USE BUT TO BE MORE EFFECTIVE, WE SHOULD ELIMINATE TERRITORIAL RESTRICTIONS AND GO FOR THE MOST REMUNERATIVE TARGETS WHEREVER FOUND OUTSIDE IMMEDIATE URBAN AREAS. (IN THIS LATTER LIMITATION, I DIFFER WITH BUNKER WHO APPARENTLY FAVORS ATTACKS ON ENEMY POPULATION IN RETALIATION FOR URBAN LOSSES IN THE SOUTH.) TONNAGES OF BOMBS DROPPED SHOULD BE CONTROLLED ENTIRELY BY THE MILITARY REQUIREMENTS OF THE TARGETS STRUCK. BUT IN ALL

[3]

PRESERV. COPY

CASES, IT IS IMPORTANT THAT WE GIVE NO CONTRADICTIONARY SIGNALS AS WE ADJUST THE FOUR REGULATORS MENTIONED ABOVE. THERE SHOULD BE NO DOUBT IN THE ENEMY'S MIND WHETHER OUR BOMBING EFFORT IS GOING UP, DOWN OR LEVELING OFF AND WE SHOULD MAKE CLEAR IN OUR PUBLIC STATEMENTS HOW OUR ACTIONS RELATE TO ENEMY CONDUCT IN THE SOUTH. ONLY IN SOME SUCH WAY AS THIS, CAN WE KEEP THE TALK-FIGHT GAME HONEST.

IN SUMMARY, LET ME LIST THE PROS AND CONS OF THE CHANGE IN BOMBING POLICY WHICH I AM RECOMMENDING HERE. ON THE PRO SIDE, IT WILL TEND TO CONVINCHE HANOI THAT WE ARE NOT PRISONERS OF PROPAGANDA OR OF PUBLIC OPINION AND THAT WE ARE PREPARED TO SLUG IT OUT WITH THEM ON THE TALK-FIGHT FRONT UNTIL THEY ARE FORCED OFF THAT STRATEGY AS THEY WERE OBLIGED IN JANUARY TO GIVE UP THE STRATEGY OF THE PROLONGED CONFLICT. LINKING OUR BOMBING WITH ENEMY TERROR AND VIOLENCE SHOULD CONTRIBUTE TO MITIGATION THE SUFFERING OF THE CIVILIAN POPULATION OF SOUTH VIETNAM AND WILL HELP THE GOVERNMENT IN RESISTING THE EFFORTS OF THE VC TO DESTROY THE CONFIDENCE OF THE PEOPLE IN IT. IT WILL GIVE MAXIMUM SUPPORT TO OUR FIGHTING MEN AND TURN ASIDE THE CHARGE THAT WE ARE FIGHTING WITH ONLY ONE HAND. IT IS DEFENSIBLE BEFORE THE WORLD AS A MEASURE TO TAKE THE TERRORIST PRESSURE OFF THE CIVILIAN POPULATION OF SOUTH VIETNAM AND AS A PRACTICAL DEVICE FOR FLEXIBLE CONSTRAINT DIRECTLY RELATED TO THE BEHAVIOR OF THE ENEMY. IT HAS A BUILT-IN RECIPROCITY WHICH HANOI CANNOT ESCAPE REGARDLESS OF THEIR REFUSALS TO COOPERATE. IT CAN BE FAIRLY DESCRIBED AS A MEANS TO DE-ESCALATE WITHOUT ANY PUBLIC RETREAT BY EITHER SIDE TO AS LOW A LEVEL OF HOSTILITIES AS BOTH PARTIES FEEL MUTUALLY ADVANTAGEOUS.

ON THE NEGATIVE SIDE, THERE IS THE PROBABLE EFFECTIVENESS OF THE ENEMY COUNTER-PROPAGANDA, THE DANGER OF A DOWN-TURN IN U.S. POPULARITY ABOUT THE WORLD, THE POSSIBLE LOSS OF DEBATING POINTS IN PARIS, AND THE POSSIBILITY OF A BREAK-OFF IN THE NEGOTIATIONS. THESE OBJECTIVES DO NOT IMPRESS ME BECAUSE I BELIEVE WITH THE COMMUNIST COMMENTATOR IN BUNKER'S CABLE, THAT DEBATING POINTS ARE NOT REAL CURRENCY BUT THAT THE PAY-OFF IN HARD COIN WILL BE IN VIETNAM.

