

WITHDRAWAL SHEET (PRESIDENTIAL LIBRARIES)

189

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
#2 memo	Rostow to President, 7:20 p.m. <i>open 5/1/01</i> S 1 p [Duplicate of #29a, NSF, Subject File, "Law of the Sea Conference and #80a, Memos to the President, Vol. 83]	6/19/68	A
#2b rpt	"Arms Control and Ocean Floor" <i>open 5/1/01</i> S 1 p [Duplicate of #29e, NSF, Subject File, "Law of the Sea Conference and #80c, Memos to the President, Vol. 83]	undated	A
#2c rpt	"Tab A" <i>open 5/1/01</i> C 2 p [Duplicate of #29g, NSF, Subject File, "Law of the Sea Conference and #80d, Memos to the President, Vol. 83]	undated	A
#3 memo	Rostow to President, 6:30 p.m. S 1 p [Duplicate of #217, NSF, Country File, Israel, Vol. X] [Exempt NLJ 84-181] exempt 3-25-03 NLJ 01-177	6/19/68	A
#4 memo	Rostow to President, 6 p.m. TS 1 p <i>open 8/6/01 NS 01-178</i>	6/19/68	A
#5a memo	Taylor to President <i>open 5-16-95 NLJ 94-27</i> S 1 p [Duplicate of #78b, Memos to the President, Vol. 83]	6/19/68	A
#6 memo	Rostow to President, 1 p.m. <i>open 5/1/01</i> S 1 p	6/19/68	A
#6a cable	Paris 16567 <i>open 5/1/01</i> S 2 p	6/19/68	A
#6b cable	Paris 16568 <i>open 5/1/01</i> S 2 p	6/19/68	A
#7 rpt	"Agenda for Lunch Meeting with President" S 1 p <i>open 4-13-00</i> [Duplicate of #57a, Tom Johnson Notes of Meetings, "June 19, 1968, 1 p.m."]	6/19/68	A

FILE LOCATION

NSF, Memos to the President, Walt Rostow, Volume 82, June 13-19, 1968 Box 36

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#7a memo	Rostow to President S 2 p <i>open 2-23-93 NLJ 92-22</i>	6/14/68	A
#7b memo	Rusk to President S 2 p <i>open 4-13-00</i>	6/11/68	A
#7c rpt	"Scenario for Implementing the Rostow..." E 2 p <i>open 4-13-00</i>	undated	A
#7d ltr	E. Rostow to Duckwitz S 2 p <i>open 4-13-00</i>	3/30/68	A
#7e rpt	"Proposed German Scenario" S 3 p <i>open 4-13-00</i>	5/2/68	A
#8 memo	Rostow to President, 12:45 p.m. C 1 p <i>Open NLJ 97-214 9.18.98</i> [Duplicate of #24, NSF, Country File, Congo, Vol. 14]	6/19/68	A
#8a memo	Zwick to President, re: Congo C 2 p [Duplicate of #24a, NSF, Country File, Congo, Vol. 14]	5/31/68	A
#8b memo	Gaud to President, re: Congo C 6 p <i>open 4/98 NLJ 97-215</i> [Duplicate of #24b, NSF, Country File, Congo, Vol. 14]	5/24/68	A
#9 memo	Rostow to President, 11:30 a.m. <i>copy # 107, NSF, CF VN Harrison / Crocodile Indian Congo</i> S 3 p <i>open 8/6/01 NS 01-178</i>	6/19/68 <i>Box 134</i>	A
#9a memo	W. Bundy to Acting Secretary <i>exempt 1-7-94 NLJ 93-118</i> S 3 p <i>open 10/2/01 NLJ 01-183</i> <i>DUPLICATE IN FILE of WWR, BOX 1, MTG 3 4/1982.</i> <i>MAY-JUNE 1962, Doc. #106 & #107a & above</i>	6/18/68	A
#11 memo	Rostow to President, 10:30 a.m. S 1 p <i>open 5-16-95 NLJ 94-27</i> [Duplicate of #8, NSF, Country File, Vietnam, "5D (3) Allies: Troop Commitments; Other Aid," Exempt NLJ 91-8]	6/19/68	A

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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
#11a rpt	"Additional ROK Deployments to Vietnam" S <u>2 p</u> <i>open 3-19-96 NLJ 94-26</i> [Duplicate of #8a, NSF, Country File, Vietnam, "5D (3) Allies: Troop Commitments; Other Aid," Exempt NLJ 91-12]	6/18/68	A
#12 memo <i>dup #169, OF, Pakistan Vol. 9 box 159</i>	Rostow to President, 10 a.m. sanitized p 22 11 11 5 44 77 TS <u>2 p</u> <i>same sanitization 3-25-03 NLJ 01-177</i>	6/19/68	A
#13 memo	Rostow to President, 9:15 a.m. TS <u>1 p</u> <i>open 5-16-95 NLJ 94-27</i>	6/19/68	A
#13a memo	Ginsburgh to Rostow. " TS <u>3 p</u>	6/18/68	A
#14a memo	Fowler to President C <u>2 p</u>	6/18/68	A
#14b memo	Zwick to President, re: Indonesia C <u>3 p</u>	6/12/68	A
#14c memo	Poats and Freeman to President, re: Indonesia C <u>5 p</u>	6/7/68	A
#22 memo	Rostow to President <i>same sanit 12/1/01 NLJ/RAC 01-96 same same per RAC 9/11/00</i> S <u>2 p</u> <i>sanitized 5-16-95 NLJ 94-27</i>	6/18/68	A
#25a memo	Saunders to Rostow. <i>open 5/1/01</i> C <u>1 p</u> [Duplicate of #216a, NSF, Country File, Israel, Vol. X]	6/18/68	A
#26a cable	Paris 16467 S <u>6 p</u> <i>open 7-14-94 NLJ 94-25</i>	6/18/68	A
#27 memo	Rostow to President, 2:15 p.m. TS <u>1 p</u> <i>open 5-16-95 NLJ 94-27</i>	6/18/68	A
#27a memo	Wheeler to Rostow TS <u>3 p</u> <i>open 3-19-96 NLJ 94-26</i>	6/18/68	A

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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
#28 memo	Rostow to President, 5:15 p.m. open 5/1/01 C 1 p	6/17/68	A
#28a memo	Rusk to President open 5/1/01 C 2 p	6/14/68	A
#29 memo	Rostow to President, 11:05 a.m. S 1 p sanitized per RAC 5/1/01	6/18/68	A
#29a cable	Intelligence Information Cable S 4 p sanitized per RAC 5/1/01	6/17/68	A
#30 memo	Rostow to President, 11:05 a.m. S 1 p sanitized 3-25-03 HLW 01-177 [Duplicate of #122, NSF, Country File, France, Vol. 13]	6/18/68	A
#30a cable	Intelligence Information Cable exempt 10/2/01 NLW 01-179 S 3 p [Duplicate of #122a, NSF, Country File, France, Vol. 13]	6/17/68	A
#31 memo	Rostow to President, 9:30 a.m. TS- 1 p open 7-27-04 NJ/RAC 01-151	6/18/68	A
#32a cable	Rostow to President (CAP 81355) open 5/1/01 S 1 p	6/18/68	A
#33 cable	Rostow to President (CAP 81353) S 1 p open 5-27-98 RAC	6/17/68	A
#34 memo	Duplicate of #33 "		
#37 cable	Rostow to President (CAP 81351) open 5/1/01 C 1 p	6/17/68	A
#38 memo	Duplicate of #37 open 5/1/01		
#39a memo	Zwick to President, re: Turkey open 5/1/01 C 1 p	6/14/68	A

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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
#39b memo	Poats and Freeman to President, re: Turkey open 5/1/01 C 2 p	6/7/68	A
#39c rpt	"Military Expenditure Review-Turkey" open 5/1/01 C 1 p	undated	A
#41 memo	Rostow to President open 5/1/01 S 2 p [Duplicate of #108, NSF, Country File, India, Vol. 11]	6/17/68	A
#43 cable	Rostow to President (CAP 81342) open 5/1/01 S 1 p	6/17/68	A
#44 cable	Rostow to President (CAP 81341) S 1 p OPEN 3-25-03 NW 01:177	6/17/68	A
#45 cable	Rostow to President (CAP 81333) C 1 p open 5-27-98 RAC	6/16/68	A
#46 cable	Rostow to President (CAP 81334) open 5/1/01 C 1 p	6/16/68	A
#48 cable	Rostow to President (CAP 81330) open 5/1/01 C 2 p [Dup. # 3a NSF, CF, VW, "HARVAN Misc. + Memos Vol. 3"]	6/16/68	A
#49 cable	Rostow to President (CAP 81329) S 2 p open 5-27-98 RAC	6/16/68	A
#50 cable	Rostow to President (CAP 81328) open 5/1/01 C 3 p [Duplicate of #157, NSF, Country File, UAR, Vol. 7]	6/16/68	A
#51 cable	Rostow to President (CAP 81327) open 5/1/01 S 1 p	6/16/68	A
#52 cable	Rostow to President (CAP 81324) open 5/1/01 S 1 p	6/16/68	A
#53a ltr	President to Pope Paul VI. open 5/1/01 PCI 2 p	6/15/68	A

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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
#54 cable	Rostow to President (CAP 81322) <i>open 5/1/01</i> C 1 p	6/15/68	A
#55 cable	Rostow to President (CAP 81321) <i>Sanitized 5-25-03 NLJ 01-177</i> S 2 p [Dup. # 4, NSF, CF, VN, "HARVAN Misc. & Memos Vol. 3"]	6/15/68	A
#56 cable	Rostow to President (CAP 81317) <i>open 5/1/01</i> C 1 p	6/15/68	A
#57 cable	Rostow to President (CAP 81316) S 1 p <i>open 8/6/01 NLJ 01-178</i> [Duplicate of #96a, NSF, Country File, Australia, Vol. 3]	6/15/68	A
#58 cable	Rostow to President (CAP 81314) <i>open 5/1/01</i> S 2 p	6/15/68	A
#60 cable	Rostow to President (CAP 81315) <i>open 5/1/01</i> C 1 p [Duplicate of #102, NSF, Country File, France, Vol. 13]	6/15/68	A
#61 cable	Rostow to President (CAP 81312) <i>open 5/1/01</i> S 1 p [Dup. # 2, NSF, CF, VN, "HARVAN Misc. & Memos Vol. 3"]	6/15/68	A
#62 cable	Rostow to President (CAP 81311) <i>open 5/1/01</i> C 1 p	6/15/68	A
#63 cable	Rostow to President (CAP 81302) <i>dup # 4, NSF, CF, VN "Harvan" / Crocodile Andian Progress</i> S 2 p <i>open 5/1/01</i> Box 134	6/14/68	A
#65 cable	Rostow to President (CAP 81303) S 1 p <i>[Dup. # 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 96, 97, 98, 99, 100]</i>	6/14/68	A
#66 cable	Rostow to President (CAP 81300) S 1 p <i>open 5-12-95 NLJ 94-200</i>	6/14/68	A
#69 cable	Rostow to President (CAP 81294) <i>open 5/1/01</i> S 3 p	6/14/68	A
#70 cable	Rostow to President (CAP 81293) TS 1 p <i>open 7-27-04 NLJ/RAC 01-151</i> [Sanitized NLJ/CBS 23; 1984]	6/14/68	A

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#71 cable	Rostow to President (CAP 81286) <i>open 4/9/02 NLJ 01-180</i> S 2 p [Duplicate of #2a, NSF, Country File, USSR, "Cyrus Eaton/Abe Fortas"]	6/14/68	A
#72 cable	Rostow to President (CAP 81284) <i>open 5/1/01</i> S 1 p	6/14/68	A
#73 cable	Rostow to President (CAP 81283) <i>EXEMPT 4/17/02 NLJ/RAC 01-150</i> S 1 p <i>EXEMPT NY DA-236-1</i>	6/14/68	A
#75 memo	Rostow to President <i>open 2-6-96 NLJ 95-182</i> C 1 p	6/14/68	A
#75a ltr	President to President Frei " PCI 2 p	6/15/68	A
#75b ltr	President Frei to President " PCI 3 p	5/28/68	A
#76 memo	Rostow to President <i>sanitized 12/13/01 NLJ/RAC 01-152</i> TS- 2 p	6/14/68	A
#77 memo	Rostow to President TS- 2 p <i>sanitized 3-25-03 NW 01-177</i>	6/14/68	A
#82 memo	Rostow to President <i>sanitized 4/17/02 NLJ/RAC 01-150</i> S 1 p <i>EXEMPT NY DA-236-1</i>	6/14/68	A
#84 memo	Duplicate of #7a <i>open 2-23-93 NLJ 92-22</i>		
#84a memo	Duplicate of #7b <i>open 5/1/01</i>		
#84b memo	Duplicate of #7c <i>open 5/1/01</i>		
#84c memo	Duplicate of #7d <i>open 5/1/01</i>		
#84d memo	Duplicate of #7e <i>open 5/1/01</i>		

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#85a rpt	"Settlements of East-West Crises" <i>open 5/1/01</i> S 9 p	undated	A
#86 memo	Rostow to President, noon <i>open 5/1/01</i> C 1 p	6/13/68	A
#87a memo	Taylor to President <i>open 5/1/01</i> S 2 p	6/13/68	A
88a cable	Intelligence Report S 1 p <i>sanitized per RAC 5/1/01</i>	6/13/68	A
#90 memo	Rostow to President S 2 p <i>open 4-13-00</i>	6/13/68	A
#90a rpt	"Ethiopia" <i>open 5/1/01</i> C 1 p	undated	A
#90b rpt	"Germany" <i>open 4-13-00</i> C 1 p	undated	A
#90e rpt	"Great Britain" <i>open 5/1/01</i> PCI 1 p	undated	A
#90d rpt	"Greece" <i>open 5/1/01</i> S 1 p	undated	A
#90e rpt	"India" <i>open 5/1/01</i> C 1 p	undated	A
#90f rpt	"Ivory Coast" <i>open 5/1/01</i> C 1 p	undated	A
#90g rpt	"Japan" <i>open 5/1/01</i> S 1 p	undated	A
#90h rpt	"Morocco" <i>open 5/1/01</i> C 1 p	undated	A

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959

FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
#90i rpt	"Peru" <i>open 5/1/01</i> C 1 p	undated	A
#90j rpt	"Pakistan" <i>open 5/1/01</i> S 1 p	undated	A
#90k rpt	"Spain" <i>open 5/1/01</i> C 1 p	undated	A
#90l rpt	"Tunisia" <i>open 5/1/01</i> C 1 p	undated	A
#92 cable	Rostow to President (CAP 81278) <i>open 5/1/01</i> C 2 p	6/13/68	A
#94 cable	Rostow to President (CAP 81279) C 2 p <i>open 8/6/01 NS 01-17B</i>	6/13/68	A
#96 memo	Rostow to President <i>sanitized 3-16-05 NLJ 01-181</i> TS 1 p [Duplicate of #46d, NSF, Agency File, Defense Department, Vol. 6; Exempt NLJ 87-107]	6/14/68	A
#96a memo	Nitze to President <i>more info released 3-16-05 NLJ 01-182</i> TS 1 p [Duplicate of #46e, NSF, Agency File, Defense Department, Vol. 6; Sanitized NLJ 87-74]	6/8/68	A
#61 cable	Rostow to the President (CAP 81303) S 1 p <i>open 5/1/01</i>	6/14/68	A
#59 cable	CAP 81313, Rostow to the President TS 2 p <i>sanitized 12/13/01 NLJ PAC 01-152</i> [dup. #85, NSF, CF, USSR, Vol. 20, Box 226]	6/15/68	

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INFORMATION

**Wednesday, June 19, 1968
7:30 p. m.**

Mr. President:

**Herewith Bill Gaud reports
on Foreign Aid in the House.**

W. W. Rostow

WWRostow:rin

Pres file

1a

DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON

OFFICE OF
THE ADMINISTRATOR

June 19, 1968

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Action by the House Foreign Affairs Committee on the Foreign Aid Bill

The House Foreign Affairs Committee today reported out a bill for A. I. D. and grant MAP cutting the budget request by \$600 million. (Because they added \$1 million for UNICEF and \$2 million in local currency for the University of North Africa, it looks like a cut of \$597 million). There are no substantive amendments of any great significance.

The attached table shows the amounts of the budget request, the figures reported out by the Committee and the appropriations for Fiscal Year 1968.

Adair and a number of other Republicans (with Gerry Ford's agreement) tried to cut the request by \$1 billion. Having failed to do so in Committee, they say they will try on the floor.

The bill was reported out by a vote of 24 to 9. The Republicans who voted with the majority were Mailliard, Frelinghuysen, Broomfield, Whalley, Morse, Fulton and Taft. The only Democrats voting with the minority were Fountain and Burleson (but Burleson voted with us on cuts).

Doc Morgan has given the minority until Tuesday, June 25 to get in their minority views. He is talking about going for a rule as soon as he can.

The Senate Foreign Relations Committee is now talking of beginning its mark-up on Wednesday June 26.

William S. Gaud

William S. Gaud

Attachment

HFAC Recommendations for FY 1969
(in millions)

	<u>Auth. Request</u>	<u>HFAC Bill</u>	<u>Cut</u>	<u>'68 Approp.</u>
Development Loans	\$ 765	\$ 550	\$ 215	\$ 435
Technical Assistance	235	200	35	180
Alliance for Progress	625	495	130	469
Loans	(515)	(385)	(130)	(389)
Technical Assistance	(110)	(110)	(0)	(80)
Supporting Assistance	595	475	120	600
Contingency Fund	100	30	70	10
Contributions to Inter- national Organizations grant	143	144 ^{1/}	(+1)	130
Indus Basin Loans	<u>2/</u>	<u>2/</u>	0	0
American Schools and Hospitals Abroad	15.1	15.1	0	11.5
Local Currency	3.1	5.1	(+2)	6.0
Investment Surveys	1.5	1.25	.25	1.25
Administrative Expenses A. I. D.	58.8	58.8	0	55.3
Administrative Expenses State	<u>3/</u>	<u>3/</u>	0	3.3
Total A. I. D.	2,541.5	1,974.3	567.3	1,895.6
Grant MAP	<u>420</u>	<u>390</u>	<u>30</u>	<u>400 ^{4/}</u>
Grand Total	\$2,961.5	\$ 2,364.3	\$597.3	\$2,295.6

1/ \$1 million additional authorized for contribution to UNICEF
2/ Funds previously authorized for Indus Loans. \$12.0 million appropriation request for FY 1969
3/ Permanent Authorization. Appropriation request \$3.9 million for FY 1969.
4/ This figure does not include the \$100 million supplemental appropriation for Korea.

ACTION

~~SECRET~~

Wednesday, June 19, 1968 -- 7:20 p. m.

Pres file

Mr. President:

Herewith language on the Seabed question for the UN, which has been approved by Sec. Clifford, Nitze and Katzenbach.

I have confirmed with Gen. Wheeler that the JCS, as a body, remains opposed; but Gen. Wheeler understands the decision. The JCS proposed language is at Tab A.

In a long talk with Gen. Wheeler, the following emerged:

-- He feels reasonably comfortable with the Clifford-Katzenbach language given the reservation about "the appropriate means of verification and the width of this narrow band."

-- He is frankly worried that in Geneva the Arms Control people will press ahead hard under the circumstances where no one at the present time can envisage an effective verification system.

-- Moreover, any serious discussion of verification could get into sensitive intelligence matters.

Everyone agrees that if we took the JCS position in the UN, we would have an embarrassing time and might get out-voted. Therefore, I recommend:

- Approval of the proposed language for the UN;
- Extremely tight instructions, to be checked with the President, on how in fact this issue is dealt with in Geneva.

W. W. Rostow

Approval of proposed language _____

No _____

Call me
WWRostow@in

DECLASSIFIED
E.O. 12958, Sec. 3.5
NSC Memo, 1/30/95, State Dept. Guidelines
By *rc/mg*, NARA, Date 4-24-01

~~SECRET~~-Attachment
DEPARTMENT STATE
Washington, D.C. 20520

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2a

June 19, 1968

For Clearance

FOR: Mr. Walt W. Rostow ←
The White House

FROM: Benjamin H. Read
Executive Secretary *BHR*

The attached revised language on Seabeds has been approved by Secretaries Clifford, Nitze and Katzenbach. Paul Nitze tells me that the JCS remains opposed but General Wheeler understands the decision which has been made in favor of this language by the Secretary of Defense.

Please let me have your approval as soon as possible because New York pressures and the need to advise key Hill figures is becoming urgent.

~~SECRET~~ Attachment

SECRET

~~SECRET~~

Arms Control and the Ocean Floor

The United States is prepared to enter into serious discussions on arms control and the ocean floor at an international forum such as the Eighteen Nation Disarmament Conference. In these discussions the United States would be prepared to consider the possibility of an appropriate international agreement pursuant to which each party would agree not to emplace or fix nuclear weapons or other weapons of mass destruction on, within, beneath or to the seabed beyond a narrow band along its coast and up to the coast of any other State. The appropriate means of verification and the width of this narrow band would have to be the subjects of agreement as well. The prohibition on emplacement or fixing should be aimed not only at the weapons themselves but also at launching platforms or delivery systems for such weapons.

~~SECRET~~

DECLASSIFIED
 E.O. 12958, Sec. 3.5
 State Dept. Guidelines
 By jc/rq, NARA, Date 4-24-01

1968

20

TAB A

~~CONFIDENTIAL~~

In summarizing the work schedule for the Ad Hoc Committee this summer, its Chairman specifically noted that the Ad Hoc Committee will wish to consider the Soviet proposal for "a recommendation to the GA to favor in principle the prohibition of the military use of the seabed and ocean floor beyond the limits of national jurisdiction."

US Position

1. The US should continue to acknowledge the importance of arms control questions and to indicate a willingness to participate in discussions of them in the Ad Hoc Committee and in the ENDC. Questions of arms control, however, being an aspect of broader political and military relations between nations, have to be given careful thought and arms control measures undertaken only after thorough consideration.

2. With respect to the three general categories of arms control proposals thus far mentioned, the US Delegation should take the following position:

a. Demilitarization of the Seabed. The US cannot accept such a concept except as part of a comprehensive agreement on general and complete disarmament under effective international control. Given the nature of today's world and its political and military rivalries, and in particular the continuing threats

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TAB A

DECLASSIFIED
E.O. 12958, Sec. 3.5
State Dept. Guidelines
By jc/m, NARA, Date 4-24-01

~~CONFIDENTIAL~~

which some nations pose to the security of the US and its allies, the US cannot concur in a total prohibition on military activity in an area covering most of the world's surface.

b. Prohibition on Emplacement of Weapons of Mass Destruction on the Ocean Seabed. US Delegation should maintain position set forth in para 1. FYI USG is preparing a proposal in this area, but further work has to be done before any initiative can be made. If pressure to move ahead in this area becomes very great, the Delegation should request additional instructions. END FYI.

c. Reservation of the Ocean Seabed for Peaceful Purposes. In discussions of the concept of peaceful purposes, the US Delegation should seek to clarify how others would apply it to the seabed. The US, however, is not yet prepared to discuss the application of this concept to the seabed. Additional instructions should be requested if the Delegation believes it necessary in light of developments in the Ad Hoc Committee.

~~CONFIDENTIAL~~

TAB A

4

INFORMATION

~~TOP SECRET~~ --ANTWERR- SENSITIVE
EYES ONLY

Wednesday, June 19, 1968 -- 6:00 p. m.

Mr. President:

Herewith an apparent NLF feeler to bring about an end to the war.

All professional hands are sceptical because in 1966 a similar type of approach via an uncle of Nguyen Huu Tho, Chairman of National Liberation Front, turned out to have been made up out of whole cloth -- a complete fabrication. That was Operation THRUSH.

Nevertheless, it is the direction in which we would all like to go.

Therefore, after study, a recommendation will come to you in the next few days.

W. W. Rostow

WWRostow:rln

~~TOP SECRET~~

DECLASSIFIED
E.O. 12958, Sec. 3.6
NLJ 01-178
By sj, NARA Date 7-25-01

5

INFORMATION

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Pres file

Wednesday, June 19, 1968 - 3:00 p. m.

Mr. President:

It is true Gen. Taylor and I have worked together on Vietnam for our sins since May 1961; but I thought you might be interested in seeing his thoroughly independent reaction to the statement made in Paris by the North Vietnamese during the tea break.

W. W. Rostow

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White House Guidelines, Feb. 24, 1983
By rg, NARA, Date 6-26-92

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WWRostow:rln

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THE WHITE HOUSE
WASHINGTON

19 June 1968

~~SECRET~~

Walt:

Reference Paris 16568. There is an interesting statement by Tho in paragraph 2 of reference cable in which ~~he indicates that there can never be a settlement of military matters without prior agreement on a political solution.~~

This is what you and I have been saying all along--namely that before talking about a cease -fire we should deal with the political problems such as the conditions for stopping reinforcements by both sides for the eventual withdrawal of foreign troops, for the disposition of military bases and for the political and the economic arrangements affecting the Viet Cong. However, the discussion of such topics should be in the presence of the GVN representatives.