M.D.T.

DTG: 03/1257Z JUN 68

[4]

~~SECRET~~

HARRIMAN

1968 JUN 3 17 38

1968 JUN 3 11:30 AM

MONDAY

EEA583  
OO WTE19  
DE WTE 2158

FROM WALT ROSTOW  
TO THE PRESIDENT  
CITE CAPS1241

*Profile*

~~SECRET~~ HARRIMAN

JUNE 3, 1968

HEREWITH HARRIMAN RECOMMENDS THAT WE POSTPONE CONSIDERATION OF BOMBING BETWEEN 19TH AND 20TH PARALLELS UNTIL WE SEE WHAT THE HANOI POLITBURO MAN LE DUC THO BRINGS WITH HIM AT WEDNESDAY'S MEETING.

1. IN LIGHT OF LE DUC THO'S ARRIVAL IN PARIS TODAY WE RECOMMEND THAT CONSIDERATIONS OF BOMBING BETWEEN 19 DEGREES AND 20 DEGREES BE DEFERRED.
2. ALTHOUGH WE, OF COURSE, DO NOT KNOW WHAT INSTRUCTIONS THO MAY BE BRINGING, THERE IS POSSIBILITY THAT BECAUSE OF HIS POSITION, MORE FLEXIBILITY MAY BE INTRODUCED INTO OUR DISCUSSIONS, INCLUDING POSSIBILITY OF PRIVATE CONVERSATIONS.
3. IN THESE CIRCUMSTANCES, BOMBING BETWEEN 19 AND 20 DEGREES MIGHT THWART THESE POSSIBILITIES AND THEREFORE IT WOULD BE WELL TO TEST THE WATER.

~~SECRET~~

HARRIMAN

DTG 331712Z JUN 68

DECLASSIFIED  
E.O. 12958, Sec. 3.5  
NSC Memo, 1/30/95, State Dept. Guidelines  
By pc, NARA, Date 2-15-01

EEA521  
OO WTE19  
DE WTE 2137

1968 JUN 3 17 25

*Pres file*  
1968 JUN 3 PM 1:28  
MONDAY  
79

FROM W.W. ROSTOV  
TO JIM JONES  
CITE VN31240

UNCLAS

JUNE 3, 1968

SUBJECT: SCENARIO FOR IDB BILL-SIGNING CEREMONY.

THIS IS OUR SUGGESTED SCENARIO. I WOULD APPRECIATE YOUR CHECKING IT WITH THE PRESIDENT AND LETTING ME KNOW WHETHER WE CAN PROCEED ACCORDINGLY.

SCENARIO

FOR

IDB BILL SIGNING CEREMONY

EAST ROOM - TUESDAY, JUNE 4, 1:00 P.M.

1. THE PRESIDENT AND PRESIDENT TREJOS ENTER EAST ROOM. (SOCIAL AIDE ANNOUNCES BOTH.)
2. PRESIDENT TREJOS TAKES SEAT TO THE RIGHT OF THE PODIUM.
3. THE PRESIDENT GOES TO THE PODIUM AND MAKES STATEMENT.
4. THE PRESIDENT GOES TO THE TABLE AND SIGNS THE IDB BILL.

THOSE WITNESSING THE SIGNING WILL BE:

PRESIDENT TREJOS - SEATED AT THE TABLE WITH THE PRESIDENT.  
SECRETARY FOWLER - STANDING BEHIND THE PRESIDENT.  
OAS SECRETARY GENERAL PLAZA - " " " "  
IDB PRESIDENT HERRERA - " " " "  
CIAP CHAIRMAN SANZ - " " " "  
CONGRESSIONAL LEADERS - " " " "

5. IDB PRESIDENT HERRERA MAKES REMARKS THANKING THE PRESIDENT.
6. THE PRESIDENT AND PRESIDENT TREJOS LEAVE THE EAST ROOM.

NOTE: TWO EXHIBITS WILL BE MOUNTED FLANKING THE PODIUM. TO THE RIGHT WILL BE CHARTS SHOWING HOW RESOURCES AND LOANS OF THE BANK HAVE GREATLY INCREASED IN THE LBJ YEARS. TO THE LEFT WILL BE PANELS OF PHOTOS OF BANK ACTIVITY IN COSTA RICA AND CENTRAL AMERICA.

DTG: 03/1626Z JUN 68

XEROX FROM QUICK COPY

1968 JUN 15 17

60 JUN 11:23 AM  
EXDIS

MONDAY 80

ZEA576  
OO WTE13  
EE WTE 2151

FROM WALT BOSTON  
TO THE PRESIDENT  
CITE CAP31235

~~SECRET~~ EXDIS

MONDAY, JUNE 3, 1968

*Pres file*

3.4(b)(1)

REGARDING THE CABLE FROM SAIGON ON THE POSSIBLE ATTEMPT

[REDACTED]

THE MARINE COMMANDANT'S OFFICE INFORMS ME THAT WHEN GENERAL CUSHMAN RECEIVED THIS INFORMATION AT 3RD MAF HEADQUARTERS, DANANG, HE IMMEDIATELY CALLED IN HIS INTELLIGENCE CHIEF TO HAVE HIM DO A THOROUGH CHECK OF THE INFORMATION. HE ALSO CALLED IN [REDACTED]

3.4(b)(1)

[REDACTED] GENERAL CUSHMAN TOLD HIM THAT HE SHOULD BE EXTREMELY CAREFUL, TAKE NO UNNECESSARY RISKS, AND STAY ALERT.

CIA HAS ALSO SEEN THE REPORT AND IS ATTEMPTING TO CHECK IT THROUGH ITS RESOURCES. THUS FAR, THEY HAVE NO INFORMATION.

THE COMMANDANT'S OFFICE PLANS TO CALL GENERAL CUSHMAN SOME TIME TONIGHT (DURING DAYLIGHT HOURS IN VIETNAM) TO SEE IF THERE IS ANY FURTHER INFORMATION.

DTS 931453Z JUNE 1968

SANITIZED  
E.O. 12958, Sec. 3.6  
NLJ/RAL 01-87  
By Sj, NARA, Date 1-30-02

~~SECRET~~  
EXDIS

~~SECRET~~  
~~SECRET~~

81

VZCZEEBA575  
OO WTE13  
DE WTE 2109

1968 JUN 3 15 15

68 JUN 3 AM 11:21

MONDAY

FROM WALT BOSTON  
TO THE PRESIDENT  
CITE CAP91233

~~SECRET~~ SENSITIVE

JUNE 3, 1968

HERewith THE REPORT ABOUT WHICH WE TALKED ON THE TELEPHONE  
THIS MORNING.

SAIGON 23374

FOLLOWING IS TRANSLATION OF DOCUMENT [REDACTED]  
[REDACTED] ON MAY 31.

*Pres file*  
3.4(b)(1)

QUOTE

NEWS THAT THE VIET CONG ARE PLOTTING [REDACTED]

3.4(b)(1)

SOURCE: [REDACTED]

VALUE: USUALLY RELIABLE

VALUE OF CONTENTS: PROBABLY TRUE

DATE: MAY 24, 1968

1. CONTENTS

[REDACTED]

3.4(b)(1)

APPROX FROM GUTCH COPY

SANITIZED  
E.O. 12958, Sec. 3.6  
NLJ/RAC01-97  
By *Sj*, NARA, Date 1-30-02

[REDACTED]

3.4(b)(1)

2. OPINION AND PROPOSAL

THIS SOURCE NEED TO BE FOLLOWED CLOSELY AND PRECAUTIONS MUST BE TAKEN.

PERHAPS THE VIET CONG ARE PLOTTING TO [REDACTED] FOR PROPAGANDA PURPOSES AND TO PUT PRESSURE ON THE UNITED STATES AT THE CONFERENCE TABLE. [REDACTED]

3.4(b)(1)

END QUOTE

COMMENT: IMMEDIATELY UPON RECEIPT OF THE ABOVE, COMMANDING GENERAL III MAF WAS INFORMED THROUGH AMCONSUL DANANG. MACY ALSO ADVISED AND WE WERE TOLD THEY HAD RECEIVED SIMILAR REPORT ON MAY 21 AND HAD IMMEDIATELY INFORMED BOTH III MAF AND CAN PANH SAY WHERE [REDACTED] IS STATIONED.