Do you see any possibility of our picking up Tho's statement and pressing for a discussion of such topics on the grounds that the bombing and cease fire arrangements are military matters to follow agreement on the political points?

MD2
M. D. T.

DECLASSIFIED
E.O. 12356, Sec. 3.4
NIJ 94-27
By ij, NARA, Date 4-26-95

~~SECRET~~

6

Free file

INFORMATION

~~SECRET~~

Wednesday, June 19, 1968 -- 1:00 p. m.

Mr. President:

Herewith an account of today's meeting in Paris, which accomplished nothing.

Two points of interest are:

- The increasing charge of U. S. escalation in the intensity of bombing in the North Vietnamese Panhandle.

Incidentally, I ran into this in taping a television show last night (for Sunday release). A Tass correspondent made the point, with which I hope I dealt adequately.

- Tho said, "There has never been a settlement of military matters without agreement first on a political solution."

This is a doctrine in which I happen to believe, as indicated in the scenario I sent to you this morning. I believe it deserves to be followed up. It suggests that we ought to encourage discussions, including the GVN, on a political solution, at the earliest possible stage if we are ever to make progress.

Key passages are marked.

W. W. Rostow

Paris 16567 (DELTO 301)
Paris 16568 (DELTO 302)

DECLASSIFIED
E.O. 12958, Sec. 3.5
NSC Memo, 1/30/95, State Dept. Guidelines
By JC, NARA, Date 4-24-01

WWRostow:rla

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Department of State

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TELEGRAM

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TO SECSTATE WASHDC FLASH 3233

~~SECRET~~ PARIS 16567

IN O D I S/HARVAN

DELTO 301

FROM HARRIMAN AND VANCE

SUBJECT: NINTH MEETING -- FLASH SUMMARY

1. THUY OPENED BY CHARGING US WITH ESCALATION OF THE WAR SINCE MARCH 31ST BY INTENSIFICATION OF THE AIR ATTACKS. HE CITED NORTH VIETNAMESE FIGURES ON AIR ATTACKS AND STATISTICS ON SORTIES ATTRIBUTED TO MACV TO SUPPORT HIS POINT. HE SAID WE WERE USING B-52'S IN THE NORTHERN HALF OF THE DMZ, THAT US TROOP LEVELS WERE STILL RISING, AND THAT GENERAL WESTMORELAND HAD SAID, ON HIS WAY HOME, THAT AN ADDITIONAL 15,000 MEN WERE NEEDED IN VIET-NAM.

2. THUY REPEATED HIS PREVIOUS STATEMENTS -- ON THE DETERMINATION OF THE PEOPLE OF THE NORTH, ON THE GROWING STRENGTH OF THE NLF, ETC. HE STRESSED THE DESTRUCTION CAUSED BY US AIR STRIKES IN SAIGON, AND SAID THAT THE US WAS ABSURD IN DEMANDING THAT THE PEOPLE OF SAIGON NOT PUT UP RESISTANCE TO THESE US ATTACKS. HE SAID THAT WE WERE ATTACKING THE CIVILIAN POPULATION OF SAIGON, HE SPENT QUITE A WHILE QUOTING ARTICLES AND OBSERVERS TO THE EFFECT THAT DESTRUCTION IN SAIGON WAS CAUSED BY THE US. OUR INACCURACY, HE SAID, HAD EVEN LED TO THE KILLING OF SOME HIGH-RANKING "PUPPET OFFICERS." THUY EVEN QUOTED AN ALLEGED STATEMENT BY SENATOR MCCARTHY THAT HE DID NOT THINK VC ROCKET ATTACKS ON SAIGON ARE

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By yc, NARA, Date 4-23-01

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PAGE 02 PARIS 16567 191534Z

DIFFERENT FROM ANY OTHER KIND OF MILITARY ACTIVITY.

3. AFTER CONTINUING IN THIS VEIN FOR SOME TIME, THUY SAID THAT THE DRV CAME HERE IN GOOD WILL, AND HAS ALWAYS BEEN WILLING TO HAVE MEANINGFUL DISCUSSIONS, BUT THAT THE US DELIBERATELY DELAYS AND REFUSES TO STOP THE BOMBING AND ALL OTHER ACTS OF WAR. THEREFORE, SAID THUY, HE WANTED TO REPEAT THE THREE POINTS ON THE CESSATION OF BOMBING AND ALL OTHER ACTS OF WAR. HE GAVE THEM WITHOUT CHANGE.

4. WHEN THUY ENDED AT 1140, I IMMEDIATELY ANSWERED HIS DEFENSE OF ATTACKS IN SAIGON, QUOTING MICHAEL STEWART, AND USING OTHER NEWSPAPER COMMENT FROM A NUMBER OF CAPITALS. I POINTED OUT THE INHERENT INACCURACY OF THE VC/NVA ROCKETS ON SAIGON, AND THE INDISCRIMINATE NATURE OF THE ATTACKS. I ALSO REFERRED TO THE RECENT INTRODUCTION OF THE NVA 308TH DIVISION THROUGH THE DMZ. I USED MOST OF THE SUPPLEMENTARY PAPER ON ATTACKS ON SAIGON ALREADY TRANSMITTED TO THE DEPARTMENT. (PARIS 16394; DELTO 287) I THEN PROPOSED A TEA BREAK, WHICH THEY ACCEPTED AT 1200.

5. AFTER THE TEA BREAK (REPORTED IN SEPIEL), I READ MY PREPARED STATEMENT. (PARIS 16538, DELTO 297)

6. THUY ANSWERED MY REMARKS BUT ADDED NOTHING NEW.

7. WE CLOSED WITH SOME BANTER WHICH THEY SEEMED TO ENJOY--THE FIRST TIME THIS HAD TAKEN PLACE IN THE OFFICIAL MEETINGS. I ASKED THE NORTH VIETNAMESE TO READ MY STATEMENT CAREFULLY AND THEY IN TURN ASKED ME TO READ THEIR STATEMENTS CAREFULLY. I AGREED AS FIRST STEP IN RECIPROCITY. WE ADJOURNED UNTIL NEXT WEDNESDAY, JUNE 26, AT 1030.

HARRIMAN

~~SECRET~~



Department of State

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TELEGRAM

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N O D I S/HARVAN

DELTO 302

FROM HARRIMAN AND VANCE

SUBJECT: NINTH MEETING - TEA BREAK

1. THE TEA BREAK LASTED FOR ABOUT 40-45 MINUTES. THE TWO OF US SAT WITH THUY AND THO, AND THE OTHER MEMBERS OF THE DELEGATION WERE AT OTHER TABLES. AFTER EXCHANGING SOME LIGHT CONVERSATION, WE ASKED WHETHER THEY HAD COME TO A DECISION ON THE QUESTION OF PRIVATE TALKS. THUY SAID THAT THEY HAD THE MATTER UNDER CONSIDERATION. WHEN PRESSED, THO ADDED THAT FROM THE STANDPOINT OF THE OFFICIAL CONVERSATIONS IT WAS NECESSARY TO AGREE ON SOMETHING AND THAT SO FAR THIS HAD NOT BEEN POSSIBLE. WE SAID THE PRESIDENT HAD INDICATED THAT HE WAS PREPARED TO TAKE ANOTHER STEP IF NVN WOULD SHOW GOOD WILL AND WOULD TAKE ACTION REFLECTING SUCH GOOD FAITH. WE SAID WHAT WAS TROUBLESOME WAS THE FACT THAT DRV HAD ESCALATED WAR SINCE MARCH 31. THO SAID WE WERE RAISING THE ISSUE OF RECIPROCITY WHICH HIS GOVERNMENT AND HIS PEOPLE HAD REJECTED FOR YEARS. THO SAID WE TALKED OF RESTRAINT, BUT WE HAD INTENSIFIED THE BOMBING. HE ADDED THAT WHAT HAPPENED MILITARILY IN SOUTH VIET-NAM WAS BEYOND OUR CONTROL IN PARIS -- IT WAS AN OBJECTIVE FACT WHICH WE MUST RECOGNIZE. WE REPLIED THAT WHAT HAPPENED ON THE GROUND IN SVN WAS AN OBJECTIVE FACT, BUT IT DID EFFECT WHAT HAPPENED HERE AND IT COULD NOT BE IGNORED AS HE SUGGESTED. WE ADDED THAT INSOFAR AS THE BOMBING IS CONCERNED, WE HAD NOT DENIED THAT WE WERE BOMBING THE SOUTHERN PART OF NVN; THEY MUST

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RECOGNIZE THAT THE INFILTRATION OF NVN TROOPS IN THE SOUTH REACHED AN ALL-TIME HIGH IN MAY AND IT WAS THEREFORE NECESSARY FOR US TO INCREASE OUR AIR ATTACKS TO INTERDICT THAT VERY MOVEMENT.

2. THO SAID "THAT UNDERSCORES WHAT I SAID ABOUT THE OBJECTIVE MILITARY FACTS BEING BEYOND OUR CONTROL HERE." HE ADDED - THERE HAS NEVER BEEN A SETTLEMENT OF MILITARY MATTERS WITHOUT AGREEMENT FIRST ON A POLITICAL SOLUTION. THUY ADDED THAT HE HOPED IT WOULD BE POSSIBLE TO FIND A GOOD SOLUTION. WE SAID WE SHARED THIS HOPE. |||

3. AT THUY'S SUGGESTION, WE AGREED TO HOLD WEEKLY MEETINGS-- TO BE HELD EACH WEDNESDAY-- WITH THE UNDERSTANDING THAT EITHER SIDE CAN ASK FOR ADDITIONAL MEETINGS. THUY SAID HE UNDERSTOOD THAT THE DISARMAMENT CONVERSATIONS WITH THE SOVIETS COVERED HUNDREDS OF MEETINGS AND ADDED, WITH A SMILE, THAT HE HOPED WE WOULD BE ABLE TO ACCOMPLISH OUR TASK MUCH MORE QUICKLY. WE POINTED OUT THAT NPA NEGOTIATIONS AFFECTED A HUNDRED OR MORE NATIONS, WHEREAS WE WERE ONLY INVOLVED IN THE FUTURE OF SOUTH VIET-NAM, PERMITTING THE PEOPLE TO DECIDE THEIR OWN FUTURE. THO NODDED APPROVAL DURING FRENCH TRANSLATION AND THUY ALSO NODDED AT THE END.

4. HABIB TALKED WITH LAU WHO DID NOT AVOID SUBSTANTIVE DISCUSSION OF QUESTION OF RESTRAINTS AS RELATED TO BOMBING CESSATION. LAU DID NOT DEPART FROM STANDARD LINE, AND ALLEGED US ESCALATION AND US NEED TO RECOGNIZE THAT IT IS AGGRESSOR. HABIB STRESSED US RESTRAINT FOLLOWING MARCH 31 AND NOTED ACTS OF ESCALATION BY DRV INCLUDING INCREASED INFILTRATION, MOVEMENT ACROSS DMZ AND SAIGON BOMBARDMENT. WHEN REMINDED THAT HIS GOVERNMENT HAD NEVER BEEN ABLE TO TELL US WHAT WILL HAPPEN IF WE STOPPED ALL BOMBING IN NORTH, LAU SAID THIS WAS AN UNACCEPTABLE DEMAND FOR RECIPROCITY WHICH THEY HAD REJECTED.

HARRIMAN

~~SECRET~~

Lunch Meeting With the President
Wednesday, June 19, 1968 - 1:00 p.m.

AGENDA

1. Abrams' Plan. (Sec. Clifford; Gen. Wheeler; Under Sec. Katzenbach)
 - Military aspects.
 - Press handling.
 - Relation to Paris contacts.
2. Indian Proposal. (Under Sec. Katzenbach)
Stop bombing for DMZ monitored by ICC.
3. Berlin crisis. (Under Sec. Katzenbach)
Situation report.
4. NATO Meeting: NPT Statement. (Under Sec. Katzenbach)
Tab A.
5. NPT Scheduling. (Under Sec. Katzenbach)
When open to signature: July 1 as Kuznetsov suggests or July 15?
6. UN Seabed Debate. (Under Sec. Katzenbach; Sec. Clifford; Gen. Wheeler)
An agreed U. S. position?
7. Phantoms for Israel. (Under Sec. Katzenbach; Sec. Clifford)
Symington pressure in Senate and increasing pressure from Israel, the candidates, etc.
8. Korean Civilians and Korean Light Division to Vietnam. (Sec. Clifford)
Defense paper will be available tomorrow morning (June 19)
9. Sentinel AMB System. (Sec. Clifford)
Report on letter to Senator Russell. (Tab B)
10. Lederer Article in Saturday Evening Post. (Sec. Clifford; Under Sec. Katzenbach)
Tab C. Questions and Answers
Tab D. Letter to Sen. Russell from Sec. Clifford
11. Other.

Walt. Rostow

SECRET

Friday, June 14, 1968

7a

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via Powell (6/15/68)
4 level*

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Reaffirmation of NATO at Time of
Non-proliferation Treaty Signing

At Tab A is Secretary Rusk's memorandum recommending you approve a scenario for use in reassuring the Germans regarding possible risks to their security from signing the Non-proliferation Treaty.

The Germans see a possible security risk in signing the Treaty which could arise if the NPT outlasts NATO. In this event, they fear they might be deprived of the U. S. nuclear guarantee without having an alternative means of deterring nuclear attack.

To protect themselves they have asked for a U. S. commitment to the defense of Europe -- independent of NATO.

Secretary Rusk proposes an alternative course of action to try out on the Germans. We would tell them:

- That at the time of signing the NPT the U. S. would reaffirm its continuing commitment under existing treaties of mutual security. This could be done by a Presidential statement. (Draft language is shown in Secretary Rusk's memorandum.)
- We would urge the UK to make a similar statement.
- Non-nuclear NATO members could make clear in the NATO Council that the existence of NATO makes possible their adherence to the NPT.
- We (and the UK) would respond by referring to previous assurances of our commitment to NATO and declaring our intention to continue to adhere to NATO as long as this is necessary and desired by our allies.

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E.O. 12356, Sec. 3.4

NIJ 92-22

By , NARA, Date 2-1-93

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Tab A

The purpose of all these reassurances is to make it easier for the Germans (and other countries) to sign the NPT.

Secretary Clifford has no problems with this approach.

I concur in Secretary Rusk's recommendation.

W. W. Rostow

Approve _____

No _____

Call me _____

THE SECRETARY OF STATE
WASHINGTON

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7b

June 11, 1968

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MEMORANDUM FOR THE PRESIDENT

Subject: Reaffirmation of NATO at Time of
Non-proliferation Treaty Signing

Recommendation:

That you approve the enclosed scenario for use in responding to a German request for reaffirmation of United States commitments to the North Atlantic Treaty at the time of signing the Non-proliferation Treaty.

Approve _____ Disapprove _____

Discussion:

In their consideration of the Non-proliferation Treaty, the Germans have seen a possible risk to their security from the fact that the Treaty, as drafted, could outlast the North Atlantic Treaty. They fear that this might some day deprive them of the United States nuclear guarantee at a time when they would not be able to develop effective alternate means of deterring a nuclear attack. Some months ago, they suggested that you deal with this problem by making an appropriate statement of United States commitment to the defense of Europe, when the Non-proliferation Treaty is opened for signature.

In a letter of March 30, Under Secretary Rostow proposed in return that the United States reaffirm its commitment to the North Atlantic Treaty at time of signing. He also proposed that those NATO members wishing to do so could make clear that their adherence to the Non-proliferation Treaty under current world conditions was made possible by their confidence in the North Atlantic Treaty. Our thinking was that these

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latter statements should be made in the North Atlantic Council forum. The Germans responded in a memorandum (enclosed) which sets forth their views on the way in which this proposal should be implemented.

We have now attempted to prepare a scenario for an oral presentation that would be both responsive to the Germans and compatible with our own interests. If you concur, this scenario would indicate, among other things, your willingness to include in your statement at the time the United States signs the Non-proliferation Treaty a reaffirmation of the continuing commitments of the United States under existing treaties of mutual security. We would envisage language for this purpose along the following lines:

"In welcoming the Non-proliferation Treaty, I wish to reaffirm that the United States remains fully committed to fulfilling its obligations under existing treaties of mutual security. Such arrangements have provided a significant measure of security for the United States and other parties to these treaties. They have created a degree of stability in an often unstable world."

A statement of this kind on your part would be useful in gaining German adherence to the Non-proliferation Treaty. It would also reassure our other allies in Europe and elsewhere that the Treaty in no way affects our existing security arrangements.

Dean Rusk

Dean Rusk

Enclosures:

1. Suggested Scenario
2. Rostow Letter 2 00
3. German Scenario

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SCENARIO FOR IMPLEMENTING THE
ROSTOW-DUCKWITZ PROPOSALS

The United States is prepared to make a statement at the time of signing the NPT, reaffirming the continuing commitments of the United States under existing treaties of mutual security. The President would be willing to make the statement, if this is desired. We would use the language "under existing treaties of mutual security" as a means of meeting the needs not only of our NATO allies on this score, but of all those countries with which the United States is bound in alliance. We also intend to include a statement of this kind in the testimony to be presented to the United States Senate during advise and consent hearings.

We would urge the United Kingdom to make a statement along similar lines.

It is our thinking that we would also urge other NATO members, at the time they signed the Treaty, to make statements similar to those of the United States and United Kingdom, with perhaps more specific reference to the North Atlantic Treaty than we, with our world-wide system of alliance, can properly make in the context of signing the NPT.

We believe it more effective for the non-nuclear NATO members to make the second point in the Rostow to Duckwitz letter of March 30--that it is the existence of the North Atlantic Treaty and the security it provides to its members that makes possible their adherence to the NPT under current world conditions--in the NAC forum, rather than at the actual signing of the NPT. We and the British would then take note of these statements and recall in this connection our respective reaffirmations of our commitments under existing treaties of mutual security. In doing so, we would refer specifically to our commitment to the North Atlantic Treaty. We would repeat views similar to those

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expressed by the President on February 19 during Secretary General Brosio's visit to Washington, relating to the necessity of maintaining NATO's strength to ensure continuing stability and security in the North Atlantic area. Further, we would declare the intention of the United States Government to continue to adhere to its North Atlantic Treaty commitments as long as this is necessary and desired by our allies. The United States and United Kingdom would make their declarations either in the NAC, the DPC, or, if the timing were convenient, at a NATO Ministerial Conference.

With regard to presenting the above course of action to the members of NATO, we would suggest that the United States approach the United Kingdom bilaterally to seek its support for the proposal. We would also suggest that the FRG do the same with Italy, and that the plan then be presented to the NAC as a joint FRG-Italian proposal, which the United States, and hopefully the United Kingdom, would then promptly endorse.

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LETTER FROM UNDER SECRETARY EUGENE ROSTOW
TO GERMAN FOREIGN OFFICE STATE SECRETARY
DUCKWITZ, MARCH 30, 1968

Dear Mr. Duckwitz:

It was good seeing you in Washington. I agree with you that continuing contact on matters of mutual concern is indispensable, and I look forward to our close and cordial cooperation on many common problems.

In your letter you raise, in the context of the Non-proliferation Treaty, the question of a possible reaffirmation of the United States nuclear guarantee for Europe. You suggest language the President might include in a declaration on this subject at the time of signing that Treaty.

I note that you recognize that the potential security risk which might arise from the different provisions on duration obtaining in the cases of the Non-proliferation Treaty and the North Atlantic Treaty is an unlikely one. We agree. We also have previously drawn attention in our bilateral consultations with the Federal Republic to the Non-proliferation Treaty withdrawal clause. Any fundamental change in the security guarantee provided by the North Atlantic Treaty could be interpreted as an extraordinary event which the Non-proliferation Treaty withdrawal clause is designed to cover.

Nevertheless, we recognize that some German concern remains. However, the specific solution recommended in your letter presents problems. First, we foresee possible harmful effects resulting from issuance of a declaration by the United States that in any way might be construed as having been prompted by concern over the possibility of an early end of NATO. This is an issue of the utmost

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sensitivity. Second, and equally important, we believe that security undertakings of the type you suggest would be difficult to achieve outside of a new treaty framework.

In recognition of your concerns, however, I should like to suggest for your consideration an alternate course. This is a strong reaffirmation of North Atlantic Treaty commitments at the time of signing the Non-proliferation Treaty. At the same time, we and other members of NATO could make it clear that adherence to the Non-proliferation Treaty under current world conditions is made possible by the confidence of members in the North Atlantic Treaty.

Such an approach could serve to allay the apprehensions you have cited. I should appreciate knowing whether it would meet your requirements.

Sincerely,

Eugene V. Rostow

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PROPOSED GERMAN SCENARIO

May 2, 1968

We appreciate the understanding the U.S. Government shows for the problems which arise for us from the relation between NPT and NATO.

We consider the declarations valuable and helpful, which in accordance to our proposal Secretary of Defense Clark Clifford has made in the Hague on the question of compatibility of the NPT with the activities of the Nuclear Planning Group. As to a nuclear guarantee we are hopeful that we shall also reach agreement on the means by which this problem can best be met.

We refer in detail to the proposals of Under Secretary Rostow as follows:

- 1) We welcome the proposal that the U.S., we, and other NATO members at the signing of the NPT should make clear that the adherence to the NPT in the present international situation is rendered possible only through the confidence which the members place in the North Atlantic Treaty. Such a declaration would demonstrate that there is an unsoluble link between the existence of the Atlantic Alliance and the obligations of the NPT as undertaken by the non-nuclear members of NATO.

Our concerns, however, would not be dissipated by such a declaration. In view of the long duration of the NPT we are mainly interested in having the protection which the U.S. provide for the non-nuclear partners of the Alliance extended on a long term basis, i.e. as long as the world situation and the security of the allies will require it.

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By cb, NARA, Date 4-12-00

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This protection is based on the U.S. membership in NATO, on the specific defense obligations of the U.S. in the framework of NATO, and on her participation in the arrangements for an integrated conventional and nuclear defense as they have been developed until now (see among others Communique of the NATO ministerial Conference of December 19, 1967, Athens guide lines, Strategic Concept of NATO MC 1403, NPG). This protection is equally based upon the stationing of U.S. troops in Europe, which - at least from a legal standpoint, does not presuppose the existence of NATO.

We, furthermore, are of the opinion that such a declaration would require the concurrence of possibly all, at least however of the great majority of NATO members. It would be necessary, therefore, to consult this matter as soon as possible with interested NATO members and, depending on the results of these consultations, to raise this question in the Council. U.S. support would be needed in the stage of consultation as well as in the Council.

2) U.S. reaffirmation of NATO commitments:

The problems of a declaration of guarantee independent of NATO, which Mr. Rostow touches upon in his letter, are also realized by us. We had thought that our proposal had taken care of them. This proposal carefully avoids any explicit detachment from the North Atlantic Treaty; it is linked to declarations which the U.S. side has given earlier in a similar form. The counterproposal does not correspond entirely to our aims, since it only comprises NATO commitments which are limited by the right of withdrawal.

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- 3 -

Nevertheless, we believe that such a reaffirmation could meet with our concerns to a satisfactory extent, provided it would have a politically and psychologically stabilizing effect on the alliance. We, therefore, feel that the following points should be taken into account in formulating the declaration:

- a) The declaration should not be limited to a reaffirmation of the U.S. NATO commitments. It should express the conviction of the U.S. Government that the maintaining of the alliance in the future is regarded as necessary (along the lines of the declaration of President Johnson and NATO Secretary General Brosio on February 19, 1968). Furthermore, it should declare the intention of the U.S. Government to adhere for this very reason also in the future to its NATO commitments, as long as this is necessary and desired by the Allies (along the lines of declarations given to us in the cause of the bilateral consultations).
- b) The declaration should be given in the context of the signing of the NPT. It should, however, be repeated during the ratification debate in the Senate, in order to make it a part of the ratification process.
- c) The declaration should be given by the President.

We are looking forward to learning about the U.S. views on the text of such a declaration of the reaffirmation at the earliest convenience.

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THE SECRETARY OF DEFENSE
WASHINGTON

18 JUN 1968

Honorable Richard B. Russell
Chairman, Committee on Armed Services
United States Senate
Washington, D. C. 20510

Dear Senator Russell:

You asked that I give you my personal views with respect to proceeding with the deployment of the Sentinel Antiballistic Missile System.

During the three and a half months since I became Secretary of Defense, I have had an opportunity to go into the merits of the System in considerable depth. As a result of that review I have come to the conclusion that it would be a serious mistake to eliminate construction and procurement funds in fiscal year 1969 for the deployment of the Sentinel System.

The reasons for that view are the following. The program represents twelve years of intense research and development effort. During those years we have devoted a substantial portion of our best scientific technological abilities to its development at a cost of some \$3 billion. As long as seven years ago we demonstrated that we could with confidence destroy single incoming missiles. Since that time we have demonstrated that we can reliably track substantial numbers of incoming objects and defend the U. S. from relatively simple missile attacks. I believe that the time has arrived when we can no longer rely merely on continued research and development but should proceed with actual deployment of an operating system.

The Director of Defense Research and Engineering, Dr. John Foster, has prepared the following statement of the purposes of the Sentinel System, which I have approved on

Tab B

the recommendation of the Joint Chiefs of Staff and the Secretaries of the Army, Navy and the Air Force.

"The Sentinel missile defense system is designed to (a) prevent a successful missile attack from China through the late 1970's (with the capability to continue to deny or at least substantially reduce damage from threats in later years); (b) limit damage from an accidental launch from any source; and (c) provide the option for increased defense of our Minuteman force, if necessary in the future.

"The ability to protect ourselves from unacceptable damage from a numerically large and technically advanced missile force such as that of the Soviet Union is not yet technically feasible. However the Sentinel system will complicate any attack on the United States.

"We will continue an intensive R&D program in an attempt to provide increasingly effective means to limit damage from both the advancing Chinese and the Soviet missile threats."

I understand that a proposal may be introduced in the Senate to eliminate funds for deployment of the Sentinel System in fiscal year 1969 and restrict the program to continued research and development. Approval of such a proposal would disrupt the work currently underway and, more seriously, would lose some two years in the availability of an operating system which in my judgment is important to the security of the United States.

I believe that our deployment decision is consistent with our continuing desire for arms control and arms limitation. The Soviets are, at the present time, deploying a ballistic missile defense around Moscow. We will continue our efforts to negotiate limitation of both strategic offensive and defensive weapons systems, but, in the absence of agreement, we must not suspend taking action in our own defense.

I have discussed the above views with the President, who shares my concern.

Carl L. Clegg

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FACT SHEET

ON

WILLIAM J. LEDERER ARTICLE "OUR OWN WORST ENEMY"

Saturday Evening Post, June 1, 1968

Allegation 1: U.S. antibiotics are found in Viet Cong supply dumps.

Comment: In a war without lines, among Vietnamese, some losses to the enemy are unavoidable. U.S. goods, including medical supplies, have been stolen or captured by the Viet Cong and their sympathizers. The Viet Cong raid villages wherever local security breaks down and intercept trucks hauling U.S. supplies to remote rural areas. Viet Cong agents, indistinguishable from other Vietnamese, also buy imported goods on the open market and smuggle them to Viet Cong-controlled areas. A.I.D. no longer finances the import of pharmaceuticals under its Commercial Import Program.

Allegation 2: Vietnamese charity patients must bribe GVN officials for a "permit" to visit the German hospital ship Helgoland. No Vietnamese gets on board unless he is a friend or relative of an important official or has money. The same racket was applied to the American hospital ship SS Hope.

Comment: No permit from the Government of Vietnam is needed to board the Helgoland. Screening of patients for admittance is conducted by the ship's own medical staff at a Saigon clinic. When in Vietnam, the SS Hope followed a policy similar to that of the Helgoland.

Allegation 3: The United States pays for the use of barges owned by Vietnamese Generals to unload ammunition, food and war supplies.

Comment: Lighterage fees and unloading costs are normally assumed by the shipper of commodities under international shipping practice and the costs are figured into the shipping rates at time of contract. A.I.D. pays shipping costs to Vietnam and to the extent barge costs are included in the shipping contracts, these costs would be paid by A.I.D. The barges are privately owned and are in turn contracted for by the longshoremen companies.

Tab C

Allegation 4: Inside a privately-owned warehouse in Cholon, Mr. Lederer speculates that one might find hundreds of bags of U.S. cement (with the USAID markings on them) and hundreds of bags of U.S. rice.

Comment: Like many of Mr. Lederer's allegations, this one is difficult to prove or disprove as he doesn't give a clear identification of the warehouse in question and he did not elect to approach our officials in Saigon with this information. If he means A.I.D. project commodities, A.I.D. knows of no such warehouse. (Bags with such A.I.D. markings, imported for commercial sale, would properly be in a private warehouse.) Although it is certainly true that some A.I.D. commodities have been stolen or diverted, careful studies indicate that the amount is significantly lower than Lederer implies. It is estimated that in recent months the loss rate of commodities imported into Vietnam is less than one percent for Commercial Import commodities, about 1.4 percent for PL 480 agricultural produce and about three percent for project commodities delivered to the province warehouses.

Allegation 5: Certain officials of the Port of Saigon know which American cargoes will be arriving. These officials control the unloading of cargo and, perhaps two weeks before an American freighter arrives in Saigon, they broadcast that the cargo is for sale on the black market.

Comment: Vietnamese port authorities are advised in advance of the arrival time of cargo from the United States or other countries in which procurement is made. This is standard port procedure throughout the world, the object of which is to plan for the receipt and disposition of cargo. There is no indication from evidence available to A.I.D. that port officials are in collusion with black marketeers, and our recent surveys of losses through the port and beyond do not support his contention.

Allegation 6: Rent control for American tenants in Vietnam is not enforced. Vietnamese landlords overcharge the United States Government for the use of substandard housing.

Comment: The Government of Vietnam has no rent control legislation. A U.S. central Housing Control Office in Saigon assigns housing to all U.S. Government civilian personnel. This office adheres to a policy of not paying more than a reasonable rate for American housing. It is true, however, that private American contractors do not have to go through the Housing Control Office and that in a wartime situation of a critical housing shortage, there may be cases where they are overcharged.

Allegation 7: A South Vietnamese Lt. Colonel has been using cement, hardware, and lumber stolen from the U.S. Government to build an apartment house near USAID headquarters. While much of the material is USAID goods intended for refugees, a USAID official commented "it relieves the housing shortage. That is how I got my apartment."

Comment: The USAID Mission in Saigon has no information on these allegations. All personnel assigned to the USAID Mission or the Civil Operations and Revolutionary Development Support organization (CORDS) are required by written order to report diversions of AID-financed commodities. Such reports are immediately investigated and positive action taken including representations to the Government of Vietnam where the circumstances warrant.

Allegation 8: Several years ago during a terrible rice shortage in Vietnam, the United States sent a shipload of rice to Saigon -- on a high priority basis. The rice in one ship was spoiling while it waited to be unloaded. When asked to unload the ship immediately to prevent further spoilage, the Department of Supplies for Vietnam turned down the request in order to unload Honda motor scooters. A high official in the Department of Supplies received a five percent kickback on every Honda landed in Vietnam.

Comment: The time frame covered by this allegation is indefinite, but it should be pointed out that there has been no "terrible rice shortage" of recent vintage. The USAID Mission in Saigon knows of no instance where rice spoiled in a ship in Saigon because it was not promptly unloaded. There are sufficient barges and warehouses to discharge efficiently and store three rice ships simultaneously. However, there have been cases where rice ships have had to wait while higher priority cargo was discharged. It should also be noted that rice is customarily discharged at deep draft buoys where the water depth is in excess of 28 feet. In early 1967, when the port was congested, deep draft ships sometimes had to wait for unloading. Full shiploads of Honda motor scooters have arrived at the Port of Saigon in small Japanese ships (Baltic coasters) with 21-foot drafts and were unloaded promptly at Ham Nghi dock where water depth is 23-24 feet. We have no knowledge of any kickbacks involved in the landing of Hondas.

Allegation 9: American economists have advised the Vietnamese on how to stay economically healthy. Nevertheless, the government Bank of Vietnam does as it pleases and usually disregards American advice. For example, Vietnamese funds were at one time deposited in many banks throughout the world to safeguard the security of the funds. Now much of the money has been withdrawn and placed in just a few banks which give kickbacks to Vietnamese officials.

Comment: It is true that Vietnamese funds were once deposited in many banks throughout the world. Today, however, most of the funds are deposited in American banks in New York. This change was favored by the U.S. Government. A.I.D. has no knowledge of any kickback going to GVN officials.

Allegation 10: The United States pays Vietnamese employees and rents land and buildings with piasters. To get these piasters the U.S. must give dollars to the Vietnamese Government which converts them to piasters -- which the United States will pay out. But the rate of exchange the U.S. gets is artificial -- about 80 piasters to the dollar instead of the free market rate of 160 piasters to the dollar.

Comment: Vietnamese employed by USAID and all rentals are generally paid by the GVN under the ruling A.I.D. agreement. This agreement, negotiated in the 1950's, provides that the GVN make funds available to the Controller of the American Mission who, as trustee for the GVN, disburses them to meet the A.I.D. Mission's operating cost.

Military purchases of goods and services, on the other hand, are under International Monetary Fund's regulations "Exports of Services to a Foreigner" and as such are purchased by the U.S. Government. However, a portion of the costs is also paid by the GVN through a section of its military budget known as "Assistance in Kind". As in the case of the A.I.D. Mission, the Military Assistance Command controller is the disbursing officer.

For those piasters which the U.S. Government does buy to purchase services in Vietnam, it at one time paid one dollar to get 80 piasters. That was and remains the official rate of exchange. However, the U.S. Government in common with private visitors and approved foreign-based enterprises coming to Vietnam has for over a year received an additional "economic consolidation subsidy" of 38 piasters for every dollar. The 160 rate of piasters to the dollar is a black market rate.

Allegation 11: In questioning approximately 100 Vietnamese in two widely separated sections of South Vietnam, the author was unable to find a single instance in which a Vietnamese refugee family had received U.S. compensation. The consensus was that the money and supplies intended for refugees went to Vietnamese officials.

Comment: This accusation is misleading. The U.S. does not supply any compensation to Vietnamese refugees. The Government of Vietnam supplies a regular daily allowance, and the U.S. Government donates PL 480 food and other supplies. The Vietnamese Minister of Social Welfare and Refugees accounts for the expenditures of money allotted to this program and A.I.D. maintains surveillance on the flow of foodstuffs and other supplies.

There has regrettably been some diversion of both funds and supplies in the Refugee Program. But over the past eighteen months there has been considerable improvement in cutting down the loss rate, and the vast majority of the country's refugees are receiving daily assistance from the GVN.

Allegation 12: The U.S. Government pays the Vietnamese license plate fees on the trucks we send to fight their war.

Comment: This is false. The U.S. Government pays no license plate fees on trucks in Vietnam.

Allegation 13: The United States pays rent for a building owned by a Vietnamese and provides generated electric power since that supplied by the Vietnamese is unreliable. But we run our cables through their meter, and we have to pay the Vietnamese what the meter reads at the end of the month. We have to pay them for the electricity we generate.

Comment: The USAID Mission provides generators for many of its leased buildings in Saigon because of the general shortage of power in that city. Although some of these generators are metered to measure the electrical output, in no case do they go through the Saigon Power Company system. In short, Mr. Lederer's allegation that A.I.D. pays the Vietnamese for electricity which we generate is simply not true.

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THE SECRETARY OF DEFENSE
WASHINGTON

June 18, 1968

Dear Mr. Chairman:

This is in response to your request for my comments regarding the allegations and implications in the William J. Lederer article "Our Own Worst Enemy" which appeared in the June 1st issue of the Saturday Evening Post.

I want to assure you at the outset that our objective of obtaining a full dollar's value for every dollar expended, whether in appropriated or non-appropriated funds, whether in Vietnam or anywhere else in the world, has received and will continue to receive our highest priority attention. No other objective is acceptable.

Turning now to the article itself, my staff has advised me that over the past few years the author has made several visits to South Vietnam apparently to gather material for a book from which the referenced article was extracted. His last visit to South Vietnam was about a year ago.

While I have no argument with an author's prerogative to garner information over a period of time and publish it as representing current conditions, I must take issue with Mr. Lederer's implications that the Department of Defense has not been aware of illegal activities in South Vietnam, or that we had knowledge of these activities but we were not doing anything to correct the situation. This is not to say that there have been no black market operations or other illegal activities in South Vietnam. The rapid troop and logistical base build-up in Vietnam over the past three years did create problems but certainly not to the extent or to the degree implied in the article.

Many of the charges made in the article are repetitive of charges made in previous years by others. These charges were investigated thoroughly and corrective action was instituted where necessary.

Feb 9

The article does not present a true picture of the current situation in South Vietnam. Some of the conditions which are discussed (even though exaggerated) may have existed during the author's earlier visits there. For example, during the critical build-up period in 1965-1966 the logistical support base was taxed to its limits as demands for supplies, services and construction materiel mounted rapidly. During this period, the vast bulk of these commodities entered through the antiquated Port of Saigon, which was small and ill-equipped to handle this surge of materiel. It was also during this period that we were most vulnerable to the type of dockside pilferage activity described in the article. The situation has now changed. I am advised that the bulk of materiel entering Vietnam today flows through seven principal ports with a total of 31 deep draft berths. Twenty-eight of these berths are in six ports which are entirely under U. S. control. These ports were constructed by and are operated by the United States. The remaining three berths are located in the old Port of Saigon. But even these three non-U. S. berths fall under relatively new U. S. port control procedures which were instituted to prevent dockside pilferage. Some of the salient features of our port control procedures and physical protection of dock/warehouse facilities are:

- Depots are protected by walls, barbed wire fences and are patrolled by guards and dogs.
- Lighting systems have been installed around port perimeters and in storage areas.
- Joint harbor patrols are assigned to port areas. These patrols include U. S. Military Police.
- Closed trucks or sealed containers are used to transport commodities that are attractive to pilferers.
- Movement between the ports and warehouse areas are over predesignated routes, in convoys, with military escort.
- More stringent security procedures have been established, including records of personnel data and fingerprints of all laborers, the issuance of access passes to workers and security investigations of itinerant workers.

- The Army Audit Agency has been designated as the Department of Defense Executive Agent to assure adequate audit coverage over materiel and equipment from source to user.

With respect to the specific allegations and implications raised in the article, I note an absence of detail in dates, names, and places against which we might be able to check specific charges. In fact, without this detail it is virtually impossible to conduct any type of productive investigation. While I therefore cannot provide a specific response to each allegation and implication, I would like to bring to your attention several pertinent facts that I believe will serve to put the article in its proper perspective.

First, the opening paragraph of the article is thoroughly misleading. It says that every government we have helped into power in Vietnam has been inadequate, and all of them have been rejected by the Vietnamese people. The author completely ignores the fact that the people of South Vietnam, despite Communist terrorism and threats, have adopted a constitution, held national elections, and elected a President, a Senate, and a House of Representatives. It is striking that 80% of the eligible voters voted in these elections. This opening paragraph with its misrepresentation of the facts sets the tone and style for the entire article.

An example of a charge with no foundation in fact is the allegation that U. S. manufactured 175-mm howitzer shells destined for U. S. Army forces in South Vietnam were diverted to Israel through some form of chicanery. Aside from the fact that we have no evidence of any such diversion, the alleged incident seems even more farfetched considering that 175-mm artillery are produced only by the United States and none has ever been sold or made available to Israel.

A further subject in which the article distorts the facts has to do with the losses in our Post Exchanges in South Vietnam. The article states that "in the month of May 1967 the small headquarters PX in Saigon lost \$65,000 in petty pilferage along." The "small headquarters PX" probably refers to the Brinks Hotel facility in downtown Saigon that serves officers and enlisted billets in the area. According to data

collected by my staff, the facts are that during FY 1968 sales at this facility totaled \$8.3 million, while losses to all causes during the same 12-month period equalled \$103,908.00 which represents 1.24% of sales. This loss rate, which includes losses to enemy action, shipping damage, pilferage, and breakage compares favorably with commercial retail experience in the United States. We would, of course, like to bring our PX losses down to the lowest practicable point.

Contrary to the impression in the article that our troops are not receiving adequate PX support, we have had a tremendous expansion in our PX outlets to accommodate the requirements of all of our troops. In the past year the Exchange Service expanded retail outlets throughout Vietnam from 256 to 314, with food facilities increased from 63 to 114. We are giving continuous attention to PX activities in Vietnam to insure our men have ample opportunities to use the facilities, to improve the quality of the PX service, and to reduce merchandise losses. To this end, the Chief of Staff of the U. S. Army directed Lt. General Frank J. Sackton, USA, Chairman, Board of Directors, Army and Air Force Exchange Service, to conduct a personal survey of PX facilities in Vietnam to determine what further improvements in the PX system might be required to meet our objectives of improved service and reduced losses.

I have covered only a few of the misrepresentations in the article. There are other distortions of facts; for example, the Government of Vietnam has no rent control; we do not pay license fees for our vehicles; Vietnam PX liquor is purchased by agents in the U. S. -- not in Saigon; 95% of the electrical power used by the U. S. forces comes from U. S.-constructed and operated plants which are not interconnected with Vietnam systems and do not run through Vietnamese meters, as alleged.

Finally, the author stated that he visited a black market building "which looked like a U. S. Army ammunition depot" and which allegedly contained U. S. equipment ranging from 1000 rifles to Navy diving equipment. There is no evidence of the existence of the cache of arms described. If the facts were true, it is difficult for me to understand

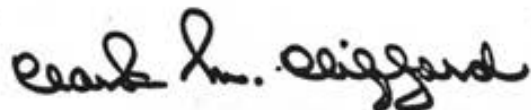
why the existence of such contraband arms which could be used in battle to kill his fellow Americans was not reported by the author, a retired military officer, to U. S. authorities. We can find no record of his making such a report.

In closing, Mr. Chairman, I believe the evidence shows conclusively that this article is made up of part rumor, part self-deception, a great deal of exaggeration, and some factual incidents gathered over a long period of time that do not reflect the current situation in Vietnam. As I indicated earlier, we have had and continue to have some problems of the nature he describes, but we are aware of these problems and we have had and continue to have a continuous and vigorous program of corrective action under way.

I am confident that with the facts at hand as described above you will be able to satisfy adequately the inquiries of your constituents on this matter, and reassure them that we are making every effort to see that taxpayers' dollars are not wasted in Vietnam through excesses such as alleged by Mr. Lederer.

With warm personal regards.

Sincerely,



Honorable Richard B. Russell
Chairman, Committee on Armed Services
United States Senate
Washington, D. C. 20510

ACTION

8

~~CONFIDENTIAL~~

Wednesday, June 19, 1968 - 12:45pm

MEMORANDUM FOR THE PRESIDENT

Pres file

SUBJECT: AID Loan for the Congo (K)

Herewith Messrs. Gaud and Zwick recommend a \$15 million Supporting Assistance Loan for the Congo. Joe Fowler concurs. Added to the \$13 million PL-480 sales you approved in December, this loan would complete our aid package for the Congo in FY 1968.

The loan will finance imports of U.S. vehicles, machinery, and spare parts. This is primarily a maintenance loan, not a development loan. But President Mobutu is making a serious effort to get back to the development business after the mercenary escapades of last summer and fall. He has taken much needed monetary reforms recommended by the IMF and is working hard to control an unruly budget. Our past aid has given us considerable leverage in urging reforms. We would release this loan in two installments, making the second contingent upon a further show of responsibility on the monetary front.

Other donors (mainly Belgium, France and the EEC) provide 80% of current aid to the Congo. Our share is now down to 20% and will decrease further next year. (Last year's loan was \$17 million.) This proposal represents the minimum we can get away with if the Congolese balance of payments is to hold together.

There is no current problem in the Congo with the Conte-Long Amendment, which requires us to deduct economic aid in the amount spent by a poor country on sophisticated weapons. The Congolese haven't made any such purchases so far, but they have been considering buying some Italian jet trainers. We are trying to head this off, and we would warn Mobutu that buying jets would cost him part of this loan.

I recommend you approve.

W. W. Rostow

Approve loan _____

Disapprove _____

Call me _____

DECLASSIFIED
E.O. 12958, Sec. 3.6
NLJ 97-214
By ics, NARA Date 7.19.98

~~CONFIDENTIAL~~

WWR:EKH:RM:lw
Att: File #1918

~~CONFIDENTIAL~~

1918

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

MAY 31 1968

MEMORANDUM FOR THE PRESIDENT

Subject: \$15 million Supporting Assistance loan for the Congo
(Kinshasa)

Bill Gaud requests your approval to negotiate a \$15 million Supporting Assistance loan to the Congo to complete the \$28.6 million of assistance we plan for FY 1968. We have already provided \$13.6 million through the P. L. 480 agreement negotiated last December. Within the next few weeks we also expect a request for approval of a new P. L. 480 agreement of about \$15 million toward FY 1969 Congolese aid needs.

The Supporting Assistance loan will help the Congo meet its balance of payments problems in 1968 and 1969. It will provide needed vehicles, tires, spare parts, and other industrial machinery.

Like our past Supporting Assistance and P. L. 480 credits, the proposed loan will provide us with significant leverage in advising the Congo Government and in cooperating with the IMF and other donors. Last year the Congo undertook a monetary reform and stabilization program in cooperation with the IMF. In spite of its many troubles, the Government has kept the lid on wages and credit and has liberalized its import system. It has had trouble controlling its budget, but President Mobutu has recently taken action to correct this. Furthermore, Belgium has agreed to provide some financial experts for Congo's Finance Ministry.

We are not requiring new self-help measures. Rather, we will specify that the release of the second tranche of Supporting Assistance funds depends on continued progress toward monetary reform and budgetary restraints.

Other donors, Belgium and the European Economic Community especially, continue to provide sizeable assistance to the Congo. Many technical advisers and operational experts are maintained by the United Nations, Belgium and France. Our aid has been decreasing in proportion to that of these other donors.

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E.O. 12958, Sec. 3.6

NLJ 97-284

By io, NARA Date 9.18.98

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Procurement under the Supporting Assistance loan is limited to the United States. Efforts to obtain an additional share in the future for U.S. commercial imports continue. Secretary Fowler agrees that the arrangements proposed for the selection of commodities to be financed under the loan will minimize the impact on the U.S. balance of payments.

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State and AID have determined that the Congo is not diverting our assistance to unnecessary military expenditures. The Congolese have not purchased any sophisticated weapons, but they are thinking about buying jet trainers. We will inform the Government that, if they should purchase the jet trainers, we will have to make an equivalent reduction in the amount of this loan.

I recommend you authorize negotiations of this loan.

Charles J. Quirk
Charles J. Quirk
Director

Attachment

Approve _____

Disapprove _____

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8b

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

OFFICE OF
THE ADMINISTRATOR

MAY 24 1958

MEMORANDUM FOR THE PRESIDENT

SUBJECT: \$15 Million Supporting Assistance Program Loan for the
Congo(Kinshasa)

Action Requested

I request your authorization to conclude with the Government of the Democratic Republic of the Congo a loan from Supporting Assistance funds for \$15 million to finance essential imports from the U.S. over the next twelve months. The other members of the Development Loan Committee, the Treasury, the Export-Import Bank and the Department of State, also support this loan.

U.S. Interests

This proposed loan from Supporting Assistance funds is directly in keeping with our A.I.D. strategy for Africa as presented to the Congress. The Congo has been designated as a country of special U.S. political interest and as such is eligible for Supporting Assistance.

Although some budgetary problems still exist, we are encouraged by the recent economic and political progress which, in some ways, has even exceeded our earlier expectations. For this reason we plan to hold to the schedule established for the sharp reduction of Supporting Assistance funds in FY 1969, and its elimination thereafter providing the Congo's political stability is maintained. The Congolese have been informed of our intention to reduce and terminate this short-term assistance and of our desire to direct our assistance programs to more developmental objectives.

U.S. foreign policy interests are at stake in the Congo primarily because it has on repeated occasions since independence come dangerously close to complete collapse. Because of its size and location this would have a catastrophic effect on the stability of a major portion of the continent. This in turn would permit much greater Communist intervention in Africa. Achievement of a moderate, viable and secure Congolese nation will have an important influence upon the stability and moderation of the neighboring states of Uganda, Rwanda, Burundi, Tanzania and Zambia.

DECLASSIFIED

E.O. 12958, Sec. 3.6

NLJ 97-215

By is, NARA Date 4-3-98

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Self-Help Measures

Since his accession to power in November 1965, Mobutu has brought about continuing improvement in the political stability and economic regeneration of the Congo. Residual rebel activity from the 1964 rebellion has been virtually eliminated and reconstruction of the damage created by the European mercenary mutiny of last July is being carried out at a rapid pace.

In late June, 1967 the Congo undertook its most significant self-help measures since independence in 1960. Under the guidance of the IMF and with urging from the U.S., a sweeping monetary reform and stabilization program was initiated. The primary elements of this reform and stabilization program included:

- a. The elimination of a dual rate of 150:180 CF to the dollar and the creation of a unitary rate of 500 CF to the dollar.
- b. Liberalization of import controls.
- c. Liberalization of essential capital transfers.
- d. The institution of controls over budgetary expenditures.
- e. Qualitative limitations on additional borrowing and debt burden.
- f. The establishment of a new and flexible export tax system.
- g. Continuation of firm credit controls by the National Bank.
- h. A reorganization of the entire tax structure which became effective in January 1968.

These reforms were introduced with very substantial high-level support by government leaders, labor unions, and the business community. Almost immediately after the reform was announced, there also occurred a revolt by European-led mercenary forces in the eastern Congo which threatened the Government's ability to live within the restrictions of the reform. It is a mark of the GDRC's resolve and the resilience of the economy that this five-month mutiny only slowed down but did not destroy the reform.