3.4(b)(1)

ALTHOUGH NATURAL FOR VC TO MAKE SUCH PLANS EITHER FOR ACTION OR PSYCHOLOGICAL PURPOSES WE ARE OF COURSE VERY CONCERNED THAT ABOVE REPORT WAS NOT BROUGHT TO OUR ATTENTION BY [REDACTED] IMMEDIATELY UPON RECEIPT. (WE DO NOT HOLD AND THIS FAR HAVE BEEN UNABLE TO GET A COPY OF THE APRIL 25 REPORT FROM EITHER [REDACTED] WE ARE CHECKING FURTHER AND WILL ADVISE.)

3.4(b)(1)

DTG 031430Z JUNE 1969

~~SECRET~~

SEA573

OO WTE10  
DE WTE 2154

FROM WALT ROSTOW  
TO THE PRESIDENT  
CITE CAP81237

1968 JUN 3 16 28

MONDAY  
JUN 3 1968  
PM 12:33

82

~~CONFIDENTIAL~~

JUNE 3, 1968

HEREWITH AN OFFICIAL ACCOUNT OF THE RF-4C CRASH IN JAPAN.

1. AT 020948 EDT (032248 JAPAN TIME), A U.S. AIR FORCE RF-4C, ASSIGNED TO THE 15TH TACTICAL RECONNAISSANCE SQUADRON, KADENA AIR BASE, OKINAWA, CRASHED 3 MILES OFF THE END OF RUNWAY 15 AT ITAZUKE AIR BASE, JAPAN.

2. THE AIRCRAFT CRASHED INTO THE FIFTH STORY OF A BUILDING UNDER CONSTRUCTION AT KYUSHU UNIVERSITY. IT LOST POWER ON GCA FINAL APPROACH AFTER THE PILOT NOTICED A FIRE WARNING LIGHT ON THE LEFT ENGINE. NO CIVILIAN INJURIES WERE REPORTED. ACCORDING TO THE UNIVERSITY PRESIDENT, THE CRASH SITE IS APPROXIMATELY 40 YARDS FROM AN ADJACENT BUILDING IN WHICH COBALT 60 IS STORED. NO CONTAMINATION RESULTED THEREFROM.

3. THREE BASE INITIAL RESPONSE OFFICERS WERE DETAINED IN THEIR VEHICLES FOR THREE HOURS BY APPROXIMATELY 300 STUDENTS. THE OFFICERS WERE SUBSEQUENTLY RELEASED UNHARMED WITH THE AID OF JAPANESE RIOT POLICE. THE JAPANESE DEFENSE FACILITIES ADMINISTRATION (DFA) REPORTED TO THE BASE LEGAL OFFICER THAT APPROXIMATELY 2,500 STUDENTS WERE MASSING IN THE VICINITY OF THE UNIVERSITY GROUNDS AT MID-MORNING. ONE SCHEDULED DEMONSTRATION BY LOCAL UNIVERSITY TEACHERS WAS TO COMMENCE AT 032200 EDT (041100 JAPAN TIME) AND TERMINATE AT 040400 EDT (041700 JAPAN TIME). THEY WERE TO LEAVE THE UNIVERSITY GROUNDS AND PROCEED TO THE AMERICAN CONSULATE IN FUKUOKA CITY. ANOTHER SPONTANEOUS DEMONSTRATION MAY BE STAGED BY APPROXIMATELY 500 LOCAL UNIVERSITY STUDENTS. THE SCHEDULED TIME IS NOT KNOWN. IF THIS MATERIALIZES, A LETTER OF PROTEST IS EXPECTED TO BE PRESENTED TO THE AMERICAN CONSULATE.