Two separate evaluations of the performance of the GDRC and the progress of the reforms have recently been completed. An IMF team visited Kinshasa in November/December as part of its standard procedure of

evaluation following its standby agreement with the National Bank of the Congo. The IMF report, dated January 18, 1968, presents an optimistic picture and states that..."The authorities have so far been successful in the implementation of the policies set out in the letter of intent, and the results obtained are encouraging."

A second and separate evaluation was undertaken by A.I.D. in January pursuant to one of the conditions of our June 1967 loan made on the eve of the reform. This separate study confirmed the positive findings of the IMF and further increased our confidence in the seriousness with which the GDRC is pursuing these reforms.

In summary, both evaluations found that:

- a. The 1968 ordinary budget will probably be balanced and a ten per cent surplus should be available for development programs.
- b. The balance of payments position has improved markedly, primarily due to increased copper prices but also in some measure to the freeing of exchange restrictions.
- c. Liberalization of all trade has been effectively carried out.
- d. Agricultural production, both for export and local consumption, is beginning to show a marked improvement.

We were concerned by Congolese budget deficits for January, February, and March. This concern was made known to President Mobutu, who signed separate directives in May to the Minister of Finance and the Governor of the National Bank requesting them to take specific steps to improve budgetary management and to limit budgetary expenditures. In this regard, we are encouraged by the Congo's most recent performance reflected by a modest budgetary surplus for April.

We plan to make disbursements under this loan conditional upon continuing economic performance. The loan agreement will contain specific conditions to assure that funds will only be released upon satisfaction of both IMF and U.S.G. performance standards. Even though the Symington Amendment does not apply to Supporting Assistance, we also plan to review with the Congo its military expenditure levels in order to assure that they do not increase and, therefore, interfere with recent gains in the country's economic development. See Appendix.

Other Donor Assistance

The principal non-U.S. donors to the Congo are Belgium, the U.N., France, Italy and the EEC. The Belgian technical assistance program, costing

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\$16 million annually, includes 1,200 personnel working in the central and provincial governments, and scholarships for undergraduate and graduate training in economics, government, and science for Congolese students in Belgium, 120 Belgian Army personnel to help train the Congolese military forces plus 30 police advisors.

The U.N. continues to fill operational and advisory positions in health, education, finance, telecommunications, and other essential areas. In 1968 the U.N. will provide 350 technical advisors composed of 180 experts under the conventional U.N. program (EPTA, Special Fund, and regular U.N. agencies). In 1968 the EEC has budgeted \$25 million for long term capital projects such as bridges, roads, and dams. The French technical assistance program includes over 300 teachers and government advisors in transport, mining, and finance. Italy is supplying substantial aid, both advisory personnel and equipment, for the Congolese Air Force.

Japan has negotiated a \$15-16 million, 12 year repayable, 5-1/2% interest loan with the privately operated BCK Railroad; some further Japanese activity on medium terms may be forthcoming. The IBERD undertook an economic survey in the Congo in February 1968, which may lead to direct IBERD financing of certain developmental activities by 1969.

Justification for the \$15 Million Program Loan

The Congo's outstanding problem over the next several years will continue to be the revitalization of a strong and resilient economy which has been periodically disrupted by internal disorders. The continuation and successful conclusion of the monetary reform and stabilization program is an absolute prerequisite for the resolution of this problem. Even though substantial progress has already been made in implementing these reforms, the success of the program is by no means assured.

Congolese leaders, who have undertaken these measures, have done so at considerable political risk since the short range effect of any deep devaluation is a severe reduction in real income for the great majority of the population. Continued and visible U.S. support is, therefore, vital in holding these leaders to their resolve and in showing the Congolese population that we believe their Government to be on the proper course.

The \$17 million S.A. loan made in June 1967 was a determinant factor in encouraging the GDRC to undertake the stabilization program and influenced considerably the decision of the IMF to make available a standby in the magnitude of \$27 million. Having been a major factor, therefore, in the initiation of the reform measures, we expect to be able to continue our considerable influence on Congolese economic policy by providing further assistance this fiscal year. As in the past, U.S. funds will be tied to compliance with the reform and stabilization program and a further formal review of GDRC performance will be required six months after the first disbursement from this FY 1968 loan.

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In addition to the direct effect of this loan on the Congo's balance of payments and our influence on economic policy, we also anticipate that it will give us important leverage with other donors. This will help insure that considerable other assistance continues and that our goal of a truly internationalized assistance effort can be realized. Toward this end we view the recent involvement of the IBRD as particularly significant.

FY 1968 balance of payments assistance to the GDRC will total \$28.6 million which will be comprised of this \$15 million loan and PL 480 Title I dollar credit sales of \$13.6 million. This compares with combined B/P assistance in FY 1966 of \$39.8 million and \$34.7 million in FY 1967. This downward trend will be continued in FY 1969 when combined Supporting Assistance and PL 480 loans will total approximately \$20 million. The proposed termination of Supporting Assistance after FY 1969 will further reduce U.S. support of Congolese balance of payments in FY 1970.

Effects on U.S. Balance of Payments

The program loan procurement will be limited to the U.S. and will not have an adverse effect on the U.S. balance of payments. Despite large inputs of U.S. assistance, the U.S. commercial share of total Congo imports has remained steady over the last six years with a slight decrease from 15.9% in 1965 to 11.5% in 1966. Total imports from the U.S. (commercial and A.I.D.-financed) over the past four years have averaged \$72 million annually. This level has been maintained despite the fact that U.S. economic assistance has declined from \$64 million in 1963 to \$29.4 million in 1966.

Specific favorable effects of this loan on the U.S. balance of payments will arise from:

The operation of the 50/50 shipping clause under which the freight on U.S. ships is financed by the Congo.

Establishment of markets for commodities not previously imported from the United States and re-enforcement of existing markets.

Inclusion of public sector imports (primarily from U.S. excess stores) which otherwise would have been purchased from other sources.

Recommendation: That you authorize me to approve this loan. The Department of State concurs.

William S. Gaud

William S. Gaud

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

APPENDIX

Applicability of Symington and Conte-Long Amendments to the proposed \$15 million S.A. loan.

SECTION 620(s) (The Symington Amendment) of the Foreign Assistance Act by its terms applies only to development assistance and PL 480 sales. It does not apply to Supporting Assistance.

Currently available intelligence does not indicate that the Democratic Republic of the Congo has purchased sophisticated weapons systems requiring the withholding of assistance under section 119 (Conte-Long Amendment) of the Foreign Assistance and Related Agencies Appropriation Act, 1968.

~~CONFIDENTIAL~~

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

Information *has*
(for Lunch) *file*

9

Wednesday, June 19, 1968

~~SECRET~~

^{11:30}
10:30 a. m.

MR. PRESIDENT:

Here, as I understand it, is the background to the Indian proposal in Bill Bundy's proposed response.

1. In the formal exchanges in Paris, we have taken a simple maximum position; that is, restore the DMZ and restore the Laos Accords of 1962. That would mean no infiltration whatsoever.

2. In the informal talk between Jordan and the North Vietnamese at dinner, Jordan took a line wholly consistent with the original instructions to Harriman, as follows:

"Jordan declined to be absolutely specific on this point. It was a matter to be determined at our highest levels, in the light of the total situation. But he gave as a personal view that if Hanoi would re-establish the DMZ, reduce infiltration to something like last year's levels and put an end to the ruthless attacks on Saigon, the bombing might come to an end."

What was left out of Jordan's formulation -- and this was consistent with the original instruction to Harriman -- was a closing out of infiltration via Laos. As you know, he also introduced the question of Saigon which has arisen since the original Harriman instruction.

3. It is because of the question of infiltration via Laos -- and whether we might be willing to accept for a time some lower level of infiltration while the negotiations proceeded productively -- and also because of the question of Saigon -- that Bill Bundy's draft referred to a restoration of the DMZ as "a very major contribution to the situation" rather than saying flatly that it would be a sufficient condition for a cessation of bombing. But Bill's memorandum is not wholly clear and could lead to trouble because it later states:

"Finally, the Indians could further state that in their own judgment such mutual undertakings -- exchanged through the Indians -- would be sufficient to permit the US to stop the bombing altogether."

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DECLASSIFIED
E.O. 12958, Sec. 3.6
NLJ 01-178
By Sj, NARA Date 7-25-01

June 19, 1968

Paragraph C in the Bundy memo tries to take the edge off this and leave us flexibility. Nick, with whom I have just talked, says he is trying to give the Indians something reasonably hard to say to Hanoi, without locking us in too tightly.

4. The issues before us at lunch, therefore, are simply these:

- Are we prepared totally to stop the bombing of North Vietnam if the DMZ is effectively re-established?
- Which -- if any -- of the following additional conditions should we insist on?
 - cessation of all infiltration
 - reduction of infiltration to 1967 fall levels
 - no attacks on Saigon
- If we are prepared for a simple DMZ formula, should we use the Indians as the channel for communicating it to Hanoi?
- Or should we have them convey a tougher position to Hanoi and leave it to informal direct contacts in Paris or communications via Moscow for settling the exact terms on which we would totally stop the bombing?
- Or should we accept the fuzzy Bundy-Katzenbach formula?

5. My own feeling is this:

- If General Wheeler and General Abrams are content with a reinstalled DMZ without further conditions, I would be prepared to go with that formula if it were understood that we might resume bombing if subsequent talks do not prove productive in promptly moving towards peace. The reason for this view is that in the months ahead infiltration via Laos will be difficult because of the weather; and we shall continue to bomb in Laos. On the other hand, it would be dangerous for us if the talks prove sterile and protracted to accept the simple DMZ formula because:
 - the acceptance of any rate of infiltration as legitimate tends to undercut our basic case against North Vietnam; and

June 19, 1968

-- because, towards the end of the year, the Laos trails become the primary infiltration route.

6. If General Wheeler and General Abrams agree, then, our message to the Indians might be more straightforward and read as follows:

paragraph b, as at present, plus following final sentence:
"Finally, the Indians could further state that in their own judgment such mutual undertakings -- exchanged through the Indians -- would be sufficient to permit the US to stop the bombing altogether if subsequent talks prove productive in promptly moving towards peace."

7. But if we are not yet ready for a formula that clear-cut, we could go with the fuzzy Katzenbach-Bundy scenario,

W. W. Rostow



DEPARTMENT OF STATE
WASHINGTON

By Taylor/Gooding
9a

~~SECRET/NODIS/HARVAN~~

June 18, 1968

TO: The Acting Secretary
THROUGH: S/S - *Glaz*
FROM: EA - William P. Bundy *W.P.B.*
SUBJECT: Response to the Indians.

Rostow

1. Facts of the Indian Proposal. On June 15, the Indian Ambassador gave the Secretary a message from Prime Minister Gandhi, asking for our reaction to the following suggestion: That India should make a totally private approach to Hanoi, possibly through a special emissary, to suggest that, in return for the US stopping all bombing, Hanoi should give India a guarantee or assurance that infiltration through the DMZ would be immediately stopped and that Hanoi would agree to prompt and effective restoration of the DMZ. The Indians say that they have broached this idea solely to us and have told no one else. The Secretary replied that he would give our answer as soon as possible.

2. Comment: The Indian Ambassador did not in any way suggest that his government had any reason to suppose that Hanoi would accept this deal, or that the Indians had established any real basis for Hanoi's dealing through them. Past experience would lead to the judgment--shared by Ambassador Bowles--that India has no special credit in Hanoi. However, the present proposal must be taken as a serious and responsible effort, logically growing out of our talks with the Indians on the possibility of a restored DMZ and effective ICC policing. The Indian Ambassador had in fact raised the same essential question in a talk with me about two weeks ago--whether agreement to restore the DMZ would in itself permit us to stop bombing. I then replied that it would be a most significant contribution to the necessary atmosphere of confidence, although we would remain concerned about the level of infiltration generally. Finally, however seriously we

~~SECRET/NODIS/HARVAN~~

DECLASSIFIED
E.O. 12958, Sec. 3.6
NLJ 01-183
By *Sj*, NARA, Date 9-24-01

assess the chances of any useful outcome through Indian action, we would obviously hurt ourselves somewhat in this increasingly favorable quarter by declining to give a useful response, and conversely might help ourselves somewhat even if nothing useful came of it.

3. Competing Channels. Clearly, we do not wish the Indians to be taking any action inconsistent with what is going on through other channels. In Paris, Jordan has now launched on a "personal" basis the specific suggestion that we could stop the bombing if Hanoi restored the DMZ, cut back infiltration to 1967 levels, and refrained from indiscriminate shelling of Saigon. This proposal comes very close to what Hanoi would read into our formal statements in the Paris talks, and is undoubtedly viewed in Hanoi as our present position--although possibly subject to modification. Neither Jordan's remarks nor our formal statements have specified whether we required formal agreement from Hanoi on infiltration and the shelling of Saigon.

4. Possible Response. Hence, the way is open for us to convey a response to the Indians along the following lines:

a. We believe it would be highly useful, appropriate and timely for the GOI, as ICC Chairman, to approach Hanoi with the suggestion that Hanoi give the Indian Government its guarantee or assurance that the DMZ would be restored, and that the ICC could operate effectively to observe and report any violations by either side in the DMZ.

b. In so doing, the Indians could state that it was their clear understanding that the USG would regard such a private undertaking by Hanoi--to the Indians--as a very major contribution to the situation. The Indians could further state that, so far as the USG is concerned, such an undertaking by Hanoi to the Indians could be given privately and could be in the sense that, when bombing of North Viet-Nam stopped altogether, Hanoi would accept the introduction of an effective ICC-reporting presence in the DMZ area, and would observe the restora-

tion of the DMZ. The Indians could state that the USG for its part has made clear (by this message) that it would provide a similar undertaking effective in parallel with Hanoi's undertaking. Finally, the Indians could further state that in their own judgment such mutual undertakings--exchanged through the Indians--would be sufficient to permit the US to stop the bombing altogether. *if subsequent talks prove productive in promptly moving towards peace.*

c. We should make it clear to the GOI that we feel it necessary to suggest the formulation in b. above because of our concern that even if the Hanoi authorities accepted the Indian proposal they might couple such restraint with continuation or escalation of the extremely high level of infiltration generally and of indiscriminate civilian attacks in Saigon. If such North Vietnamese actions were to follow a complete cessation of the bombing, we could find it very difficult to maintain a position of total restraint against the north. We make this position clear to the Indian Government so that it may understand the exact meaning of the position stated in the first two paragraphs. We do not ask the Indian Government to raise these additional points, which we believe would be handled best through US statements directly to Hanoi at the appropriate time.

5. Recommendation. In view of the need for some response, we believe that the message stated in paragraph 4 above is the one that we should give, and recommend its approval. It is in fact entirely consistent with the sense of the Secretary's conversation of June 15, and we believe goes as far as we should at this time. Harriman and Vance are in accord with this view.

w w R
ACTION

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Wednesday, June 19, 1968 -- 10:30 AM

Free file

Mr. President:

In the attached, Messrs. Gaud (Tab B) and Zwick (Tab A) recommend a two-part AID fertilizer package for India. Joe Fowler concurs.

The package includes:

- a loan of \$37 million for major expansion of an Indian fertilizer plant;
- a loan of up to \$30 million to finance Indian imports of U. S. fertilizer.

Both of these loans reflect the needs of the agricultural revolution in India which began in 1965 in large part because of our pressure to correct the strong Indian bias toward investment in heavy industry at the expense of agriculture. The new wheat and rice seeds which produce higher yields require much more fertilizer than the old strains. The tale is told by the figures quoted in the Gaud and Zwick memoranda. Acreage seeded in the new grain varieties has gone from zero two years ago to 15 million acres this year; fertilizer consumption has more than doubled in the last two years and will more than double again in the next two.

In the long run, India must produce most of her own fertilizer. Her production has in fact doubled in the last two years. But in the near-term, if she is to take advantage of the new seeds, she must build fertilizer plants at a rapid rate as well as import large amounts of fertilizer from outside. This package serves both needs.

The self-help conditions on these loans are outlined in the Gaud and Zwick memoranda. The most important are better treatment for private fertilizer producers (much has already been achieved) and acceptance of the recommendations of a TVA team on management of fertilizer plants. Note that the loan to finance imports would be up to \$30 million. In fact, it probably cannot be that large; it depends on how much money can be scraped up in AID by cutting courses elsewhere. It will probably total more like \$20 million.

I recommend you approve.

W. W. Rostow

Approve loans _____
Disapprove _____
Call me _____

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

JUN 10 1968

MEMORANDUM FOR THE PRESIDENT

Subject: Fertilizer for India

In the attached memorandum, Bill Gaud requests your authority to negotiate two loans to India:

- \$37 million to expand the capacity of a fertilizer plant at Trombay, by 323,000 nutrient tons. (The Government of India will provide another \$43 million to meet local currency costs.)
- up to \$30 million to finance part (about 150,000 nutrient tons) of the fertilizer imports needed for next summer's crop.

Background. Since 1965 Indian agriculture has been undergoing a true revolution. This year's record crop is partly due to good weather. More importantly, it is the result of government policies which include giving agriculture top investment priority, keeping farm prices at incentive levels, and making available significantly increased amounts of fertilizer and miracle seeds. Perhaps the most dramatic impact of these changes is the new political interest and power of the farmer. This development, more than any other assures that the Indian agricultural revolution is here to stay.

But it has real budgetary and foreign exchange costs for India. As the following table shows, fertilizer consumption and imports have jumped sharply. Both will increase further, although imports will decline as a proportion of consumption.

<u>Fertilizer</u>	<u>1965/66</u>	<u>1966/67</u>	<u>1967/68</u>	<u>1968/69</u>	<u>1970/71</u>
	(in thousands of nutrient tons)				
Consumption	800	1,320	1,925	2,650	4,100
Domestic production	357	455	587	921	1,839
Imports	443	865	1,338	1,729	2,261
Imports as % of consumption	55%	65%	69%	65%	55%

By the time it reaches full production in 1973/74, the Trombay fertilizer plant will produce 426,000 nutrient tons annually, of which 323,000 will be from the expansion financed by this loan. This will be the first U. S. financing of a public sector fertilizer plant in India in several years. AID support is based primarily upon the progress made in attracting private financing. Largely as a result of important concessions to private investors, private sector capacity will rise from 20% of total fertilizer capacity in 1964 to 60% of capacity by 1971/72.

In the meantime, about \$100 million worth of tenders for imports for next summer's crop must be issued soon if the fertilizer is to be in the farmers' hands by the time it is needed. In view of the bleak FY 1969 appropriation picture, any help we are able to give to meet this urgent need will have to come from this year's funds. After allowing for forthcoming loans to Pakistan and Africa, AID can't scrape up more than \$30 million.

Self-help. In addition to continuation of the progress on private fertilizer investment, we will press for several significant measures in negotiating these loans. A "blanket" license for all imports needed in construction of the fertilizer plant would provide an invaluable precedent for future investments in India. Another key set of self-help measures will address the staffing, wage, and accounting problems which beset the Fertilizer Corporation of India. These measures should further improve the efficiency and the profitability of India's whole fertilizer industry.

Military Expenditures. The requirements of the Symington and Conte/Long amendments were met in connection with this year's program loan to India.

U. S. Balance of Payments. These loans would be used only for the purchase of goods and services in the U. S. Since the Trombay plant expansion involves a project loan which would not be undertaken without U. S. assistance, and since the delivered price of U. S. fertilizer is not normally competitive in India, it is reasonable to assume that all of these purchases will be additional to our normal exports. On the basis of these considerations, Secretary Fowler concurs in this loan package. x 5 12 1447

Recommendation. We are making a major breakthrough in the War on Hunger. We should not miss this opportunity to further India's progress toward self-sufficiency in food. I recommend that you approve these two loans.

Charles J. Zwicker
Charles J. Zwicker
Director

Attachment

- Approve both loans
- Approve fertilizer plant expansion only
- Approve fertilizer imports only
- Disapprove

10b

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

OFFICE OF
THE ADMINISTRATOR

JUN 3 1968

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Two Fertilizer Loans for India

Recommendation: We recommend you approve (a) a \$37 million project loan to expand capacity of a fertilizer plant at Trombay and (b) up to \$30 million to finance up to 150,000 nutrient tons of fertilizer imports.

These two proposals arise from the success of the agriculture strategy you initiated in 1965 with the short-leash on PL 480. They are logical next steps to consolidate the success of that strategy. Part I below details the sharp rise in demand for fertilizer by Indian farmers. Part II puts the case for the project to manufacture fertilizer. Part III makes the case for financing imports in the interim while plants are being negotiated and built.

Part I: The Need for Fertilizer

A massive increase in fertilizer use is a keystone of the turnaround in Indian agricultural policy and performance of the past two years.

Since 1950 India's fertilizer consumption doubled every five years-- increasing an average of just under 20% a year. This steady growth was accelerated in 1965 and a sharp upward kink in the trend line began-- a direct consequence of the new strategy. Consumption in 1966/67 was up by 65%. Consumption last year was up at least a further 46%. The target for 1970/71 is more than double last year's consumption--a 37% a year increase for this year and the next two.

Actual consumption figures show clearly the turnaround point two years ago (Nutrient tons):

1961/62	380,000
1962/63	490,000
1963/64	570,000
1964/65	650,000
1965/66	800,000
1966/67	1,320,000
1967/68	1,925,000

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Targeted consumption for this and the next two years is for a more moderate but still rapid rise:

1968/69	2,650,000
1969/70	3,330,000
1970/71	4,100,000

The sharp upturn in fertilizer consumption coincides with the introduction and rapid expansion of new high-yielding grain varieties. From negligible acreage earlier, plantings rose rapidly:

1966/67	3 million acres
1967/68	15 million acres
1968/69 Target	21 million acres

These two demands--for miracle seed and for fertilizer--reinforce each other. Both demands are strengthened by the existence of favorable and assured prices for foodgrains. India has committed itself to maintain prices to that end, and is doing so.

The agricultural revolution is having an impact on political developments in India--farmers are more politically active now that they have seen how governmental decisions can influence crop prices and the availability of inputs. Local political leadership is being assumed by leading farmers, who are increasingly taking over from the old generation of independence fighters. This new vested interest and political power will strive to maintain the incentive policies which have led to the desirable upsurge in agricultural production and fertilizer use.

Part II: Fertilizer Manufacture

India now must import more than two-thirds of its fertilizer needs. With demand rising dramatically, imports or Indian production must rise. Or both. Imports of fertilizer compete with other foreign exchange needs--therefore put pressure on the total of export earnings and aid. Accordingly, Indian fertilizer manufacture should expand to the maximum economically feasible extent.

That is the prime argument for the proposed project loan.

The proposed Trombay fertilizer plant expansion will produce fertilizer efficiently; will substitute for imports; and is based largely on materials which will be available within India.

Heretofore we have had two reasons for not recommending loans for public sector fertilizer plants: India had not demonstrated commitment to

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encouragement of private foreign investment for fertilizer manufacture, and inadequate effort had been given to correcting the inefficiencies of Indian public sector fertilizer management.

Developments on these two scores now provide two additional good reasons for proceeding with the loan. Consideration of the loan to date has produced improvement in the climate for private fertilizer investment as well as improvement in Indian public sector fertilizer management. Approval of the loan will reinforce both of these trends.

India has accepted the improvements recommended by an A.I.D.-financed study by TVA on organization, managerial authority and marketing aspects. We are satisfied that these steps will increase the efficiency of Indian public sector fertilizer operations by a considerable degree.

More importantly, consideration of the loan has improved, and approval will further improve the environment for private fertilizer investment. In 1965, A.I.D. declined to consider loan applications for two public sector fertilizer plants because Indian policies to encourage private investment were judged inadequate. In December 1965 India announced major new concessions to private foreign investment in fertilizer, including concessions on equity participation and on private marketing, free of price and zone limitations. These concessions remain available to private investors still.

The response by private foreign investors to the concessions has been less than was hoped for in 1965. The electoral uncertainties of 1966, the Indian depression created by the two droughts, and the tightness of capital markets (including U.S. constraints on new investments overseas) have all played a role. Despite these uncertainties, about 50% of capacity now under construction or firmly committed will be from private investment. As a result, private fertilizer capacity has risen from about 20% of the total in 1964 to nearly 40%, and will provide a still larger share in future years.

Further projects with capacity of 1,330,000 tons have been licensed or have received letters of intent. Over 88% of these are private sector projects (including the planned capacity of the project being jointly sponsored by the American cooperative movement and Indian cooperatives). Only 11% of these projects are public sector ones.

The 10 private plants committed, licensed or holding letters of intent include a number entirely financed by Indian private capital. One has British equity participation, and one Kuwaiti. American firms involved in these plants include Standard of Indiana, Gulf, Rohm and Haas and Kaiser.