4. THE COMMANDER OF ITAZUKE AIR BASE HAS MADE A STATEMENT TO THE PRESS EXPRESSING DEEP REGRET OVER THE INCIDENT. HE ALSO PLANS TO MEET WITH THE CITY MAYOR ON THE MORNING OF 4 JUNE (JAPAN TIME) TO DELIVER A FORMAL LETTER OF REGRET.

5. BRIGADIER GENERAL AULT, COMMANDER, 6100 SUPPORT WING (PACAF), HAS DEPARTED TACHIKAWA AIR BASE TO SUPERVISE THE INVESTIGATION.

*Pres file*

DECLASSIFIED

DTG 031546Z JUN 68

Authority NLS 92-130  
By g/imp NARA. Date 2-15-01

~~CONFIDENTIAL~~  
~~CONFIDENTIAL~~

~~SECRET~~

83

VZCZCEEA579  
OO WTE10  
DE WTE 2153

1968 JUN 3 16 30

FROM WALT ROSTOV  
TO THE PRESIDENT  
CITE CAP31236

*Free file*

~~SECRET~~

JUNE 3, 1968

HEREWITH HARRIMAN'S PROPOSED SCENARIO FOR JUNE 5TH MEETING.

1. AT 7TH SESSION THUY WILL SPEAK FIRST. IN REPLY, WE WILL BEGIN AND CLOSE BY STRESSING OUR CONTINUED READINESS TO DISCUSS THE CESSATION OF BOMBING AND RELATED ISSUES. IN STATEMENT, WE WILL COVER THREE GENERAL AREAS: A) DRV AGGRESSION IN AND THROUGH LAOS; B) USE OF STATEMENT OF COLONEL DUNG AND OTHER DEFECTORS TO UNDERLINE NVA PRESENCE IN SOUTH; C) RESTATEMENT OF OUR PROPOSAL ON THE DMZ AND THE LAOS AGREEMENTS.

2. ON LAOS, WE WILL DRAW HEAVILY ON DEPARTMENT'S OUTLINE AS MODIFIED BY EMBASSY VIENTIANE, USING PARTS OF SOUVANNA'S SPEECH AND RLG RELEASES. WE WILL STRESS FACT THAT BOTH SIDES HAVE SPOKEN OF NEED TO RESPECT 1962 LAOS AGREEMENTS BUT, AS SOUVANNA'S SPEECH MAKES PLAIN, THE DRV HAS VIOLATED THESE ACCORDS SINCE THE DAY THEY WERE SIGNED. THE RLG HAS PRESENTED EVIDENCE OF THE PRESENCE OF 40,000 NVA IN LAOS -- 25,000 IN 57 NVA BATTALIONS, 12,000 PROTECTING AND MAINTAINING THE INFILTRATION ROUTES TO THE SOUTH, AND 3,000 SERVING IN MIXED NORTH VIETNAMESE-PATHET LAO UNITS. SOUVANNA'S INFORMATION IS WELL SUPPORTED BY THAT COLLECTED BY GVN AND ICC'S IN SOUTH VIET-NAM. WE KNOW THAT THE NVA USES LAO TERRITORY AS A BASE FOR ATTACKS AGAINST SVN. THEIR USE OF THE A SHAU VALLEY AS A MAJOR LOGISTICS ARE DEPENDENT ON RESUPPLY THROUGH LAOS IS INCONTROVERTIBLE. IN FACT, WE ESTIMATE THAT MORE THAN 80 PERCENT OF THE MEN WHO MOVE FROM NORTH VIET-NAM TO SOUTH VIET-NAM AND A MAJOR SHARE OF MATERIEL SUPPORT FOR NVA IN SVN COME THROUGH LAOS.

68 JUN 3 PM 12:43

MONDAY

DECLASSIFIED

Authority NLS/CBS 10  
By us, NARS, Date 11-28-83

3. WE WILL REVIEW THE GENEVA CONFERENCE OF 1961-62. IN WHICH WE BOTH AGREED TO RESPECT LAOS SOVEREIGNTY, TO RENOUNCE THE USE OF FORCE IN LAOS, ETC. EVEN THEN THE DRV REFUSED TO ACKNOWLEDGE THE PRESENCE OF ITS TROOPS, ESTIMATED AT 10,000. THE WITHDRAWAL OF ONLY 43 NVA THROUGH THE ICC CHECKING STATIONS MADE AN IMMEDIATE MOCKERY OF THE INTENT OF THE GENEVA AGREEMENTS. IN CONTRAST, U.S. AND THE PHILIPPINES DISMANTLED THEIR ADVISORY MISSIONS, WITHDRAWING 665 MEN AND 483 MEN RESPECTIVELY.

4. WE WILL SAY THAT DETAILS OF DRV VIOLATIONS OF GENEVA 1954 AND GENEVA 1962 ACCORDS ARE CONTINUING TO MOUNT, AND PUT INTO RECORD A COPY OF DUNG'S LETTER. WE WILL ACCOMPANY THIS WITH A SUPPLEMENTARY PAPER EXPLAINING DUNG'S SPECIFIC UNIT REFERENCES, AND COME BIOGRAPHIC DATA ON DUNG. WE WILL ALSO DRAW ON STATEMENTS BY COLONEL DAC.

5. WE WILL CHALLENGE DRV ON THEIR SELECTIVE ACCEPTANCE OF OUR STATISTICS -- THIS IS, THEIR USE OF OUR OWN STATEMENTS ON OUR FORCE LEVELS IN VIET-NAM OR THE AMOUNT OF TONNAGE DROPPED BY AIR, WHILE THEY CONTINUE TO ISSUE THEIR OWN WILDLY EXAGGERATED ESTIMATES OF U.S. AND PERSONNEL LOSSES. WHY DOES DRV MISLEAD ITS OWN PEOPLE, AND IS DRV DELUDING ITSELF?

6. WE WILL CLOSE WITH HOPE THAT DRV UNDERSTANDS AMERICAN OBJECTIVES. WE HAVE NO DESIRE FOR TERRITORIAL GAIN OR MILITARY BASES. WE WILL REPEAT OUR MAY 13 STATEMENT THAT THE COUNTRIES OF SOUTHEAST ASIA SHOULD BE FREE TO DETERMINE THEIR OWN INTERNAL AFFAIRS AND THEIR INTERNATIONAL POSITION AS THE PEOPLES OF THOSE COUNTRIES SEE FIT. WE WILL REPEAT MANILA PLEDGE AND WILL CALL FOR ENFORCEMENT OF 1962 ACCORDS AND REESTABLISHMENT OF DMZ. WE WILL MENTION VALUE OF REINVIGORATING ICC OR CREATING SOME OTHER INSPECTION MECHANISM, AND POINT OUT THAT THE DRV WOULD HAVE NO REASON TO OBJECT TO SUCH SUGGESTIONS IF, IN FACT, THEY WERE NOT VIOLATING TERRITORY OF LAOS AND DMZ.

DTG 031546Z JUNE 1968

~~SECRET~~

22  
June 2, 1968

FROM BROMLEY SMITH  
TO JIM JONES  
FOR THE PRESIDENT

*Pres file*

Gen. Abrams' staff is investigating a report that a U. S. gunship fired i  
into a South Vietnamese command post in Saigon, killing six high ranking  
South Vietnamese military officers and wounding the Mayor of Saigon.  
One of the dead is the brother-in-law of Vice President Ky, Colonel Pho  
Quoc Chu, Director of the Port of Saigon.

National Military Command Center reports a U. S. gunship did fire  
rockets in the area and one fell short.

BKS:rlh

**SECRET**

VZCZCEEA554

1968 JUN 1 18 37

88 JUN 1 PM 2:34

SATURDAY

*Profile*

30 WT 13  
DE WTE 2123

FM WALT ROSTOW  
TO THE PRESIDENT  
CLIA CAP91212

~~SECRET SENSITIVE~~

JUN 1, 1968

FOLLOWING IS SECRETARY FOWLER'S MEMORANDUM RECOMMENDING AN INCREASE OF \$150 MILLION IN THE AUTHORIZATION OF THE EXCHANGE STABILIZATION FUND TO BUY GUARANTEED STERLING.