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- 4 -

We are confident that proceeding with Trombay on a non-doctrinaire but hard-headed basis will strengthen the hand of those in India who favor a private sector or mixed public/private approach--against the opposition of ostrich-like opponents of private enterprise.

Part III: Fertilizer Imports

As mentioned above, India now imports two-thirds of its needed fertilizer. With trebled internal production in the next three years projected by the World Bank, this dependence will fall to just under 40%. But the absolute cost of imports--again by World Bank estimates--will rise to over \$350 million in 1970/71.

The rising demand and resulting heavy dependence on imports in the immediate future is a result of and a tribute to U.S. leadership in reordering Indian national policies and priorities. To the extent of our capacity, this reordered program warrants our support.

The aid bill pending with the Congress includes \$200 million for Indian fertilizer imports out of a total Indian loan program of \$408 million. Inevitable cuts in this request require that we make maximum use of resources and flexibility now available to maintain the momentum of the revolution in Indian agriculture which we induced.

India now has in hand--from U.S., other donor, and her own financing-- the resources to cover fertilizer imports for the winter crop of 1968/69. The crop of spring and summer of 1969 is as of now uncovered.

Two factors are important in fertilizer finance planning for India: (a) the lead time from tenders to the farmers is 7-8 months (to allow for bids, delivery to U.S. ports, ocean shipment, and distribution within India) and (b) the best time for asking bids from U.S. fertilizer suppliers is March-September, to take advantage of off-season prices, to permit U.S. manufacturers to rationalize production on a year-around basis to the extent possible, and to avoid pressing U.S. domestic prices up during the peak season.

Ideally, India should have \$100 million or more no later than September to finance imports for the first fertilizer application for the crucial crop of the summer of 1969. Some of this financing can come from other donors.

Considering U.S. commercial interests, we should make available new funds of the order of half to three-quarters of that \$100 million requirement as soon as possible to take advantage of off-season production. We are uncertain about the exact amount available from FY 1968 funds. The exact amount of the loan will depend on the amount of deobligations actually made in the next few weeks.

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- 5 -

The present request for approval of up to \$30 million thus is only a portion of the amount which is justified by India's need and is consistent with U.S. manufacturers' capability and commercial interest.

Additionality

On the basis of our negotiations, we are convinced that India understands the importance which the United States attaches to the problem of additionality, and that within the narrow limits of free foreign exchange availability, she will continue her efforts to increase purchases in the United States. The equipment to be provided for the Trombay project would largely be purchased from other sources in the absence of a U.S. loan. The fertilizer imports proposed from the U.S. would, in the absence of the proposed loan, likely be purchased from other suppliers.

Symington and Conte-Long Amendments: There are no changes in approach or in the situation described in my memorandum of April 8 on the \$225 million production loan. In the event that India, contrary to the assurances of Deputy Prime Minister Desai, makes payments in FY 1968 for Soviet MIG-21's ordered last year, we have reserved the right to make an appropriate deduction from the production loan approved in April.

RECOMMENDATIONS

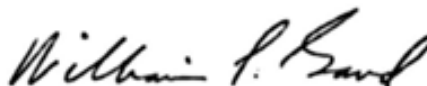
It is recommended that you:

1. Authorize a development loan of \$37 million from FY 1968 funds for expansion of the Indian public fertilizer plant at Trombay.

Approved: _____ Disapproved: _____

2. Authorize a development loan of up to \$30 million from FY 1968 funds for fertilizers of U.S. source.

Approved: _____ Disapproved: _____


William S. Gaud

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INFORMATION

~~SECRET~~

Wednesday, June 19, 1968 - 10:30 a.m.

Mr. President:

Herewith Sec. Clifford argues that we should not proceed with the dispatch of the 5,000 Korean civilians to Vietnam because of the high budgetary cost in allocating the equipment held on Okinawa to expedite the reequipment of the GVN forces. He also argues that to accept the civilians would make it more difficult to get the additional 6,000 combat troops which were to have been part of the 11,000 light division from Korea.

This item is on the lunch agenda today.

W. W. Rostow

DECLASSIFIED
E.O. 12356, Sec. 3.4
NEJ 94-27
By lij, NARA, Date 4-26-95

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WWRostow:rla

~~SECRET~~

1961
11a
Dept. of Defense paper
18 June 1968

Additional ROK Deployments to Vietnam

Last fall, the South Korean Government agreed to deploy an additional light division to South Vietnam. They proposed to send 5,000 ROK civilians to replace an equal number of present support troops. In addition, 6,000 combat troops were to be sent to make up the light division total of 11,000.

During the conversations in Honolulu, President Park reaffirmed the commitment to supply additional combat forces but contended that it was not feasible for him to proceed to secure the National Assembly's support for this deployment at this time. He urged, however, that we go ahead with the deployment of 5,000 ROK civilians and the conversion of that number of ROK support forces to the combat role.

Intelligence reports indicate that Park's assessment of the political situation eliminates any chance that he will dispatch additional combat forces to Vietnam now or within the foreseeable future. However, the ROK Government continues to press us to agree that they should send the 5,000 civilians to Vietnam. It seems clear that they view this arrangement as a way to obtain high paying jobs and to earn additional foreign exchange.

Korean Defense Minister Choi raised this matter with Secretary Clifford and Secretary Nitze during his visit here last month. In response to his argument that the question of the 6,000 additional combat troops could be dealt with separately and later, he was told that this decision could only be made by the President.

It is recommended that we not now agree to the dispatch of these additional ROK civilians and that this be delayed until such time as the ROK Government is prepared to send additional combat troops. This recommendation is supported by the following reasons:

1. These 5,000 civilians have always been part of the package for an additional ROK light division of 11,000 men. If the package is now divided and the civilians separately approved, the chances, already slim, of later obtaining the additional 6,000 combat troops, are probably much diminished.

2. Because the ROK's view this as a monetary transaction, they have asked for comparatively high pay scales for these civilians. At their "asking" price, the total wages for 5,000 additional ROK

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E.O. 12958, Sec. 3.6
NLJ 94-26
By CB, NARA Date 1-25-96

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civilians would cost the U.S. about \$22 million annually. Ambassador Porter thinks it would take at least \$15 to \$18 million annually to satisfy ROK political and economic requirements. However, Ambassador Bunker and Admiral Sharp recommend we pay no more than \$4 to \$5 million annually. Wages for a comparable number of ROK military personnel in Vietnam, including overseas allowances paid by the U.S. and base pay and allowances paid by the ROK Government, would be about \$5 million annually. Wages paid in Korea for a comparable number of ROK civilians in equivalent jobs would be about \$4 million annually. The Korean asking price for the lowest grade civilian would be about \$4,000 per year, compared with about \$800 per year earned by a ROK soldier in Vietnam for an equivalent job and about \$600 per year earned by a ROK civilian in Korea in a comparable position.

We continue to receive congressional and public criticism of U.S. payments to Korean troops and civilians currently in Vietnam. We are criticized for hiring "mercenaries" and for giving Korean civilians preferential consideration over U.S. and other TCN personnel. If we now accede to either the Korean asking price or Ambassador Porter's recommendation, the resultant bonus paid to these additional Korean civilians in Vietnam could generate more public and congressional criticism at home.

3. Combat equipment for 5,000 additional ROK forces would be required. This is equipment identical with that which we are attempting to provide to the GVN forces on a priority basis and any provision to the ROK would result in a one-for-one slippage in the timing of our efforts to make the GVN capable of assuming a larger role in the war. This problem of priorities would also exist in the follow-on support for these forces.

We do not now agree to

all of The major equipment for a full ROK light division (14,000 men) is still being held on Okinawa. If the dispatch of the 5,000 civilians ~~is delayed~~, this equipment should now be released to expedite the re-equipment of the GVN forces. If the ROK Government should later decide to go ahead with the deployment of the light division, at least 90 days would be required to ready these forces. The necessary equipment could be reconstituted in from 90 to 120 days. Accordingly, the release of the equipment at the present time would not result in any appreciable delay if a deployment decision is reached later.

~~SECRET~~

~~TOP SECRET~~

Wednesday, June 19, 1968 -- 10:00 AM

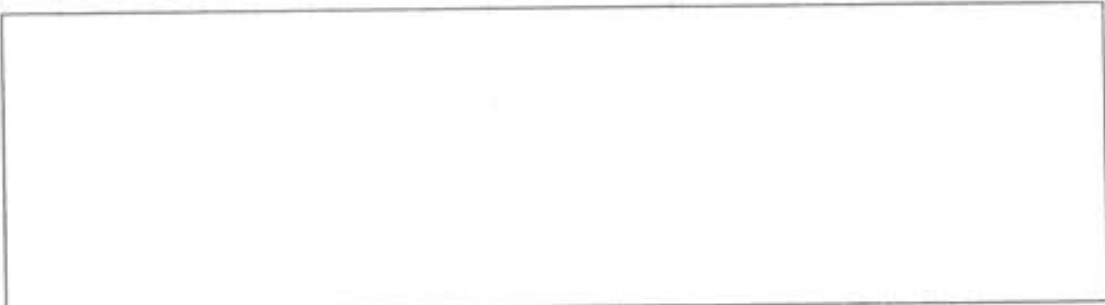
MEMORANDUM FOR THE PRESIDENT

SUBJECT: Your Meeting with Ben Oehlert (5:30 today)

Free file

Ben will probably want to discuss three principal points:

1.



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

2. A new military supply policy for South Asia. Oehlert is no happier than Bowles with our policy against any military sales to India and Pakistan beyond spare parts and third-country deals which will not contribute to an Indo-Pak arms race. But his prescription is precisely the reverse of Bowles'. He would have us sell weapons directly to Pakistan on grounds that Ayub must have some new weapons (particularly aircraft) that he is going to get/somewhere if he doesn't get them here, and that the device of third-country sales of U. S. -controlled weapons (which we are now using to get Ayub 100 M-47 tanks) involves hopeless red tape and gives us no political protection from Indian reaction. Just as Bowles argues that we should stop all military sales to both countries, Oehlert will argue that we ought to resume military sales to both countries.
3. The costs of the BALPA exercise. Pakistan, like India, is one of the "BALPA II" countries in which the Ambassador has been asked to show how he would cut personnel by 35%. So far Oehlert has simply refused to suggest ways to cut any more than about one-half that much. He strongly believes that to do so would cost much more in terms of Embassy effectiveness and morale than it would save in dollars or foreign exchange. He is also mightily unhappy with other State Department economy rules on such things as air-conditioned cars, APO mail service, staff recreational facilities, etc.

SANITIZED

E.O. 12958, Sec. 3.6

NLJ 01-177

By *us*, NARA, Date 1-17-03

~~TOP SECRET~~

~~TOP SECRET~~

- 2 -

You may wish to respond with some of the following points:

ED 12958 3.4(b)(1)-25
(C) -- [] the first job is to sort out how important it is to us. Oehlert will have a major part in that determination. The main thing now is to keep our options open and try to head off any attempt to foreclose the issue before we are ready to talk.

-- The military supply question is a very tough one. There are no tidy answers. We will look at the policy again, but for the moment there just doesn't seem to be any alternative which would improve matters.

-- BALPA forces tough choices on every Ambassador. There are bound to be some inequities in any world-wide exercise. But experience shows that the only way to get real economy is to set targets and examine the costs and benefits of meeting them. It is every Ambassador's duty to follow the instructions and submit his views on the best way to meet the objective. But it is also his duty to show the cost side of the equation as clearly and dramatically as he can.

W. W. Rostow

EKH/vmr

~~TOP SECRET~~

13

Wednesday, June 19, 1968
9:15 a. m.

Pres file

~~TOP SECRET~~

MR. PRESIDENT:

As you know, the North Vietnamese probed Bill Jordan at dinner on our view of the NLF and a political settlement in the South.

There have been other indications that they want to know "what the Americans really want" by way of a settlement.

Some of us have long felt that mutual de-escalation in a war of this complex kind, without a fixed front, was very difficult to manage, unless a political settlement had been first achieved.

Therefore, I have been considering the possibility of having Jordan (or whomever Harriman designates) lay informally before the North Vietnamese at the next informal session a scenario of how we could get from here to there; that is, all the way to a peace settlement.

In line with that concept, Bob Ginsburgh drafted the attached.

I am making it available to State.

You should know Secretary Rusk's reservation on this line of approach: perhaps the North Vietnamese would agree to mutual troop withdrawals from South Vietnam without a negotiation with the Saigon government -- in effect, leaving the Saigon government in power without formally acknowledging its legitimacy. This would be an attractive solution for us; and it could save Hanoi's face, although it would leave the Communists in the South in a weak position.

My response would be:

- If they do not wish to talk to Saigon they won't. Our proposing this route to peace is unlikely to tip the balance.
- Something like the attached scenario is the best and swiftest way to a negotiated settlement I know.

W. W. Rostow

DECLASSIFIED
E.O. 12356, Sec. 3.4
NEJ 94-27
By lip, NARA, Date 4-26-95

~~TOP SECRET~~

13a

~~TOP SECRET~~
NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

June 18, 1968

MEMORANDUM FOR MR. ROSTOW

SUBJECT: A Way From Here to There

DECLASSIFIED
E.O. 12356, Sec. 3.4
NEJ 94-27
By ip, NARA, Date 4-26-95

1. A phased mutual de-escalation in Vietnam poses a number of difficult problems for us because of

- the basic asymmetry of the military situation,
- our concern about the enemy's intentions, and
- hence our fear that the granting of an advantage to the enemy in one phase might prevent movement to a subsequent phase and
- our unwillingness to embark on such a journey without reasonable assurance that the end result will be an acceptable solution.

2. The conversations at the Thanh Le - Jordan dinner lend some credence to other signals from the enemy that they, too, are unwilling to embark on a process of mutual military de-escalation without some better idea of what the political end product might be.

3. We must recognize that the enemy may simply be probing for intelligence to improve their fight talk strategy. On the other hand, we must admit the possibility that they are ready for a peaceful solution - with certain conditions - but that they too are concerned about how to get from here to there.

4. Here is one sequence of events for getting from here to there which would answer the key questions posed by the North Vietnamese:

- Begin by getting agreement with the GVN on the general outlines of the following possible scenario,

- Urge on the North Vietnamese the concept that an ultimate political settlement may provide a basis for peaceful settlement more satisfactory to both sides than a step by step negotiated military de-escalation,

~~TOP SECRET~~

~~TOP SECRET~~

(June 18, 1968 - Cont)

SUBJECT: A Way From Here to There

- Secure an agreement with the North Vietnamese - publicly or privately - that they would enter into contacts with the GVN - privately or publicly - with a view toward agreement on an ultimate political settlement on the future of South Vietnam.

- Although such talks would be a matter for the DRV and GVN to decide, we would envisage that the talks would take place on the basis of

- an our side - your side participation,

- a one man one vote formula for the political future of SVN,

- guarantees of amnesty and political rights for individual members of the NLF and VC,

- guarantee of safe passage for North Vietnamese and VC who chose to return to the North (the US would be prepared, if desired, to insure such guarantees).

- agreement on timing, sequence, participation in and supervision of elections in SVN

- inform the North Vietnamese that the US would be willing to cease bombing of North Vietnam as soon as agreement had been reached between the DRV and GVN. Or alternatively, the US would cease bombing provided Hanoi understood that the cessation of bombing is predicated upon our assumptions that:

- talks between the DRV and GVN would begin within one week after a total bombing cessation,

- NVN would not take advantage of the bombing cessation to improve their military position, and specifically that

- the DMZ would be fully restored

- they would cease offensive actions north of Route 9

-2-

~~TOP SECRET~~

~~TOP SECRET~~

(June 18, 1968 - Cont)

SUBJECT: A Way From Here to There

- infiltration would be halted
- attacks on Saigon and other population centers would cease
- they would not mass troops just north of the DMZ
- aerial reconnaissance of NVN would continue until all North Vietnamese had moved north of the DMZ.
- inform the North Vietnamese that as soon as they have reached a political agreement with the GVN, the US would pull back to base areas within SVN simultaneously with the withdrawal of North Vietnamese personnel to North Vietnam.
- within 6 months of the withdrawal of North Vietnamese troops and restoration of the Laos Accords of 1962, US combat forces would be withdrawn in accordance with the Manila Communique.

7

ROBERT N. GINSBURGH

-3-

~~TOP SECRET~~

Pres file

14

ACTION

Tuesday, June 18, 1968

6:35 P.M.

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Aid to Indonesia

The International Monetary Fund set \$325 million as Indonesia's need for foreign assistance in calendar year 1968. We have adhered to a formula by which the United States and Japan each meets one-third of the need, and the rest of the world picks up the remaining third. The Japanese have been very slow this year, but it now looks as if they will meet their \$110 million share. The other donors have also lagged, and will probably not give Indonesia much more than \$80 million this year.

Indonesia's needs are greater than ever. Despite the government's responsible policies, the stabilization program has thus far failed to work. There was an almost 60% inflation in the first quarter of this year, mainly as a result of inadequate food supplies. If another year passes without the government's economic policies taking hold, both those policies and the government itself will be in danger. In recognition of this fact, the IMF and the Asian Development Bank have both called for emergency food assistance to Indonesia, above and beyond the \$325 million figure.

The problem, then, is how to help meet Indonesia's needs, including emergency food assistance, without breaking the one-third formula (which is popular with the Congress, and very useful in pressuring other donors to meet their obligations.)

Attached is an Indonesian aid package proposed by Bill Gaud and Orville Freeman and blessed by Charley Zwick. It meets the problem -- by treating our wheat assistance to Indonesia as experimental and a response to the IMF/ADB call for emergency food needs. Therefore the wheat is not to be counted this year as part of our one-third contribution to the international consortium's goal of \$325 million.

Although this approach is slightly artful, it is also justifiable. No one knows how rapidly the market in Indonesia for wheat products can be expanded. We are offering 350,000 tons (\$46 million) of wheat flour and bulgur to be shipped as rapidly as it can be utilized. But it is impossible to say how much can be used by the Indonesians during 1968. It is, therefore, reasonable to treat it separately from our 1968 aid pledge, and outside the one-third formula.

By treating wheat separately, we are able to offer \$156 million of aid now. This is psychologically very important in shoring up the confidence of the Indonesian Government and in convincing the Indonesian business community that the resources will be available to avoid another inflationary spiral at the end of the year. Apart from the wheat, the package is made up of:

- 200,000 tons of rice, worth \$41 million;
- 160,000 bales of raw cotton and the equivalent of 70,000 bales of cotton yarn, worth \$44 million;
- a \$25 million AID Development Loan;
- this totals \$110 million, our one-third share of the IMF goal.

In addition, Gaud and Freeman want to be able to tell Suharto now that we will consider another 100,000 tons of rice and another 80,000 bales of cotton in the fall as a down payment on our 1969 aid to Indonesia. This will be extremely valuable to Suharto, both in assuring that the pipeline stays full and in allaying fears of another rice shortage during the critical January-March period.

Secretary Fowler does not object to the package. He does, however, believe that we should keep the pressure on the other donors, count wheat next year after the program has proved itself, and clearly identify any pledges made this fall as part of our 1969 aid. I agree with him on all three counts. Fowler also would like to set aside part of the proceeds from the sale of wheat for a fund to promote U.S. commercial exports. There might be problems with this, but AID and Treasury can try to work it out, if you approve the package. Fowler's memorandum is attached.

Although we are presenting the 1968 package to you as a whole (so that you can better judge its adequacy) you actually gave your approval last January to \$60 million of the proposed package. What you are now being asked to approve is a \$98 million PL-480 program (\$35 million in wheat, \$33 million in cotton, and \$30 million in rice.)

My people (Marshall Wright and Ed Hamilton) helped put this package together. I think it is a good one. Bob McNamara is just back from Indonesia and thinks it is very important that we move ahead without delay.

I recommend that you approve the \$98 million PL-480 program, and authorize our Djakarta mission to inform Suharto that we will consider more rice and cotton in the fall.

W. W. Rostow

Approve _____

Disapprove _____

Call me _____

Att

(WWR handwritten note: Bob McNamara came to see me yesterday right off the plane from Tokyo to say this package is critical and urgent if Suharto is to be saved -- and to report he believes Suharto is well worth saving. Walt)

MWright:wpt



CONFIDENTIAL
THE SECRETARY OF THE TREASURY
WASHINGTON

14a
JUN 18 1968

MEMORANDUM FOR THE PRESIDENT

Subject: Aid to Indonesia

I wish to offer the following comments on the Poats-Freeman memorandum:

1. The One-Third Formula. I appreciate the major progress achieved in getting others to share Indonesia's aid burden, and in emphasizing agricultural surpluses within our contribution. Nonetheless I am concerned at the modest breaching of the one-third formula involved in the release of our \$110 million. Indonesia is a country where other donors such as Japan and the Netherlands have strong commercial interests and historic ties, and the one-third formula sets out fairly the appropriate degree of U.S. responsibility. We must not get into a situation where responsibility for Indonesia's aid needs becomes a U.S. responsibility, and failure to meet targets is a U.S. failure.

Accordingly, while I do not object to release of the \$110 million, I would propose that the IMF and the Indonesians continue to press the Europeans and Canadians to increase their contributions. Also, any advance commitment or "down payment" on CY 1969 aid should be held to an amount conservatively within what is likely to be our one-third share, and we should make clear that it is to be a part of our one-third share for next year, so as to avoid any impression that we are giving up the one-third formula or that the advance commitment is outside that formula.

2. Wheat Aid Outside the One-Third Formula. While I understand the experimental basis on which wheat is being offered to Indonesia, I am disturbed about the concept which has grown up in aid programs to India and Pakistan, that aid in the form of wheat products should not be counted against the U.S. share in multilateral aid-sharing exercises. Our wheat aid provides useful resources and should be counted against targets like any other aid.

DECLASSIFIED
Authority NLT 82-291
By plis, NARA, Date 12/7/92

CONFIDENTIAL

~~CONFIDENTIAL~~

-2-

Therefore, if you decide to give Indonesia wheat outside the one-third formula, I would propose that it be as a special emergency measure, and that if wheat proves acceptable in Indonesia, amounts committed in subsequent years would be counted against our one-third share.

Moreover, I would propose that a share of the local currency counterpart of this wheat aid be set aside in a special fund to promote U.S. commercial exports to Indonesia, by such means as providing credit and making available warehousing facilities. In studying how to assure that aid does not cut into our commercial exports to Indonesia, we have become aware that distance from the market makes it difficult for us to compete there. A local currency fund to provide credit at moderate cost and otherwise assist U.S. exports could be very helpful. The wheat would be provided on a dollar repayable loan basis, but during the 10-year grace period a portion would be set aside for this purpose, if we can get the Indonesians to agree.

Henry H. Fowler

Henry H. Fowler

~~CONFIDENTIAL~~

CONFIDENTIAL

1951

146

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

JUN 12 1968

MEMORANDUM FOR THE PRESIDENT

Subject: Aid to Indonesia

In the attached memorandum, Orville Freeman and Bill Gaud request your approval to commit up to \$156 million in AID and P. L. 480 commodities for Indonesia. This includes \$60 million which you approved in January.

The proposal includes \$110 million as our one-third share in meeting the \$325 million target set by the IMF for all donor nations, and \$46 million for bulgur and wheat flour. The bulgur and flour will be in addition to our share this year because it is an experimental program and part of a special food aid program recommended by the IMF to help keep rice prices down. Other donors may also contribute some special food aid.

Japan is expected to announce \$110 million shortly and other donors are expected to provide at least \$80 million. With these contributions our share will be 36%, and equal to the Japanese. Gaud will not offer our additional aid until he is satisfied that the Japanese will commit their one-third.

(\$ in millions)

	<u>Approved January</u>	<u>Additional Requested</u>	<u>Total</u>
AID Development Loan	25	-	25
Regular P. L. 480			
Rice (200,000 tons)	11	30	41
Cotton raw (160,000 bales)	11	15	26
Cotton yarn (70,000 bales equiv.)	-	18	18
Tobacco, oil, tallow and milk ^{1/}	-	(5)	(5)
Total Regular Assistance	<u>47</u>	<u>63</u>	<u>110</u>
Special Wheat	11	35	46
Transportation	<u>2</u>	<u>-</u>	<u>-</u>
Total	60	98	156

^{1/} If these commodities are provided, the others will be reduced to stay within the \$110 million total.

DECLASSIFIED

Authority NLT 82-292
B. J. S., NARA: Date 12/7/92

CONFIDENTIAL

CONFIDENTIAL

2

In addition to the commitment of \$110 million for 1968, Gaud and Freeman request authority to tell Suharto now that later this year we may be able to commit \$20 million of rice (100,000 tons) from this fall's crop and \$22 million of cotton yarn (80,000 bales equivalent) as part of our share in Indonesia's aid for 1969.

These early announcements of our intentions would be designed as a show of earnest on our part to do all we can to make the stabilization program work and to assure support for the proposed reforms in the Indonesian textile industry. Before actually committing any additional rice and yarn for 1969, we will come back for your approval.

Self-help

Bill Gaud reports a mixed picture of Indonesian performance under the IMF stabilization program. While staying within the monetary ceilings laid down by the Fund during the first quarter of the year, a budget deficit and private sector credit expansion threatens to break the ceilings during the second quarter. In large part this is the result of a sharp increase in rice prices early this year caused by a poor crop and inadequate government stocks.

To cope with this situation Suharto has introduced a series of measures to

- provide an adequate supply of rice
- hold the budget deficit to about \$20 million
- hold down monetary expansion and improve the allocation of credit
- stimulate the domestic textile industry.

Based on these new measures, it is the IMF's judgment that the rate of inflation this year can be kept considerably below last year's price increase of over 100 percent, provided the needed aid is forthcoming, including food aid. Our assistance is conditioned on satisfactory performance under the IMF stabilization program.

Balance of Payments

The AID loan has already been negotiated with the Indonesians as part of the package you approved in January. Measures were taken to assure the AID funds were used to promote additional U.S. exports. The balance of the package to be negotiated consists entirely of P. L. 480 commodities. They are the only means at our disposal to finance our part of Indonesia's aid requirements. Because of Indonesia's chronic foreign exchange shortage, most of the P. L. 480 goods would not be purchased commercially. AID and Treasury will continue to seek ways to minimize the impact of the program on our balance of payments.

~~CONFIDENTIAL~~

Conte-Long

In January State and AID advised you that Indonesia had satisfied the requirements of the Symington and Conte-Long amendments. The situation has not changed since then.

Recommendation

I recommend you authorize commitment of \$110 million plus the \$46 million special experimental flour and bulgur program.

Charles J. Zwick
Charles J. Zwick
Director

Attachment

Approve special \$46 million wheat program _____

Approve additional commitment of \$110 million _____

Disapprove _____

~~CONFIDENTIAL~~

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

14c

JUN 7 1968

OFFICE OF
THE ADMINISTRATOR

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Indonesia

The Government of Indonesia has requested additional aid. This comes in the wake of a fifty-seven percent December-March increase in the Djakarta consumer price index and a second quarter expansion in the money supply and budget deficit which threaten to exceed ceilings set by the International Monetary Fund. This deterioration is largely the result of a sharp rise in rice prices early this year when a poor domestic crop and stock mismanagement caused a severe supply shortage.

Confidence in Suharto's economic advisers and in his economic program has been badly shaken. A repetition later this year of the recent record could well force a change in policy and wash out the considerable gains of the past eighteen months.

While the Government has done its best, and followed IMF advice, there is growing recognition that Indonesia needs greater resources to stop its inflation. The Government is trying to raise domestic revenue collections. Suharto has just increased by three to four times the prices of essential consumer goods and services controlled by the government; high tariffs are now imposed on imported textiles to stimulate domestic production. But the inflationary spiral will not be halted unless the rice price can be stabilized -- which it probably can be by massive imports of rice and wheat.

In 1967, we provided, through A.I.D. loans and P.L. 480, one-third (\$65 million) of Indonesia's aid requirements as determined by the IMF. We have pledged to do the same for 1968, out of the larger total (\$325 million) endorsed by the Fund and the World Bank.

DECLASSIFIED

Authority NLI 83-47
By plcs NARA: Date 12/7/92

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

- 2 -

The Inter-Governmental Group (IGG) is unlikely to meet its \$325 million target. Japan may commit \$110 million, but has as yet been unable to do so. Total aid expected from the Netherlands, Germany, Australia, France and other donors is about \$80 million -- reasonably close to the remaining one-third share. We are exploring whether the IMF would provide a \$50 million standby in addition to the \$52 million agreed to in February, but this does not look hopeful. Bob McNamara is talking about up to \$50 million a year in IDA credits for Indonesia; if we can get our IDA subscription through this session of Congress, IDA would become a major contributor next year, but would not meet Indonesia's immediate needs.

The IMF has reassessed the stabilization program and Indonesia's aid needs. Indonesia has lived up to all its IMF standby undertakings thus far and the Fund believes the program is still basically viable, despite a number of areas of serious concern -- particularly the availability of sufficient food this year to prevent a repetition of the December-March food crisis. The Indonesian Cabinet has just approved a series of new policies, including mobilization of additional domestic resources through increased tax collections, revised interest rates and an improved foreign exchange system. Credits are to be channeled to stimulate domestic industry and imports restricted to more essential commodities. A rice price policy designed to provide adequate incentives to farmers has been adopted. Arrangements are being made to provide adequate supplies of fertilizer. And the Government will take steps to increase consumption of wheat.

While reaffirming the validity of the \$325 million aid level agreed to at Amsterdam, the IMF now says that supplementary food aid is required to provide the margin of safety needed to assure the success of Suharto's revised program.

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

- 3 -

This presents the United States with a dilemma. The Suharto Government's problem is serious and requires substantial and immediate assistance to help assure a stable rice price, as our P. L. 480 assistance can do. Yet we want to preserve the one-third formula, which is well-known on the Hill and has proven useful in bargaining with other donors.

We have a proposal which would accomplish both objectives.

We are already helping the GOI shift some of the pressure on rice to wheat. We have agreed to provide -- if consumer demand warrants -- 125,000 tons of bulgur wheat and 27,000 tons of wheat flour. The Department of Agriculture has sent a technical team to Indonesia to investigate means of greatly increasing wheat consumption. Although Indonesia's actual wheat consumption potential is still unknown (and there have been student protests about the plan to substitute bulgur for some of the rice ration), we propose to offer up to 350,000 tons (about \$35 million) of additional bulgur and wheat flour, to be shipped only as experience shows it is moving into consumption satisfactorily. We would be prepared to consider more when this amount is used. We would also, of course, encourage other donor countries to share in this experimental program.

However, in view of the uncertainty of actual Indonesian demand for bulgur and flour and the essentially experimental nature of this approach, we would not count the wheat aid against our one-third share of the stabilization aid requirement.

Excluding all wheat aid from our one-third share would mean that we could commit now an additional \$63 million of P. L. 480 commodities, principally rice and cotton. Together with our earlier commitments of a \$25 million A. I. D. loan and \$22 million of P. L. 480 rice and cotton, this would total our \$110 million pledge.

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

- 4 -

We recognize that the proposed bulgur/flour aid, additional to our IGG commitment, bends the line we have been holding on a one-third share. But it does not break the line in a way likely to jeopardize the multilateral approach, under the leadership of the IMF-IBRD. And it is the only way Indonesia can obtain an adequate food supply to assure success of her stabilization program. That is the important consideration.

Thus, in accordance with our respective areas of responsibility, we request authorization to open talks with the Suharto Government on a modified assistance program that would include:

- a. Not to exceed \$63 million of P. L. 480 commodities, including up to 150,000 MT of rice (\$30 million), 90,000 bales of raw cotton (\$15 million), 70,000 bales equivalent of cotton yarn (\$18 million), and \$4.76 million of tobacco, tallow, vegetable oils and non-fat dry milk; and
- b. Up to 350,000 tons of bulgur and wheat flour, with all wheat being outside the one-third formula.

We also request authorization to tell President Suharto and the other IGG members that we may be able to commit upwards of 100,000 MT of additional rice from our fall crop, depending on Vietnam needs, and that such additional rice would be treated as a down payment on our IGG share for CY 1969.

Finally, we request authorization to tell President Suharto that if in the fall, in connection with the IGG review of Indonesia's 1969 aid requirements, we and the Government of Indonesia decide such amount of cotton yarn is a desirable form of U.S. aid, we will be prepared to keep the pipeline full by committing immediately up to an additional 80,000 bales equivalent, as a down payment on our 1969 aid.

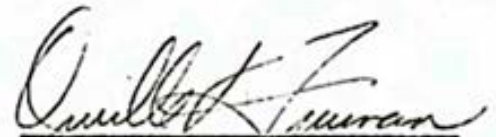
The \$25 million A.I.D. program loan committed in February is still available, so that we are not requesting authority for an additional A.I.D. loan. However, if the February loan is fully used before the end of CY 1968, we may want to make an additional loan as a down payment on 1969 aid.

~~CONFIDENTIAL~~

We would delay offering this program until we are satisfied that the Japanese will commit roughly one-third of the earlier \$325 million request.

In January of this year, State/A.I.D. reported to you that Indonesia had satisfied requirements of the Symington and Conte Amendments to the Foreign Assistance Act, since Indonesia was not diverting its resources or our aid to unnecessary military expenditures which would interfere with its development, nor had it entered into contracts to purchase sophisticated weapons since January 2, 1968. On the basis of the facts now available, State/A.I.D. continue to find that Indonesia is not in violation of these amendments.


Robert R. Roate
Acting Administrator
Agency for International Development


Quillan F. Furman
Secretary
Department of Agriculture

Approve: _____
Disapprove: _____

~~SECRET/SENSITIVE~~Tuesday, June 18, 1968
6:35 p. m.

MR. PRESIDENT:

On Gen. Abrams' plan, I believe we have a serious problem -- perhaps of substance, certainly of public relations.

I would put the issue in the form of two questions I believe you should put to Sect. Clifford and Gen. Wheeler.

1. Is Abrams' plan simply the way one field commander chooses to deal with a battlefield situation rather than another? Are we simply backing Abrams as we backed Westmoreland?

2. Has the situation objectively changed between early 1968 and mid-1968?

I raise the question because the order of battle shows:

-- total enemy forces in the DMZ area still at about 40,000.

-- 2 divisions still at Khe Sanh area; two at central and eastern end of DMZ.

If it was good to pin down two divisions with 6,000 men then, why not now?

There may well be changes in situation.

Or -- we may simply wish to back Abrams.

But in our own minds and in the difficult public relations task ahead, we should be lucid and as candid as possible.

W. W. Rostow

DECLASSIFIED

Authority NLS-CBS 21
By ics, NARS, Date 6-26-84

16

INFORMATION

Tuesday, June 18, 1968
6:35 p. m.

Pres file

Mr. President:

Herewith Dobrynin makes absolutely sure we know the Russians played your Consular Convention statement straight, after our phone call.

W. W. Rostow

WWRostow:rlh

16a

June 18, 1968.

Dear Walt:

I'm sending you some clippings from our two leading newspapers Pravda and Izvestia, relating to the exchange of instruments of ratification of the Consular convention and the President's remarks at the ceremony.

I think this may be of interest to you.

Sincerely,



Anatoly Dobrynin

166

"EXCHANGE OF INSTRUMENTS OF RATIFICATION"

Moscow IZVESTIYA 15 Jun 68 p 3

[Text] Washington, 14 June. (TASS). Yesterday in Washington an exchange took place of instruments of ratification of the ^{Q U A}consular convention between the USSR and the USA. At the ceremony for the exchange of instruments of ratification, carried out by the Soviet Ambassador to the United States A. F. Dobrynin and by the Secretary of the U.S. Department of State D. Rusk, the U.S. President L. Johnson was present. President Johnson stated: "More and ^{more} problems exist which we have not resolved and for which both our countries bear great responsibility. Some of them as before are dangerous. Nonetheless, I am confident that with the existence of desire on the part of both parties we can move forward and overcome mutual hostility, suspicion and difficulties which have ^{clouded} ~~darkened~~ our relations over the course of the past quarter century and ^{cloud} ~~darkened~~ them still more today.

"Deep and dangerous differences on our part with the Soviet Union exist as before on certain problems." said the U.S. President. "But peace throughout the world is ^{too important a} ~~matter which is so important that~~ ^{to let} these differences ~~could~~ prevent us from seeking all paths toward a more peaceful relationship and toward the strengthening of cooperation on earth.

"The United States and the Soviet Union," noted Johnson, "possess great might and, consequently, bear great responsibility. We should constructively undertake the resolution of the problems upon which our disagreements exist. We should act in a parallel manner where our vitally important interests permit this. We should labor together, always and everywhere, ^{where} ~~that only~~ this is possible.

We can hope that this agreement between the Soviet Union and the United States is ^{an omen} ~~a promise~~ for the future. It could help to mark the path toward

progress in the field of disarmament, in space, in science, in art and, I hope, in the end also in the ever broadening sphere of politics."

16c

"STATEMENT OF PRESIDENT JOHNSON"

Moscow PRAVDA 15 June 68 p 5

[Text] Washington, 14. (TASS) In addressing the ceremony on the event of the exchange of instruments of ratification of the consular convention between the USSR and the USA, President Johnson announced: "More and more problems exist which we have not resolved..."

[[ONLY INTRODUCTION DIFFERS FROM IZVESTIYA
VERSION. REMAINDER OF TEXT IS IDENTICAL.]]

Tuesday, June 18, 1968 -- 6:30 PM

17
Free file

Mr. President:

We have mounted Gene Black as a chosen instrument to lobby with the Senate Foreign Relations Committee to try to get favorable reports on the IDA and Asian Development Bank bills. The Committee has now agreed to review and vote on both bills tomorrow. Black's rack-up is as follows:

<u>FOR</u>	<u>AGAINST</u>	<u>On-the-fence</u>
Cooper	Mundt	
Aiken	Lausche	Case
Hickenlooper	Gore	
Dodd	Morse	
Carlson	Symington	
McCarthy	Williams	
Pell		
Sparkman		
Fulbright		
Mansfield		
Clark		
Church		

If Black is right, both bills will carry by about 12-7. Black is fairly confident, but he thinks it would clinch the issue if you had time to call Sparkman and Mansfield to (1) make it clear we want these bills, and (2) make sure Mansfield shows up at the meeting.

I know I don't need to tell you how important these bills, particularly IDA, are to holding together our development programs in a very lean year for AID. If your schedule permits -- and if it fits in with your over-all legislative priorities -- I recommend you make the calls.

W. W. Rostow

EKH/vmr

INFORMATION

Tuesday, June 18, 1968
6:30 p. m.

Pres file

Mr. President:

You may wish to have the full text of this rather remarkable speech by Sen. Brooke, delivered on the floor of the Senate today.

W. W. Rostow

No one in the government saw the text before delivery

Sen. E. W. Brooke
An Appeal to Hanoi

WWRostow:rlh

INFORMATION

19

**Tuesday, June 18, 1968
6:15 p.m.**

Pres file

Mr. President:

Herewith a letter on the Lederer article in the Saturday Evening Post, which Sec. Clifford sent to Senator Russell. Sec. Clifford asked that I promptly make it available to you.

Sec. Clifford wishes to raise the subject at tomorrow's lunch.

W. W. Rostow

WWRostow:rla

19a

**THE SECRETARY OF DEFENSE
WASHINGTON**

June 18, 1968

Dear Mr. Chairman:

This is in response to your request for my comments regarding the allegations and implications in the William J. Lederer article "Our Own Worst Enemy" which appeared in the June 1st issue of the Saturday Evening Post.

I want to assure you at the outset that our objective of obtaining a full dollar's value for every dollar expended, whether in appropriated or non-appropriated funds, whether in Vietnam or anywhere else in the world, has received and will continue to receive our highest priority attention. No other objective is acceptable.

Turning now to the article itself, my staff has advised me that over the past few years the author has made several visits to South Vietnam apparently to gather material for a book from which the referenced article was extracted. His last visit to South Vietnam was about a year ago.

While I have no argument with an author's prerogative to garner information over a period of time and publish it as representing current conditions, I must take issue with Mr. Lederer's implications that the Department of Defense has not been aware of illegal activities in South Vietnam, or that we had knowledge of these activities but we were not doing anything to correct the situation. This is not to say that there have been no black market operations or other illegal activities in South Vietnam. The rapid troop and logistical base build-up in Vietnam over the past three years did create problems but certainly not to the extent or to the degree implied in the article.

Many of the charges made in the article are repetitive of charges made in previous years by others. These charges were investigated thoroughly and corrective action was instituted where necessary.

The article does not present a true picture of the current situation in South Vietnam. Some of the conditions which are discussed (even though exaggerated) may have existed during the author's earlier visits there. For example, during the critical build-up period in 1965-1966 the logistical support base was taxed to its limits as demands for supplies, services and construction materiel mounted rapidly. During this period, the vast bulk of these commodities entered through the antiquated Port of Saigon, which was small and ill-equipped to handle this surge of materiel. It was also during this period that we were most vulnerable to the type of dockside pilferage activity described in the article. The situation has now changed. I am advised that the bulk of materiel entering Vietnam today flows through seven principal ports with a total of 31 deep draft berths. Twenty-eight of these berths are in six ports which are entirely under U. S. control. These ports were constructed by and are operated by the United States. The remaining three berths are located in the old Port of Saigon. But even these three non-U. S. berths fall under relatively new U. S. port control procedures which were instituted to prevent dockside pilferage. Some of the salient features of our port control procedures and physical protection of dock/warehouse facilities are:

- Depots are protected by walls, barbed wire fences and are patrolled by guards and dogs.
- Lighting systems have been installed around port perimeters and in storage areas.
- Joint harbor patrols are assigned to port areas. These patrols include U. S. Military Police.
- Closed trucks or sealed containers are used to transport commodities that are attractive to pilferers.
- Movement between the ports and warehouse areas are over predesignated routes, in convoys, with military escort.
- More stringent security procedures have been established, including records of personnel data and fingerprints of all laborers, the issuance of access passes to workers and security investigations of itinerant workers.

- The Army Audit Agency has been designated as the Department of Defense Executive Agent to assure adequate audit coverage over materiel and equipment from source to user.

With respect to the specific allegations and implications raised in the article, I note an absence of detail in dates, names, and places against which we might be able to check specific charges. In fact, without this detail it is virtually impossible to conduct any type of productive investigation. While I therefore cannot provide a specific response to each allegation and implication, I would like to bring to your attention several pertinent facts that I believe will serve to put the article in its proper perspective.

First, the opening paragraph of the article is thoroughly misleading. It says that every government we have helped into power in Vietnam has been inadequate, and all of them have been rejected by the Vietnamese people. The author completely ignores the fact that the people of South Vietnam, despite Communist terrorism and threats, have adopted a constitution, held national elections, and elected a President, a Senate, and a House of Representatives. It is striking that 80% of the eligible voters voted in these elections. This opening paragraph with its misrepresentation of the facts sets the tone and style for the entire article.

An example of a charge with no foundation in fact is the allegation that U. S. manufactured 175-mm howitzer shells destined for U. S. Army forces in South Vietnam were diverted to Israel through some form of chicanery. Aside from the fact that we have no evidence of any such diversion, the alleged incident seems even more farfetched considering that 175-mm artillery are produced only by the United States and none has ever been sold or made available to Israel.

A further subject in which the article distorts the facts has to do with the losses in our Post Exchanges in South Vietnam. The article states that "in the month of May 1967 the small headquarters PX in Saigon lost \$65,000 in petty pilferage along." The "small headquarters PX" probably refers to the Brinks Hotel facility in downtown Saigon that serves officers and enlisted billets in the area. According to data

collected by my staff, the facts are that during FY 1968 sales at this facility totaled \$8.3 million, while losses to all causes during the same 12-month period equalled \$103,908.00 which represents 1.24% of sales. This loss rate, which includes losses to enemy action, shipping damage, pilferage, and breakage compares favorably with commercial retail experience in the United States. We would, of course, like to bring our PX losses down to the lowest practicable point.

Contrary to the impression in the article that our troops are not receiving adequate PX support, we have had a tremendous expansion in our PX outlets to accommodate the requirements of all of our troops. In the past year the Exchange Service expanded retail outlets throughout Vietnam from 256 to 314, with food facilities increased from 63 to 114. We are giving continuous attention to PX activities in Vietnam to insure our men have ample opportunities to use the facilities, to improve the quality of the PX service, and to reduce merchandise losses. To this end, the Chief of Staff of the U. S. Army directed Lt. General Frank J. Sackton, USA, Chairman, Board of Directors, Army and Air Force Exchange Service, to conduct a personal survey of PX facilities in Vietnam to determine what further improvements in the PX system might be required to meet our objectives of improved service and reduced losses.

I have covered only a few of the misrepresentations in the article. There are other distortions of facts; for example, the Government of Vietnam has no rent control; we do not pay license fees for our vehicles; Vietnam PX liquor is purchased by agents in the U. S. -- not in Saigon; 95% of the electrical power used by the U. S. forces comes from U. S. constructed and operated plants which are not interconnected with Vietnam systems and do not run through Vietnamese meters, as alleged.

Finally, the author stated that he visited a black market building "which looked like a U. S. Army ammunition depot" and which allegedly contained U. S. equipment ranging from 1000 rifles to Navy diving equipment. There is no evidence of the existence of the cache of arms described. If the facts were true, it is difficult for me to understand

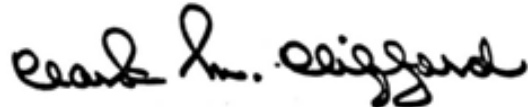
why the existence of such contraband arms which could be used in battle to kill his fellow Americans was not reported by the author, a retired military officer, to U. S. authorities. We can find no record of his making such a report.

In closing, Mr. Chairman, I believe the evidence shows conclusively that this article is made up of part rumor, part self-deception, a great deal of exaggeration, and some factual incidents gathered over a long period of time that do not reflect the current situation in Vietnam. As I indicated earlier, we have had and continue to have some problems of the nature he describes, but we are aware of these problems and we have had and continue to have a continuous and vigorous program of corrective action under way.

I am confident that with the facts at hand as described above you will be able to satisfy adequately the inquiries of your constituents on this matter, and reassure them that we are making every effort to see that taxpayers' dollars are not wasted in Vietnam through excesses such as alleged by Mr. Lederer.

With warm personal regards.

Sincerely,

A handwritten signature in cursive script, reading "Earl W. Siggard". The signature is written in dark ink and is positioned to the right of the typed name "Sincerely,".

Honorable Richard B. Russell
Chairman, Committee on Armed Services
United States Senate
Washington, D. C. 20510

Pres. file

20

Tuesday, June 18, 1968
12:30 p. m.

MR. PRESIDENT:

Georg von Lillienfeld of the German Embassy called on Monday to say:

- if Sect. Rusk goes to Reykjavik, Bonn might like him to stop there on the way back;
- if not, Bonn might wish the Chancellor or Brandt to come to Washington in the week of June 24th;
- Bonn understands that the German government must agree on what it will do about the Berlin crisis before such a visit.

W. W. Restow

~~SECRET~~

June 18, 1968

Pres file

MEMORANDUM FOR THE PRESIDENT

SUBJECT: NSC Meeting on NATO, Wednesday, June 19, noon

The purpose of the NSC meeting on NATO is to discuss our policy on several Alliance issues which will come up during the NATO Foreign Minister's Meeting in Iceland later this month.

The key issues are:

- Mutual Force Reductions
- East-West Relations and NATO
- Soviet Presence in the Mediterranean
- Non-Proliferation Treaty

Acting Secretary Katzenbach is prepared to summarize the State Department paper on NATO which has been circulated to Council members. (Tab A)

Secretary Clifford is prepared to comment on the military issues.

Secretary Fowler will wish to comment efforts to neutralize the balance payments impact of our military expenditures in NATO countries.

Three questions you may wish to ask if not covered in the discussion:

1. How will the current Berlin situation affect NATO?
2. Will the prospective military budget cuts affect the level of our forces in Europe?
3. Have we left anything undone in our effort to gain solid Congressional support for our NATO policy?

DECLASSIFIED

Authority MLJ 82-206

By 45/19, NARA, Date 8-19-92

W. W. Rostow

BKS:amc

~~SECRET~~

~~SECRET~~

Tuesday - June 18, 1968

from file

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Advisability of Having President Diaz Ordaz at Meeting of Presidents of Central America

These are the views of Covey Oliver and Tom Mann on having President Diaz Ordaz at the Central American meeting:

Covey Oliver

He favors having the Mexican President at the San Salvador meeting. He points out there is fear in some Central American quarters that Mexico is the "colossus of the north" which would like to dominate the isthmian countries; but this attitude is not sufficiently prevalent to constitute a deterrent.

Covey suggests going to the Central American Presidents first to say you would welcome an invitation to meet with all of them at a place in Central America of their own choosing on the weekend of July 5-7. In making this approach, our Ambassadors would also refer to press accounts that they are considering inviting President Diaz Ordaz and indicate you would welcome such action.

3.4(b)(1)

On the basis of these soundings, Covey would [redacted]

[redacted] tell President Diaz Ordaz of your plans to visit Central America and of the fact that we have told the Central American Presidents you would be pleased if they were to invite the Mexican President.

Tom Mann

Tom also thinks it would be good to have the Mexican President join you if the Central Americans will do the inviting. Tom

SANITIZED
E.O. 12958, Sec. 3.6
NLJ/RAC 01-96
By *Sj*, NARA, Date 1/30/01

thinks it is natural for Mexico, the Central Americans and the Caribbean countries to move toward economic integration as a way-station to the larger Latin American Common Market. Having President Diaz Ordaz join you in Central America would encourage this process.

On the tactics, he would reverse the process and sound out President Diaz Ordaz first about a Central American invitation. If he is agreeable, then we could let the Central American Presidents know you would welcome their inviting Diaz Ordaz. If he prefers not to go, then we drop the matter and you proceed with your plans.