TREASURY PURCHASE OF ADDITIONAL GUARANTEED STERLING WOULD BE PART OF A PACKAGE TO EXCHANGE SOME OF THE UK'S SHORT TERM DEBT FOR INTERMEDIATE TERM CREDIT. THIS WOULD GIVE THE BRITISH NECESSARY TIME FOR THEIR BALANCE OF PAYMENTS PROGRAM TO WORK. THE EUROPEANS ARE DOING THEIR SHARE.

THE BRITISH HAVE DRAWN \$1.8 BILLION OF THEIR \$3 BILLION LINE OF CREDIT FROM THE U.S. THEY HAVE DRAWN \$2.4 BILLION OF THEIR \$2.8 BILLION LINE OF CREDIT FROM THE EUROPEANS.

THEY NOW PROPOSE TO DRAW THEIR STANDBY CREDIT OF \$1.4 BILLION FROM THE INTERNATIONAL MONETARY FUND. THEY WILL USE \$700 MILLION TO MOP UP SHORT TERM CREDIT FROM THE U.S. AND THE OTHER \$700 MILLION TO MOP UP SHORT TERM CREDIT FROM THE EUROPEANS.

AS PART OF THIS PACKAGE, WE WOULD CONVERT \$400 MILLION OF THEIR REMAINING SHORT TERM DEBT TO THE FEDERAL RESERVE INTO GUARANTEED STERLING -- WHICH HAS NO MATURITY DATE. THIS COULD BE DONE THROUGH THE PROPOSED INCREASE OF \$150 MILLION IN THE TREASURY'S AUTHORITY TO BUY GUARANTEED STERLING TOGETHER WITH THE EXISTING AUTHORITY THE TREASURY AND THE FEDERAL RESERVE NOW HAVE TO BUY SUCH STERLING.

WE WOULD PROBABLY HOLD THIS STERLING FOR ABOUT THREE YEARS, BUT IT COULD BE CASHED ON DEMAND IF THE UK POSITION TURNED AROUND MORE RAPIDLY THAN WE EXPECT.

THE PACKAGE AS A WHOLE HAS TWO BENEFITS FOR US:

-- A U.S.-EUROPEAN-IMF FUNDING OF A MAJOR SHARE OF THE UK SHORT TERM DEBT IS ESSENTIAL TO AVOID A STERLING CRISIS. A STERLING CRISIS NOW WOULD BE UNJUSTIFIED IN VIEW OF THE UK PROGRAM.

DECLASSIFIED

E.O. 12958, Sec. 3.6

NLJ 01-118

SJ NARA, Date 4.9.02

XEROX FROM QUICK COPY

-- THE \$700 MILLION THE UK WILL PAY US OUT OF ITS DRAWING ON THE IMF WILL INCREASE OUR RESERVE POSITION IN THE FUND AND WILL MOP UP SOME DOLLARS HELD BY OTHER CENTRAL BANKS.

THIS STERLING IS GUARANTEED AGAINST DEVALUATION. TREASURY PURCHASES OF SUCH STERLING HAVE NEITHER A BALANCE OF PAYMENTS NOR A BUDGET EFFECT.

SECRETARY FOWLER DISCUSSED THE GENERAL OUTLINE OF THE UK PACKAGE WITH CHANCELLOR JENKINS WHEN JENKINS VISITED IN WASHINGTON IN APRIL.

I BELIEVE THE PACKAGE MAKES SENSE. DENING'S INTER-AGENCY GROUP (DUSENBERRY, TONY SOLOMON, DAANE, AND ED FRIED) HAVE GONE INTO IT CAREFULLY AND CONCUR IN SECRETARY FOWLER'S RECOMMENDATION.

#### MEMORANDUM FOR THE PRESIDENT

#### SUBJECT: FUNDING OF BRITISH SHORT-TERM CREDITS

THE U. K. PROGRAM -- STERLING DEVALUATION AND AUSTERITY -- HAS NOT YET HAD TIME TO CONVINCE THE WORLD THAT IT WILL WORK. CONSEQUENTLY, THERE HAS NOT YET BEEN A REFLOW OF FUNDS INTO STERLING THAT WOULD ENABLE THE U. K. TO REPAY HER SHORT-TERM LIABILITIES TO US OR TO THE EUROPEAN CENTRAL BANKS. IN FACT, THE GOLD CRISIS, THE FRENCH CRISIS, AND GENERAL UNCERTAINTY IN THE WORLD HAVE LED TO SPORADIC LOSSES OF U. K. RESERVES AND FAIRLY EXTENSIVE RECOURSE TO ADDITIONAL SHORT-TERM CREDIT.