Tom's concern is that you protect your good relations with President Diaz Ordaz, which are paramount. By going to him first, you would do this.

My views

When you decide to proceed with the Central American visit, ^{and if you want Diaz Ordaz}
I recommend we follow Tom Mann's recommended tactics.

W. W. Rostow

WGB:mmm

Pres file

Tuesday, June 18, 1968

Mr. President:

Attached for your approval and signature is the instrument of ratification of the United States-France income tax convention. You transmitted the convention to the Senate on October 3, 1967. The Senate gave its advice and consent to the ratification on June 6, 1968 but with a reservation regarding two Articles. The effect of this reservation is: ~~to~~ require Senate approval of any extension of the convention to the French overseas territories; and to require Senate approval of adjustments in the convention's provisions.

The French Finance Ministry told our Embassy in Paris that the reservation would not create any difficulties on the French side and that the instruments of ratification can be exchanged with the United States instrument stipulating the reservation.

W. W. Rostow

If you approve, we will need your signature on the attached instrument of ratification _____

Disapprove _____

Call me _____

Call me
MWG:mst

MWG:mst

INFORMATION

24

Tuesday, June 18, 1968
3:20 p. m.

Pres file

Mr. President:

Clark Clifford wishes you to see
the attached letter to Sen. Russell
defending the ABM program.

W. W. Rostow

WWRostow:rln

1950

24c

THE SECRETARY OF DEFENSE
WASHINGTON

18 JUN 1968

Honorable Richard B. Russell
Chairman, Committee on Armed Services
United States Senate
Washington, D. C. 20510

Dear Senator Russell:

You asked that I give you my personal views with respect to proceeding with the deployment of the Sentinel Antiballistic Missile System.

During the three and a half months since I became Secretary of Defense, I have had an opportunity to go into the merits of the System in considerable depth. As a result of that review I have come to the conclusion that it would be a serious mistake to eliminate construction and procurement funds in fiscal year 1969 for the deployment of the Sentinel System.

The reasons for that view are the following. The program represents twelve years of intense research and development effort. During those years we have devoted a substantial portion of our best scientific technological abilities to its development at a cost of some \$3 billion. As long as seven years ago we demonstrated that we could with confidence destroy single incoming missiles. Since that time we have demonstrated that we can reliably track substantial numbers of incoming objects and defend the U. S. from relatively simple missile attacks. I believe that the time has arrived when we can no longer rely merely on continued research and development but should proceed with actual deployment of an operating system.

The Director of Defense Research and Engineering, Dr. John Foster, has prepared the following statement of the purposes of the Sentinel System, which I have approved on

the recommendation of the Joint Chiefs of Staff and the Secretaries of the Army, Navy and the Air Force.

"The Sentinel missile defense system is designed to (a) prevent a successful missile attack from China through the late 1970's (with the capability to continue to deny or at least substantially reduce damage from threats in later years); (b) limit damage from an accidental launch from any source; and (c) provide the option for increased defense of our Minuteman force, if necessary in the future.

"The ability to protect ourselves from unacceptable damage from a numerically large and technically advanced missile force such as that of the Soviet Union is not yet technically feasible. However the Sentinel system will complicate any attack on the United States.

"We will continue an intensive R&D program in an attempt to provide increasingly effective means to limit damage from both the advancing Chinese and the Soviet missile threats."

I understand that a proposal may be introduced in the Senate to eliminate funds for deployment of the Sentinel System in fiscal year 1969 and restrict the program to continued research and development. Approval of such a proposal would disrupt the work currently underway and, more seriously, would lose some two years in the availability of an operating system which in my judgment is important to the security of the United States.

I believe that our deployment decision is consistent with our continuing desire for arms control and arms limitation. The Soviets are, at the present time, deploying a ballistic missile defense around Moscow. We will continue our efforts to negotiate limitation of both strategic offensive and defensive weapons systems, but, in the absence of agreement, we must not suspend taking action in our own defense.

I have discussed the above views with the President, who shares my concern.

Earl W. Clegg

INFORMATION

Profile

~~CONFIDENTIAL~~

Tuesday, June 18, 1968
3:15 p. m.

Mr. President:

You may be interested in this report to me on Symington's pressure on behalf of Phantoms for Israel.

W. W. Rostow

~~CONFIDENTIAL~~

DECLASSIFIED

Authority 71C 84-181

By rs/ias, NARA, Date 8-6-92

WWRostow:rlm

~~CONFIDENTIAL~~

MEMORANDUM FOR WALT ROSTOW

June 18, 1968

SUBJECT: A New Angle on F-4's for Israel

At a private lunch yesterday, Senator Symington told Paul Warneke that there will be no military sales bill unless we approve the Phantoms for Israel. Secretary Clifford may raise this with the President today. Nick Katzenbach is aware of the problem, but there hasn't been time for either State or Defense to sort itself out. However, Warneke has to testify before the Symington Committee Thursday, and unless Symington gets his wish of a USG decision before Thursday, he promises Warneke that the Committee will concentrate on this issue. Efforts to put this session closed have so far failed.

The key question is whether we'd be ready to give up the whole sales bill in order to stand our ground on Phantoms for Israel. The other side of the question is what we might get from Israel in return for Phantoms if we feel we have no choice. I shouldn't think the President would want to give up this trump card under this kind of pressure from Symington.

The other question to be asked is whether Symington can deliver a sales bill even if we give in to Israeli pressure. We're reasonably sure he can kill it; in fact, I gather from Ed Hamilton that most people assumed it was already dead. We're not sure he can get it passed, though he says he believes in it and will try.

This is just a quick backgrounder on the problem in case it's raised today. I assume we won't be stampeded.

Harold H. Saunders

DECLASSIFIED
E.O. 12958, Sec. 3.5
NSC Memo, 1/30/95, State Dept. Guidelines
By jc, NARA, Date 4-24-01

~~CONFIDENTIAL~~

Pres file

26

Tuesday, June 18, 1968
2:30 p. m.

SECRET

MR. PRESIDENT:

I have marked the key passages in this rather interesting detailed account of the dinner conversation between Jordan and the North Vietnamese.

Pres. file

I have some suggestions about a next move, if informal talk continues, which I shall shortly put on paper.

W. W. Rostow

SECRET/HARVAN attachment (Paris 16457 Delto 290)

DECLASSIFIED
E.O. 12356, Sec. 3.4(b)
White House Guidelines, Feb. 24, 1983
By sig, NARA, Date 6-29-92



Department of State

TELEGRAM

WH #6
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DECLASSIFIED
E.O. 12356, Sec. 3.4
NEJ 94-25
By lip, NARA, Date: 6-17-94

N O D I S/HARVAN

DELTO 291

REF PARIS 16457 (DELTO 290)

1. DURING THREE-HOUR DINNER MEETING WITH JORDEN AND KAPLAN, NORTH VIETNAMESE DELEGATION MEMBER AND OFFICIAL SPOKESMAN, NGUYEN THANH LE, DISPLAYED SURPRISING READINESS TO DISCUSS WHOLE RANGE OF POLITICAL AND MILITARY PROBLEMS IN SOUTH VIETNAM. LE, WHO WAS ACCOMPANIED BY NGUYEN VAN SAO AND INTERPRETER TRAN TRANG TRONG, FLATLY REFUSED TO ENTERTAIN IDEA THAT HANOI SHOULD SHOW RESTRAINT SO THAT RESIDUAL BOMBING OF NORTH COULD CEASE. THERE WAS NO COYNNESS ABOUT PRESENCE OF NORTH VIETNAMESE TROOPS IN SOUTH, HOWEVER, AND LITTLE RETICENCE IN DISCUSSING SVN'S POLITICAL FUTURE, ALTHOUGH LE WAS CAREFUL TO COVER HIS TRACKS WITH THE USUAL AMBIGUITIES AND RITUAL PHRASES WHENEVER HE APPEARED TO HAVE ADVANCED BEYOND HANOI'S CURRENT PUBLIC POSITION. DISCUSSION WAS SERIOUS, INTENSE, FRANK, BUT NEVER ACRIMONIOUS. IT WAS AGREED THAT FACT OF MEETING, AND SUBSTANCE, SHOULD REMAIN CONFIDENTIAL.

2. THERE WAS PRACTICALLY NO RPT NO SMALL TALK. REPLYING TO KAPLAN'S BANTER ABOUT EASE WITH WHICH AGREEMENT HAD BEEN REACHED ON MENU, LE OPENED FIRE WITH QUESTION ABOUT WHETHER WE COULD SOLVE OUR PROBLEMS IN VIETNAM JUST AS EASILY. WERE THE AMERICANS SERIOUS WHEN THEY ASSERTED THAT THEY WOULD WITHDRAW THEIR FORCES AND ALLOW THE SOUTH VIETNAMESE TO DERMINE THEIR OWN FUTURE. WHAT DID PRESIDENT JOHNSON MEAN WHEN HE SPOKE OF AN HONORABLE PEACE IN VIETNAM?

~~SECRET~~

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PAGE 02 PARIS 16467 01 OF 02 181204Z

FOR THEIR PART, THE NORTH-VIETNAMESE ENDORSED THE PROGRAM OF THE NATIONAL LIBERATION FRONT, AND THEY NOTED THAT EVEN GOVERNOR HARRIMAN HAD NOT RPT NOT REJECTED ALL THE FRONT'S OBJECTIVES OUT OF HAND. BUT, ASSUMING AGREEMENT ON THE POLITICAL FUTURE OF SOUTH VIETNAM, WOULD THE UNITED STATES REALLY WITHDRAW ITS TROOPS? HOW LONG WOULD THE U.S. TAKE TO EFFECT SUCH A WITHDRAWAL?

3. JORDEN REPLIED BY RECALLING THE TERMS OF THE MANILA DECLARATION. HE ASSURED THE NORTH VIETNAMESE THAT THE U.S. WAS ABSOLUTELY SERIOUS IN ITS DESIRE TO BRING ABOUT THE REMOVAL OF ALL FOREIGN TROOPS FROM SOUTH VIETNAM. THIS, OF COURSE, MEANT NORTH VIETNAMESE TROOPS AS WELL AS ALL OTHERS. INDEED, IF ALL NVA TROOPS WERE OUT OF SOUTH VIETNAM BY JULY, OUR TROOPS WOULD BE MOVING OUT BY THE END OF THE YEAR. THIS PROSPECT REMINDED HIM OF A REMARK MADE BY GOVERNOR HARRIMAN, AS WE LEFT THE EMBASSY THIS EVENING. THE GOVERNOR HAD SAID THAT IF WE SOLVED ALL OUR PROBLEMS TONIGHT, THERE WOULD BE NOTHING LEFT FOR THE DELEGATION TO DO.

4. LE MADE IT CLEAR THAT THE GOVERNOR HAD NO RPT NO NEED TO WORRY. HE PROPOSED TO DISCUSS OUR BOMBING OF THE NORTH. WE HAD SAID THAT THE BOMBING WOULD END AT AN APPROPRIATE TIME AND UNDER APPROPRIATE CIRCUMSTANCES. WHAT PRECISELY DID THIS MEAN? JORDEN EXPLAINED THE CONCEPT OF MUTUAL RESTRAINT AND POINTED OUT THAT IN THE AFTERMATH OF MARCH 31, THE UNITED STATES GOVERNMENT WAS UNDER PRESSURE NOT RPT NOT TO STOP THE RESIDUAL AND TACTICAL BOMBING NORTH OF THE DMZ BUT RATHER TO DO MORE, SINCE HANOI HAD ANSWERED OUR MOVE WITH A MASSIVE ESCALATION OF THE WAR. IT WAS NOT RPT NOT POSSIBLE FOR US TO MOVE FURTHER UNLESS THERE WAS SOME MOVEMENT ON HANOI'S SIDE.

5. INTENT ON HIS INTERROGATION, LE FAILED TO MAKE THE USUAL ATTACK ON RECIPROCITY, HE WANTED TO KNOW WHAT WE MEANT BY MOVEMENT ON THEIR SIDE. WHAT FORMS COULD SUCH MOVEMENT TAKE?

6. JORDEN DECLINED TO BE ABSOLUTELY SPECIFIC ON THIS POINT. IT WAS A MATTER TO BE DETERMINED AT OUR HIGHEST LEVELS, IN THE LIGHT OF THE TOTAL SITUATION. BUT HE GAVE AS A PERSONAL VIEW THAT IF HANOI WOULD REESTABLISH THE DMZ, REDUCE INFILTRATION TO SOMETHING LIKE LAST YEAR'S LEVELS AND PUT AN END

~~SECRET~~

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PAGE 03 PARIS 16467 01 OF 02 181204Z

~~TO THE RUTHLESS ATTACKS ON SAIGON, THE BOMBING MIGHT COME TO AN END.~~

7. "I SEE," SAID NGUYEN THANH LE. "NOW TELL ME, ~~WHAT IS YOUR OPINION OF THE NLF?~~"
HARRIMAN

~~SECRET~~



Department of State

TELEGRAM

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PAGE 01 PARIS 16467 02 OF 02 181204Z

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N O D I S/HARVAN

DELTO 291

8. THERE ENSUED LONG DISCUSSION OF NLF, GVN AND INTERNAL SITUATION OF SOUTH VIET-NAM, BOTH SIDES MAINTAINING PREDICTABLE POSITIONS. THE NORTH VIETNAMESE CONCENTRATED THEIR FIRE ON THIEU, KY AND QUOTE THE GENERAL'S UNQUOTE, BUT LISTENED IN SILENCE TO JORDEN'S RECITAL OF THE DEVELOPMENT OF CONSTITUTIONAL GOVERNMENT IN SOUTH VIET-NAM, THE GRADUALLY INCREASING IMPORTANCE OF THE CIVILIAN LEADERS, ETC. THEY MADE NO RPI NO RESPONSE TO THE REPEATED SUGGESTION THAT THEY SHOULD DISCUSS QUESTIONS OF SOUTH VIET-NAM'S INTERNAL ORDER WITH THE LEGAL, CONSTITUTIONAL AND INTERNATIONALLY RECOGNIZED GOVERNMENT OF SOUTH VIET-NAM.

9. LE NOW DREW DEEP BREATH AND DELIVERED LONG HARANGUE ON VIETNAMESE HISTORY AND HIS OWN PERSONAL TRAVAIL UNDER COLONIALISM. HE WAXED SENTIMENTAL, ALMOST MAUDLIN, GRADUALLY SLIPPING BACK INTO THE STYLE AND SUBSTANCE OF THE SPOKESMAN'S PHONOGRAPH RECORD. THE US HAD BEGUN BY CONNIVING WITH FRENCH IMPERIALISM, THE US HAD SABOTAGED THE GENEVA ACCORDS, THE US HAD CREATED THE PUPPET GOVERNMENTS WHICH PREVENTED THE REUNIFICATION OF VIET-NAM. THE VIETNAMESE WERE A RESOLUTE PEOPLE, A HEROIC PEOPLE, THEY WERE BOUND TO WIN THIS WAR. THEY WERE ALSO A PEOPLE SKILLED IN DIPLOMACY, HOWEVER, PREPARED TO STREW ROSES IN OUR PATH ONCE WE DECIDED TO DO THE RIGHT THING AND GET OUT OF SOUTH VIET-NAM.

10. IT WAS GETTING LATE. JORDEN AND KAPLAN MADE AN EFFORT TO BRING LE BACK TO EARTH, POINTING OUT THAT THE GENEVA

~~SECRET~~

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PAGE 02 PARIS 16467 02 OF 02 181234Z

RECORDS ALSO STIPULATED THAT ONE ZONE WAS NOT RPT NOT TO BE USED AS A BASE TO MAKE WAR AGAINST THE OTHER AND (ONCE AGAIN) THAT THE US FORCES COULD BE MOVED OUT OF SOUTH VIET-NAM VERY QUICKLY IF HANOI STOPPED TRYING TO IMPOSE ITS WILL WITH ROCKETS AND GUNS. AT THIS POINT THERE WAS A FINAL, RATHER HEATED EXCHANGE ON MUTUAL RESTRAINT -- PERHAPS THE MOST SIGNIFICANT OF THE EVENING. TO LE'S ASSERTION THAT SOUTH VIET-NAM COULD NOT BE FREE SO LONG AS AMERICAN TROOPS WERE THERE, JORDEN REPLIED: ~~WHAT ABOUT THE NVA TROOPS? IE, FOR EXAMPLE, WE MOVED THE 1ST DIVISION, WILL YOU BE WILLING TO MOVE THE 325TH NVA?~~

11. "MINISTER XUAN THUY HAS EXPLAINED THIS QUESTION," SAID NGUYEN THANH LE. "WHEN THE TIME IS RIGHT MINISTER XUAN THUY CAN TALK TO MR. HARRIMAN ABOUT IT."

12. "BUT WHAT DO YOU MEAN BY THE RIGHT TIME?" ASKED JORDEN. "CAN WE PRESUME THAT YOUR 'APPROPRIATE TIME' IS THE SAME AS OUR 'APPROPRIATE TIME?'" IN OTHER WORDS, WAS HE SAYING THEY WOULD ACCEPT WITHDRAWAL OF THEIR FORCES ONCE THE BOMBING STOPPED? LE LAUGHED.

13. "THIS I CANNOT SPECIFY. LAST WEDNESDAY, MINISTER XUAN THUY AND HARRIMAN EXCHANGED VIEWS ABOUT THIS. BUT WE HAVE HAD ENOUGH TALK ABOUT POLITICS THIS EVENING. NOW LET US TALK ABOUT OTHER THINGS."

14. SHORTLY THEREAFTER, WITH EXPRESSIONS OF THANKS, THE VIETNAMESE TOOK THEIR LEAVE.

15. EARLIER CABLE REPORTED MAIN ELEMENTS OF THE TALK. JORDEN AND KAPLAN FOUND IT NOTEWORTHY THAT LE DID NOT TRY TO AVOID DISCUSSION WITH SMALL TALK. HE PLUNGED RIGHT INTO SOME OF THE MAIN QUESTIONS. HIS PRINCIPAL INTEREST SEEMED TO BE TO GET A BETTER UNDERSTANDING OF OUR BASIC POSITION ON SUCH THINGS AS TERMINATION OF BOMBING AND THE PRICE FOR SAME, WHETHER WE WERE SINCERE IN PROMISING WITHDRAWAL, AND IN GETTING OUR VIEWS OF THE NLF. NORTH VIETNAMESE CLEARLY WERE PROBING IN SERIOUS WAY FOR OUR VIEWS AND OUTLOOK. THERE WAS NO RPT NO GIVE ON QUESTION OF EARLY RECIPROCITY ON THEIR PART. BUT THEIR CANDID ACCEPTANCE OF THE PRESENCE OF NVA FORCES IN THE SOUTH AND ADMISSION

~~SECRET~~

~~SECRET~~

PAGE 03 PARIS 16467 02 OF 02 181204Z

THAT THEIR WITHDRAWAL COULD BE CONSIDERED QUOTE AT RIGHT
TIME UNQUOTE WAS A STEP FORWARD.

16. THEY WILL UNDOUBTEDLY WANT TO DIGEST THIS SESSION
BEFORE DECIDING WHETHER EARLY ADDITIONAL PRIVATE CONTACTS
SHOULD BE MADE.

GPI HARRIMAN

~~SECRET~~

INFORMATION

~~TOP SECRET~~

Wednesday, June 18, 1968
2:15 p. m.

Pres file

Mr. President:

Herewith Bus Wheeler reports on the DMZ incidents.

He concludes:

- probably no enemy helicopters;
- ships almost certainly hit by our aircraft.

W. W. Rostow

~~TOP SECRET~~

WWRostow:rln

DECLASSIFIED
E.O. 12356, Sec. 3.4
NJ 94-27
By ij, NARA, Date 4-26-95



~~TOP SECRET~~

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

1947
27a

CM-3405-68
18 June 1968

MEMORANDUM FOR MR. ROSTOW

SUBJECT: Recent Incidents in Vietnam Near the DMZ

1. There have been numerous reports of enemy helicopters operating in the vicinity of the DMZ during the period 15 - 17 June. These sightings have all occurred at night. These reports, which may not be complete, are summarized below:

<u>SIGHTED BY</u>	<u>VISUAL</u>	<u>RADAR</u>
ARVN	7	1
USMC	8	
USN	1	1
USAF		2

2. Initial reports of enemy helicopters were based on radar observations. In reaction to these reports Marine artillery batteries fired at suspected targets; a Marine gunfire spotter called for and received gunfire from the cruiser BOSTON; and F-4 fighter aircraft, under an airborne controller, fired 14 SPARROW, 1 SIDEWINDER, and 1 FALCON missiles at radar targets believed to be enemy helicopters.

3. During the nights of 15 and 16 June there were six incidents in which US and Australian naval vessels, operating in the sea area contiguous to the DMZ, received fire which was variously reported to be artillery or missile fire from the direction of the DMZ, and rocket fire from helicopters and jet aircraft.

4. The following facts have been established:

a. At approximately the same time as four of the incidents in which ships received fire, there were reports of missiles being fired by F-4 aircraft at radar targets.

DECLASSIFIED
E.O. 12958, Sec. 3.6
NLJ 94-26
By cb, NARA Date 1-25-96

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~~TOP SECRET~~

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Page 1 of 3 Pages

~~TOP SECRET~~

b. Portions of SPARROW missiles were found on the decks of two of the ships which received fire -- HMAS HOBART and USS BOSTON. A serial number on one of the fragments corresponded with that of a missile delivered to the tactical fighter wing whose aircraft were involved.

c. There are no reports of friendly helicopter losses during this period.

d. No debris has been sighted which would substantiate the shutdown of any NVN helicopters.

e. There is no conclusive evidence to indicate the presence of NVN fixed wing aircraft in the DMZ area during this period.

f. The Air Force Combat Reporting Radar Sites did not paint or track the aircraft at the low levels they were flying.

5. To facilitate investigation of these incidents, a sanitized area was established along the southern half of the DMZ, extending northward approximately 20 nm and eastward to include Tiger Island. The period of sanitization was from 170700 to 171800 EDT and was extended to the night of 18 June. During the first period, 14 separate sightings were reported in the sanitized area and south of the DMZ. Eleven of these sightings were visual and three by radar; seven were in the sanitized area. US forces did not engage the reported enemy aircraft.

6. We have not received an evaluation of these reports. However, Admiral Sharp has informed me that he, General Abrams and General Momyer all agree that evidence supporting the presence of enemy helicopters in the vicinity of the DMZ is very tenuous. I can only assume at this point that further evaluation of these sightings has led to the conclusion that they were not enemy helicopters. I have asked Admiral Sharp and General Abrams for additional information and will pass this to you when it is received.

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Page 2 of 3 Pages

2

~~TOP SECRET~~

~~TOP SECRET~~

7. The following relates to other questions which you asked concerning these incidents.

a. North Vietnam does not have the technical capability to reconstruct damaged US missiles or aircraft. Although it might be accomplished by foreign technicians, it is considered extremely unlikely.

b. It appears that at least two, and possibly more, of these attacks on naval vessels were the result of friendly aircraft firing at radar targets.



EARLE G. WHEELER
Chairman
Joint Chiefs of Staff

Copy Furnished:
SecDef
Deputy SecDef

NOV 13 1964

OFFICE
RECEIVED

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Page 3 of 3 Pages

~~TOP SECRET~~

ACTION

28

Monday, June 17, 1968 -- 5:15 PM

CONFIDENTIAL

Pres file

Mr. President:

In the attached, Secretary Rusk recommends you approve an official visit later this summer by Prime Minister Senanayake of Ceylon.

Ceylon is not far behind Indonesia and Ghana in the list of impressive turn-about over the last few years. Senanayake ousted an anti-Western, left-leaning government by free elections in 1965 and inherited an economy with bureaucratic hardening of the arteries. He tackled the job of reconstruction with prudence and courage -- pushing through some tough trade reforms, sparking a cracker-jack self-help campaign in agriculture, and refurbishing relations with the West.

You'll recall that we're part of the 9-donor club organized by the World Bank to aid Ceylon. Our help has run \$10-15 million a year in PL 480 (no development loans) since 1965; you approved the latest food package for Ceylon earlier this month.

In short, Senanayake runs a moderate, pro-Western regime which has put Ceylon back on its feet after the foundering of his leftist predecessors. He stands for the kind of hard-headed approach and the kind of hard-won results we're trying to encourage in the developing world. We can't do much more, however, to help Senanayake in this lean aid year. The next best support would be an invitation to Washington which would clearly register our interest and approval and pay political dividends to Senanayake, who faces an election fight with the leftists in less than two years.

I recommend you approve the visit.

W. W. Rostow

Approve Visit *6/19/68*

Disapprove

Call me

EKH/RPM/vmr

DECLASSIFIED
E.O. 12958, Sec. 3.5
NSC Memo, 1/30/95, State Dept. Guidelines
By *jc*, NARA, Date 4-24-01

THE SECRETARY OF STATE
WASHINGTON

28a
—

June 14, 1968

~~CONFIDENTIAL~~

MEMORANDUM FOR THE PRESIDENT

Subject: Proposal for Official Visit to
Washington of Prime Minister
Senanayake of Ceylon

Recommendation:

That you approve an official visit to Washington
by Prime Minister Senanayake of Ceylon.

Approve _____ Disapprove _____

Discussion:

You had earlier approved visits to you in August
by the Ruler of Kuwait and President Tombalbaye of Chad.
Both gentlemen have informed us that they will be unable
to accept their invitations for that month and would
prefer to postpone their visits until later in the year.

Under the circumstances, I believe that it would be
useful to extend an invitation to Prime Minister
Senanayake to pay an official visit to Washington on
August 21-22. The Prime Minister has been doing a
good job of holding together a sensitive and divisive
domestic situation. Although he has been disappointed
by the declining levels of our assistance to Ceylon,
he is realistic enough to know that we are doing the
best we can in the face of our own legislative and
budgetary restraints. I believe the personal touch

~~CONFIDENTIAL~~

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

By jc, NARA, Date 4-24-01

of a visit to you would serve to express our interest in his administration and in his efforts to further the interests of Ceylon.

I am aware of your continuing interest in visits by Latin American leaders, but think that for the time being we have run through the more likely candidates for visits to you.

Dean Rusk

Dean Rusk

INFORMATION

~~SECRET~~

Tuesday, June 18, 1968 - 11:05 am

Mr. President:

Herewith Thieu's sensible thoughts
on private contacts with the NLF.

Free file

W. W. Rostow

25X1A



~~SECRET~~

WWRostow:rln

SANTIZED

Authority NLS.019.036.001/2

By jc, NARA, Date 4-24-01

CENTRAL INTELLIGENCE AGENCY

Intelligence Information Cable

• PRIORITY

IN 31916 *29a*

PAGE 1 OF 4 PAGES

STATE/DIR	DIA	NMCC/MC	DDI	ARMY	NAVY	AIR	CIA/NMCC	SDO	SOE	OSI
		NIC(HENDRICKSON ONLY)			D/NE	<i>EXO</i>				

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~~SECRET~~

CITE [REDACTED]

25X1A DIST 17 JUNE 1968

COUNTRY SOUTH VIETNAM

DOI 15 JUNE 1968

SUBJECT PRESIDENT THIEU'S WILLINGNESS TO HOLD SECRET TALKS WITH THE
NATIONAL LIBERATION FRONT AT SOME FUTURE TIME

25X1A

ACQ VIETNAM, SAIGON (15 JUNE 1968)

FIELD NO. [REDACTED]

SOURCE

[REDACTED]

25X1X

SUMMARY: ALTHOUGH PRESIDENT THIEU AGREES THAT THE UNAUTHORIZED AND ILL-TIMED REMARKS OF DR. PHAN VAN DAN MUST COST DAN HIS CABINET POST, HE IS NOT AGAINST THE PRINCIPLE OF DIRECT TALKS WITH THE NATIONAL LIBERATION FRONT (NLF). ALTHOUGH HE IS UNWILLING TO CONSIDER CONTACT WITH THE NLF WHILE SAIGON IS BEING ROCKETED, THE GOVERNMENT IS BEING REORGANIZED, AND THE PARIS TALKS ARE DEADLOCKED, HE CAN

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Authority NLS.019.036.001/3

By J, NARA, Date 4-24-01

25X1A

IN 31916



PAGE 2 OF 4 PAGES

~~SECRET~~

(classification)

(dissem controls)

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NO DISSEM ABROAD/BACKGROUND USE ONLY

FORESEE SEVERAL STAGES IN THE FUTURE AT WHICH DIRECT TALKS WITH THE NLF MIGHT BE USEFUL. THESE TALKS WOULD, BECAUSE OF POPULAR FEARS AND MISCONCEPTIONS, NECESSARILY HAVE TO BE SECRET. END SUMMARY.

1. COMMENTING ON REMARKS MADE IN THE UNITED STATES BY MINISTER OF STATE FOR CHIEU HOI, DR. PHAN VAN DAN, SUGGESTING THAT THE SOUTH VIETNAMESE GOVERNMENT (GVN) SHOULD TALK TO THE NATIONAL LIBERATION FRONT (NLF), PRESIDENT THIEU SAID DAN'S STATEMENT WAS UNFORTUNATE, UNAUTHORIZED, AND MADE IN THE WRONG PLACE AND AT THE WRONG TIME. FOR THIS ACT OF INDISCRETION PRESIDENT THIEU ADVISED THAT HE WOULD CONCUR IN THE RECOMMENDATIONS OF THE CABINET AND WITHDRAW DR. DAN'S APPOINTMENT AS A CABINET MINISTER.

2. IN RESPONSE TO A QUESTION PRESIDENT THIEU NOTED THAT THERE ARE MEN IN THE CABINET WHO HAVE HAD CONTACT IN THE PAST WITH MEN WHO ARE NOW VIET CONG (VC) OR MEMBERS OF THE NLF. HE SAID PRIME MINISTER TRAN VAN HUONG KNEW INTIMATELY SOME MEMBERS OF THE NLF ON A PERSONAL BASIS; HUONG IS NOT AGAINST TALKING WITH THEM SECRETLY. THIEU ADDED THAT AT SOME POINT IN TIME.

~~SECRET~~

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31916

25X1A

PAGE 3 OF 4 PAGES

~~SECRET~~
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(classification)

(dissem controls)

HIS GOVERNMENT WOULD NOT BE AVERSE TO PRIVATE CONTACT WITH THE NLF OR THE VC. HE SAID THE CONTACTS WOULD HAVE TO BE SECRET BECAUSE THE EMOTIONS AND FEELINGS OF THE SOUTH VIETNAMESE PEOPLE DO NOT ALLOW THEM TO UNDERSTAND THAT TALKING WITH THE NLF AND THE VC DOES NOT MEAN SURRENDER. NONETHELESS, IF AN INDIVIDUAL IN THE NLF APPROACHED THE GVN WITH AN ITEM THAT HE WISHED TO DISCUSS OR A PROPOSAL THAT HE WISHED THE GVN TO CONSIDER, THIEU WOULD PERMIT A CONTACT. HE ALSO SAID THAT IF THE INDIVIDUAL APPROACHED THE GVN IN THE NAME OF THE NLF AS AN ORGANIZATION, HE WOULD AGAIN PERMIT SECRET DISCUSSIONS TO BE UNDERTAKEN. HE COMMENTED THAT THERE WILL COME A TIME WHEN THE GVN MIGHT WISH TO EXPLOIT THE DIFFERENCES BETWEEN THE NLF AND HANOI. PERHAPS WHEN THERE IS A SIGNIFICANT DE-ESCALATION OF THE WAR, THE NLF WILL BE CONCERNED WITH ITS FUTURE AND THIS MIGHT BE A FAVORABLE TIME FOR SECRET CONTACTS.

3. HE WENT ON TO SAY THAT HANOI WANTS VERY MUCH TO BE THE SOLE SPOKESMAN AT THE PARIS TALKS AND FOR THIS REASON IS KEEPING A TIGHT LID AND A CLOSE EYE ON THE NLF. HE ADDED THAT THE DIFFICULTIES BEING EXPERIENCED AT THE TALKS IN PARIS, THE POLITICAL REORGANIZATION NOW UNDERWAY IN THE GVN, AND THE

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25X1A

PAGE 4 OF 4 PAGES

~~SECRET~~
(classification)

(dissem controls) NO FOREIGN DISSEM/CONTROLLED DISSEM/
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ROCKETING OF SAIGON BY THE VIET CONG PRECLUDE ANY TALKS, EVEN SECRET ONES, WITH THE NLF OR THE VC AT THIS TIME. HE SAID IF THE NLF HAD SOMETHING TO PROPOSE AND IT AGREED WITH THE GVN'S VIEWPOINT ON THE ISSUE, THE GVN WOULD CONSIDER [SERI-

OUSLY WHAT THE NLF HAD TO SAY. HE ALSO UNDERSTANDS THAT THERE WILL COME A TIME WHEN THE POSITION WHICH MEMBERS OF THE NLF AND THE VC OCCUPY IN A PEACEFUL VIETNAM WILL HAVE TO BE CONSIDERED. CONTACT WITH THE NLF COULD ALSO OCCUR WHEN THIS CONDITION ARISES. THIS WOULD BE A KIND OF SILENT POLITICS, NOT OPEN, NOT PUBLIC. THIEU SAID CONTACT WITH THE NLF DID NOT MEAN HE OR THE GVN WOULD AGREE TO A COALITION GOVERNMENT. THE FACT THAT THE GVN WOULD OPEN ITS EARS // WOULD NOT MEAN THAT IT ACCEPTED THE NLF OR ITS PROPOSALS.

25X1C 4. [REDACTED] DISSEM: STATE AMBASSADOR BUNKER, DEPUTY AMBASSADOR BERGER, POLITICAL COUNSELOR) USMACV (GENERAL ABRAMS, AMBASSADOR KOMER) CINCPAC (EXCLUSIVER FOR CINCPAC AND POLAD). [REDACTED] 25X1A

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INFORMATION

30

~~SECRET~~

Tuesday, June 18, 1968 - 11:05 am

Mr. President:

Herewith a further report suggesting
a relatively early retirement of de Gaulle.

Pres file

W. W. Rostow



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

~~SECRET~~

WWRostow:rln

SANITIZED
E.O. 12958, Sec. 3.6
NLJ 01-177
By iw, NARA, Date 1-17-03

Pres file

31

Tuesday, June 18, 1968
9:30 a. m.

~~TOP SECRET/EYES ONLY~~

MR. PRESIDENT:

Herewith Abrams proposes a pull-back from
Khe Sanh to deal with a four division threat at
the DMZ.

This cable is being held very tight.

If Abrams is correct, a total bombing cessation
could be disastrous.

W. W. Rostow

~~TOP SECRET/SAVIN~~ attachment *(one copy made & given to Mr. Rostow)*
P.S. also attached is Amb. Bunker's comment
on this message (WWR dictated this P.S. to Lino)

DECLASSIFIED
E.O. 13292, Sec. 3.5
NLJ/RAC 01-151
By cbm, NARA, Date 7-15-04

~~SECRET~~

ZEV 678

1968 JUN 18 02 35

EEA679
OO WTE10
DE WTE 2321

DECLASSIFIED
E.O. 12958, Sec. 3.5
NSC Memo, 1/30/95, State Dept. Guidelines
By jc, NARA, Date 1-24-01

FROM WALT ROSTOW
TO THE PRESIDENT
CITE CAP81355

88 JUN 17 PM 10:47

MONDAY

32

~~SECRET~~ SENSITIVE

HEREWITH PRELIMINARY REPORT OF BILL JORDEN'S DINNER. FROM THIS TEXT AND MY CONVERSATION WITH JORDEN I WOULD AGREE WITH EVALUATION AT THE END; NAMELY A SERIOUS EXPLORATORY PROBE. WE SHOULD LOOK FOR AN EARLY RENEWAL.

Pres file

PARIS 16457

DELTO 290

1. HIGH POINTS OF JORDEN-THANH LE MEETING WERE AS FOLLOWS:

- (A) ABSENCE OF ANY GIVE OR MUTUAL RESTRAINT AT PRESENT STAGE.
- (B) THEIR INTEREST IN OUR DEFINITION OF QUOTE APPROPRIATE TIME AND CIRCUMSTANCE UNQUOTE, TIMING OF WITHDRAWAL OF U.S. FORCES AND CIRCUMSTANCES OF SAME, AND QUESTIONS BY LE CONCERNING MOVEMENT ON THEIR PART WHICH MIGHT JUSTIFY END OF BOMBING.
- (C) TOTAL ABSENCE OF ANY DENIAL THAT NORTH VIETNAMESE FORCES WERE IN FACT PRESENT IN SOUTH VIET-NAM.
- (D) NORTH VIETNAMESE ACKNOWLEDGEMENT OF WILLINGNESS TO DISCUSS WITHDRAWAL OF THEIR FORCES FROM THE SOUTH QUOTE AT AN APPROPRIATE TIME UNQUOTE.
- (E) IMPLICATION THAT THIS AND QUOTE OTHER MATTERS OF MUTUAL INTEREST UNQUOTE COULD BE DISCUSSED AFTER ALL BOMBING QUOTE AND OTHER ACTS OF WAR UNQUOTE ON TERRITORY OF DRV ENDED.
- (F) EFFORT TO PROBE OUR ATTITUDE TOWARD LIBERATION FRONT AND ITS PROGRAM.

2. MEETING LASTED THREE HOURS. ATMOSPHERE WAS CORDIAL THROUGHOUT. BUT ARGUMENTATION WAS SERIOUS AND INTENSE ON BOTH SIDES. JORDEN STRESSED DESIRABILITY OF KEEPING FACT AND CONTENT OF TALK CONFIDENTIAL. THANH LE AGREED.

3. PRESENT IN ADDITION TO ABOVE WERE: KAPLAN, NHUYEN VAN SAO, AND INTERPRETER TRONG.

4. JORDEN'S AND KAPLAN'S FEELING IS THAT THIS WAS A SERIOUS EXPLORATORY SESSION BY NORTH VIETNAMESE.

5. FULL REPORT FOLLOWS IN SEPTEL. HARRIMAN

DTG: 180159Z JUN 68

XEROX FROM QUICK COPY

~~SECRET~~

~~SECRET~~

33
1

EEAG77
OO WTE10
DE WTE 2318

1968 JUN 17 23 13

Pres file

FROM WALT ROSTOW
TO THE PRESIDENT
CITE CAP81353

~~SECRET~~

JUNE 17, 1968

68 JUN 17 PM 7:15

MONDAY

BUS WHEELER REPORTS HE STILL DOES NOT HAVE A DEFINITIVE REPORT OR CLEAR PICTURE OF WHAT WENT ON NEAR THE DMZ YESTERDAY.

HE IS INCLINED TO THINK:

- OUR ROCKETS HIT THE BOSTON AND HOBART, HAVING LOCKED ON AND HOMED IN BY ACCIDENT;
- THE ENEMY DOES HAVE SOME HELICOPTERS IN THE DMZ, USING THEM FOR LOGISTICAL PURPOSES;
- PROBABLY OUR FORCES STUMBLED ON AN ENEMY LOGISTICAL EFFORT AT NIGHT AND BOTH SIDES FIRED IN A STATE OF "UTMOST CONFUSION."

BUT HE SHOULD HAVE -- HOPEFULLY -- A CLEARER PICTURE TOMORROW.

W. W. ROSTOW

DTG: 172257Z JUNE 1968

~~SECRET~~

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Authority RAC 11873

By ics NARA, Date 11-21-97

PRESERVATION COPY

~~SECRET~~

June 17, 1968

Pres file

34

FOR THE PRESIDENT
FROM WALT ROSTOW

Bus Wheeler reports he still does not have a definitive report
or clear picture of what went on near the DMZ yesterday.

He is inclined to think:

- our rockets hit the Boston and Hobart, having locked on
and homed in by accident;
- the enemy does have some helicopters in the DMZ, using them
for logistical purposes;
- probably our forces stumbled on an enemy logistical effort
at night and both sides fired in a state of "utmost confusion."

But he should have -- hopefully -- a clearer picture tomorrow.

W. W. Rostow

DECLASSIFIED
Authority RAE 11873
By js NARA, Date 11-21-97

35

1968 JUN 17 22 59

VZCZCEEA676
OO WTE13
DE WTE 2317

FROM: WALT ROSTOW
TO : THE PRESIDENT
CITE: WH81352

UNCLAS

JUNE 17, 1968

SUBJECT: BALL SWEARING-IN AND GOLDBERG-BALL RECEPTION

MONDAY, JUNE 24, AT 5:30 P.M., WOULD BE A GOOD TIME FOR A
COMBINED SWEARING-IN OF AMBASSADOR BALL AND RECEPTION
FOR BOTH THE GOLDBERGS AND THE BALLS. WE HAVE CHECKED
THE AVAILABILITY OF BOTH COUPLES. THE SWEARING-IN COULD
BE ORGANIZED WITH PRESS AND TV COVERAGE IN THE EAST ROOM
AND THE RECEPTION WOULD FOLLOW IMMEDIATELY AFTERWARD
WITH ABOUT 150 COUPLES. IF YOU APPROVE, THE SOCIAL OFFICE
WILL ORGANIZE THE PARTY AND WE SHALL SUBMIT A TENTATIVE
GUEST LIST.

APPROVED -----

DISAPPROVED -----

SPEAK TO ME -----

DTG: 17/2236Z JUN 68

68 JUN 17 PM 7:26

MONDAY

Pres file

PRESERVATION COPY

June 17, 1968

Pres file

FOR THE PRESIDENT

FROM WALT ROSTOW

SUBJECT: Ball Swearing-in and Goldberg-Ball Reception

Monday, June 24, at 5:30 p.m., would be a good time for a combined swearing-in of Ambassador Ball and reception for both the Goldbergs and the Balls. We have checked the availability of both couples. The swearing-in could be organized with press and TV coverage in the East Room and the reception would follow immediately afterward with about 150 couples. If you approve, the Social Office will organize the party and we shall submit a tentative guest list.

Approved _____

Disapproved _____

Speak to me _____



~~CONFIDENTIAL~~

V
VZCZCEEA675
OO WTE10
DE WTE 2316

1968 JUN 17 22

68 JUN 17 PM 7:02

MONDAY

FROM WALT ROSTOW
TO THE PRESIDENT
CITE CAP81351

~~CONFIDENTIAL~~

JUNE 17, 1968

Profile

FOR THE PRESIDENT FROM WALT ROSTOW

DOBRYNIN CALLED ME TODAY TO POINT OUT THAT TASS INTERNATIONAL, WHICH HAD CARRIED QUITE OFFENSIVE COMMENTS ON YOUR GLASSBORO SPEECH, CARRIED THE TEXT OF YOUR CONSULAR CONVENTION STATEMENT WITHOUT COMMENT.

OUR FBIS FILES SHOW THEY INDEED CARRIED A GOOD PIECE OF YOUR STATEMENT, AT LEAST; AND THERE WAS NO COMMENT.

~~CONFIDENTIAL~~

DTG 17/2202Z JUN 1968

DECLASSIFIED
E.O. 12958, Sec. 3.5
NSC Memo, 1/30/95, State Dept. Guidelines
By *jc*, NARA, Date 4-24-01

~~CONFIDENTIAL~~

J. 17, 1968

38

FOR THE PRESIDENT FROM WALT ROSTOW

Dobrynin called me today to point out that Tass International, which had carried quite offensive comments on your Glassboro speech, carried the text of your Consular Convention statement without comment.

Our FBIS files show they indeed carried a good piece of your statement, at least; and there was no comment.

##

DECLASSIFIED
E.O. 12958, Sec. 3.5
NSC Memo, 1/30/95, State Dept. Guidelines
By jc, NARA, Date 4-24-01

1. soap.
2. Pres file

~~CONFIDENTIAL~~

Monday, June 17, 1968

Mr. President:

I recommend you approve the attached \$4.5 million PL 480 tallow sale to Turkey. We haven't had to sell to Turkey since 1966 because their wheat production is coming along well. However, their soap manufacturers have drawn down tallow stocks, and they'd like to buy some.

We have every reason to help them wherever we reasonably can. President Sunay has shown great understanding of our military and economic aid cuts, and we welcome this chance for a little extra help.

W. W. R.

Approve

Disapprove

Call me

~~CONFIDENTIAL~~

DECLASSIFIED
E.O. 12356, Sec. 3.4(b)
White House Guidelines, Feb. 24, 1983
By lg, NARA, Date 6-29-92

~~CONFIDENTIAL~~

1935

39a

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

JUN 14 1966

MEMORANDUM FOR THE PRESIDENT

Subject: Public Law 480 Program with Turkey

Rud Poats and Orville Freeman request your authorization to negotiate a \$4.5 million (25,000 ton) P. L. 480 tallow sale with Turkey. Half will be repaid over 40 years in convertible currency and half will be paid now in Turkish lira in order to help defray local U.S. expenditures. Terms will be 2% during a 10-year grace period and 2-1/2% thereafter. The addition of an early payment in lira for U.S. uses and repayment in convertible currency make the terms of this agreement tougher than those of prior years.

This will be our first P. L. 480 sale to Turkey since April 1966. The Turks are now self-sufficient in wheat and oil but they have indicated an interest in tallow.

Gaud and Freeman will seek to negotiate several self-help measures including improvements in fertilizer use, commercial grading, farm credit, water conservation and agricultural reporting.

Symington Amendment

Turkish military expenditures were reviewed in connection with a \$40 million program loan you approved in February and State/AID continue to conclude that these expenses are not materially interfering with development.

Recommendation

I recommend that you authorize negotiation of a \$4.5 million P. L. 480 sale to Turkey.

Charles J. Zwick
Charles J. Zwick
Director

Attachment _____

Approve _____

Disapprove _____

DECLASSIFIED
E.O. 12958, Sec. 3.5
NSC Memo, 1/30/95, State Dept. Guidelines
By jc, NARA, Date 4-24-01

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~

396

MEMORANDUM

JUN 7 1968

To: The President

Subject: Public Law 480 Program with Turkey

We recommend that you authorize us to negotiate a Title I, PL 480 agreement with Turkey to provide approximately 25,000 metric tons of tallow with a current export market value, including certain ocean transportation costs, of about \$4.5 million. This would be a convertible local currency credit sale with an early Turkish Lira payment of 50 percent of the commodity value and related ocean transportation costs for use in meeting United States expenditures in Turkey. The balance would be repayable over 40 years with 2 percent interest during the 10 year grace period and 2½ percent thereafter. The State and Treasury Departments concur in this recommendation.

Need for Program

Tallow stocks held by soap manufacturers have been drawn down sharply in recent months and currently are at very low levels. Imports of tallow under the proposed program would permit inventories to be increased to adequate working levels; thus, assuring a more constant supply of quality soap for Turkish consumers.

Self-Help

To further encourage agricultural development in Turkey we would seek to negotiate PL 480 self-help measures involving Turkish Government action to:

1. Increase fertilizer availability to the following amounts:

1968--186,000 nutrient tons of nitrogen
279,000 nutrient tons of phosphate;

1969--213,000 nutrient tons of nitrogen
340,000 nutrient tons of phosphate;

2. Improve the marketing of foodstuffs--including wider use of commercial grades and standards--in order to reduce the disparity between prices received by farmers and those paid by consumers;

3. Increase farm credit available for farmers and livestock feeders to purchase essential inputs and adopt modern production practices, and rapidly expand the supervised credit program which seeks to insure the direct use of funds made available on technological improvement;

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DECLASSIFIED

AID guidelines 10-16-95

Authority Agriculture guidelines 10-28-82

By jc, NARA, Date 4-24-01

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4. Improve on-farm water management through Government programs for 1968 and 1969 aimed at (a) adding 100,000 hectares of newly irrigated land each year; (b) implementing scientific land leveling on 8,000 hectares in 1968, and 12,000 hectares in 1969; and (c) implementing limited conservation practices on an additional 240,000 hectares per year;

5. Encourage the development of the agricultural chemical and farm machinery industries through private enterprise;

6. Strengthen official statistical procedures for estimating the size of wheat crop, in order to reduce the present sharp disparities in the estimates now available.

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.

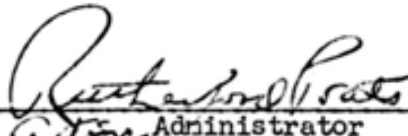
Symington Amendment

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 directed to military expenditures and that Turkey's resources are not being directed to unnecessary military expenditures to a degree which would materially interfere with its development. (A summary of these conclusions is attached).


Recommendation

That you authorize us to negotiate the PL 480 sales agreement as described above.

May 29 1968



Administrator
Agency for International Development



Secretary
Department of Agriculture

Approve: _____

Disapprove: _____

Date: _____

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MILITARY EXPENDITURE REVIEW - TURKEY

State/AID in consultation with the interagency advisory committee concerned with the implementation of Section 620(s) (Symington Amendment) of the Foreign Assistance Act of 1961, as amended, has determined (a) that Turkey's resources are not being diverted to 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 Turkey to military purposes. The memorandum in which this determination was made was submitted to the President in connection with the Production Loan for Turkey approved by the President on February 19, 1968. The facts on which the prior determination was based have not changed materially during the interim.

DECLASSIFIED
E.O. 12958, Sec. 3.5
State Dept. Guidelines
By jc, NARA, Date 4-24-01

~~CONFIDENTIAL~~

June 17, 1968

Dear Doug,

Thank you for your suggestions for improving our relations with the Arabs. Walt Rostow has taken them in hand.

I believe peace must be our overriding objective in the Middle East, and we are devoting all our energies to that goal. With a political settlement, I believe our response to many of the concerns you describe would fall into place.

Sincerely,



Mr. Douglas B. Marshall
509 Jefferson Building
Houston, Texas 77002

LBJ:HHS:tmt 6/17/68