IT IS OUR JUDGMENT -- AND THAT OF EUROPEAN TREASURY AND CENTRAL BANK AUTHORITIES -- THAT THE U. K. PROGRAM WILL WORK IF GIVEN TIME. U. S. FISCAL ACTION IS EXPECTED TO IMPROVE GENERAL CONFIDENCE AND HELP STERLING CONSIDERABLY. THE PROBLEM -- AS WE AND THE U. K. AUTHORITIES SEE IT, AT PRESENT -- IS TO PROVIDE SOME TIME BY "FUNDING" SOME OF THE SHORT-TERM CREDITS AND EXTENDING THE REMAINDER.

TO ACCOMPLISH THIS, THE U. K. WILL DRAW ITS STANDBY CREDIT ON THE IMF OF \$1.4 BILLION AND APPLY \$700 MILLION TO REPAYING A LIKE AMOUNT OF SHORT-TERM SWAP CREDIT TO THE FEDERAL RESERVE. THE REMAINING \$700 MILLION WILL REPAY SHORT-TERM EUROPEAN CENTRAL BANK CREDITS. SINCE THE IMF DRAWING HAS A THREE TO FIVE YEAR MATURITY, RATHER THAN THE 3 TO 6 MONTH MATURITIES OF THE SWAPS, THIS WILL AUTOMATICALLY "FUND" THE SHORT-TERM CREDITS INTO INTERMEDIATE-TERM CREDITS. THE PRESENTLY OUTSTANDING CREDITS TO THE U. K. BY BOTH U. S. AND OTHERS ARE AS LISTED ON THE ATTACHED TABLE.

INCIDENTALLY, TO THE EXTENT WE SHARE IN THE IMF DRAWING, OUR OWN IMF POSITION WILL IMPROVE. PRESENT PROSPECTS ARE THAT OUR SHARE WILL BE \$250 TO \$300 MILLION.

THE TOTAL U. K. DRAWING ON THE FED SWAP LINE ARE NOW \$1.2 BILLION, SO THE APPLICATION OF \$700 MILLION WILL STILL LEAVE \$500 MILLION "UNFUNDED." WE ARE PROPOSING TO "FUND" ALL BUT \$100 MILLION OF THIS BY TAKING ON "GUARANTEED STERLING" - STERLING GUARANTEED AGAINST DEVALUATION. WE PRESENTLY HOLD \$262 MILLION OF SUCH GUARANTEED STERLING AND WOULD INCREASE OUR HOLDINGS TO \$650 MILLION. OF THIS \$650, THE FED WOULD HOLD \$250 MILLION, THE TREASURY \$400 MILLION.

GUARANTEED STERLING IS REALLY A DEMAND CREDIT IN THE SENSE THAT WE CAN CASH IT IN AT ANY TIME. NEVERTHELESS, WE WOULD NOT EXPECT TO DO THIS -- WE WOULD PROBABLY HOLD IT FOR ABOUT THREE YEARS. IT IS A PERFECTLY GOOD ASSET -- WE COULD USE PORTIONS OF IT, IF WE NEEDED TO AND IF ITS USE WOULD NOT PUT UNDUE PRESSURE ON U.K. RESERVES.

TO DO THIS, WE NEED YOUR AUTHORITY TO INCREASE THE AMOUNT OF STERLING THAT THE EXCHANGE STABILIZATION FUND, UNDER THE SEPTEMBER, 1965, CREDIT ARRANGEMENT WITH THE U. K., MAY PURCHASE FROM OUR PRESENT AUTHORITY OF \$300 MILLION TO \$450 MILLION. I RECOMMEND THAT YOU AUTHORIZE ME TO DO SO.

HENRY H. FOWLER

APPROVE : -----

DISAPPROVE: -----

DTG 211657 JUNE 69

~~SECRET~~