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FORM OF DOCUMENT	CORRESPONDENTS OR TITLE	DATE	RESTRICTION
#2 report	<i>open</i> summary record of NSC Meeting No. 526 <i>sanitized</i> Top secret <i>sanitized</i> - move released 4/1/97 <i>96-108</i> <i>12 p</i>	<del>5-3-82</del> 04/03/64	<del>NLS 81-24</del> A
#3 report	record of actions <del>secret</del> <i>open</i> 1-25-91 <i>NLS 90-134</i> <i>1 p</i>	04/03/64	A
#7 memo	to the President from W. Averell Harriman <del>Secret</del> <i>sanitized</i> <i>4 p</i> <i>open</i> 1/4/01	04/03/64	A

FILE LOCATION

NATIONAL SECURITY FILE, National Security Council File  
NSC Meetings, Vol. 1, Tab 7, 4/8/64, Various Topics (Panama, etc.)

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Summary Record of National Security Council Meeting No. 526  
April 3, 1964, 2:00 PM with the Congressional Leaders -- Various  
Subjects

The President opened the meeting with the Congressional Leaders by saying that his purpose was to bring them up to date on recent developments. Various Council members would report on current situations. He first called on Secretary Rusk for a summary of developments in Brazil.

Secretary Rusk summarized our relations with Goulart, including Goulart's discussion with President Kennedy, and later, in Rio, his discussion with the Attorney General. Despite our efforts to persuade Goulart to follow a democratic reform program, and despite our efforts to support the Brazilian economy by making large loans, Goulart had moved toward the creation of an authoritarian regime politically far to the left. The current revolt in Brazil was not the traditional "golpe" of the Latin American variety but rather a combination of governors, government officials and military leaders who had joined together to oust Goulart when they became convinced that he was leading Brazil to economic and political disaster. As to the current situation, the rebel government now has full control of the country. The military leaders in Brazil have long visualized themselves as guardians of the democratic process.

Secretary Rusk described the major problems which the new government in Brazil faces. First are the economic problems which involve renegotiation of large loans coming due shortly and revision of those economic policies of Goulart which had resulted in inflation and economic difficulty. The Goulart men will have to be removed, which means a reorganization of the governmental structure. There is a reasonable prospect now that the new government will turn its attention to the major problems of Brazil. The U.S. did not engineer the revolt. It was an entirely indigenous effort. We now have fresh hope that Brazil can face up to its current problems.

Senator Dirksen asked how much money we had given in grants to Brazil. Director Bell reported that we had made very few grants but had made many large loans. Senator Dirksen then asked if there were any outstanding unpaid loans. Mr. Bell replied that we are now owed approximately \$136 million in payments on loans which amount to between \$500 and \$700 million. Senator Dirksen asked whether Brazil

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E.O. 12958, Sec. 3.5  
NSC Memo, 1/30/95, State Dept. Guidelines  
By JLH, NARA, Date 12-6-02

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had lived up to its agreement to the stabilization plan we had financed. Mr. Bell replied that we had put up \$60 million when they began to implement parts of the stabilization plan. When the Brazilians did not follow through on the plan, we then stopped further assistance.

Senator Hayden asked whether it was not true that the Brazilians had an excellent record of loan repayment. Mr. Bell said no Brazilian loan was in default.

Senator Morse said he thoroughly approved of the way the President and the State Department had handled the situation in Brazil. He said we would have to provide new economic assistance to Brazil but he hoped that the time had come when we could get something for this new aid.

The President replied that we are hard at work with our allies to provide the economic help which the new Brazilian government will need. We are doing everything possible to get on top of the problem of helping the new government.

Senator Dirksen asked about the position the new government would take toward expropriation of U.S. private investments. Secretary Rusk said that we did not know, but that one of the first things we would talk to the new government about would be their attitude toward expropriating U.S. property.

Senator Fulbright asked what effect there would be in Latin America if the coffee legislation now before the Senate were rejected, as appeared probable. Secretary Rusk replied that Senate rejection of the coffee plan would be very serious for us and for the Brazilians, as well as to the Latin Americans.

Senator Dirksen said he felt that if the legislation were called up now it would be defeated.

Under Secretary Ball said that we should look at the coffee agreement in the light of the new Brazilian situation. If the agreement were rejected by the Senate, the new Brazilian government would consider the action a "no confidence" vote. He said he could not stress too much the importance of Senate approval of the coffee agreement. A rejection would be no less than a disaster for the entire Alliance for Progress.

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The President then turned to a discussion of our policy toward Vietnam. He referred to his meeting with Ambassador Lodge in which he told the Ambassador that he was to carry out a unified policy. The President mentioned that he had made personnel changes in USIA and CIA which the Ambassador suggested. He said there were alternative policies for Vietnam but that the Administration had chosen one following a National Security Council discussion of Secretary McNamara's report which he made upon his return from his fourth trip to Vietnam. The President said he wanted the Congressional Leaders to know the policy of the Administration. He was not asking those present to commit themselves on the policy. His purpose was to be certain that those present knew exactly what we are trying to do in Vietnam. He then called on Secretary McNamara.

Secretary McNamara apologized for the absence of General Taylor who he said was indisposed and obliged to remain at his quarters. He then described how the situation in Vietnam had grown worse, especially since last September. The Viet Cong controls 40% of the territory but a lesser percentage of the total population. The people of Vietnam were becoming apathetic toward the war. This had the effect in the military of increasing the desertion rate. Many fortified hamlets had been overrun or disbanded -- some civil guards had turned in the weapons with which they were supposed to defend these hamlets. The security in many areas was less than it had been. The political structure in the hamlets and the villages had almost disappeared. Frequent changes of hamlet leaders and village chieftains had produced a vacuum into which the Viet Cong had moved. The changes of local leaders caused by the changes of the central government in Saigon had contributed to local disorganization in village and provincial governmental life. In addition, the Viet Cong was receiving larger weapons primarily from Communist China.

Secretary McNamara then summarized the various policy alternatives for Vietnam.

- a. We could withdraw entirely and allow the area to be taken by the Communists.
- b. We could agree to a neutralization of the area which, in effect, would mean permitting it to fall into Communist hands.
- c. We could broaden the military campaign by taking the war to other areas, such as North Vietnam. This alternative we had seriously considered.

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d. We could make the present program of assistance more effective. This is the course we have chosen to follow.

Secretary McNamara then spelled out the military action categories which were contained in his report but which were not recommended to the President for approval. He said that General Khanh did not favor broadening the military action at present because he felt that first priority should be given to solving the problems of security in South Vietnam.

Secretary McNamara summarized the various parts of the current expanded program. He said that the Joint Chiefs of Staff supported the program adopted, but the Chiefs felt that to be successful in South Vietnam the war would have to be taken to North Vietnam. He said that the twelfth recommendation in the report called for preparations so that we would be in a position to broaden the war if the adopted program did not succeed in solidifying the situation in South Vietnam.

Senator Dirksen asked whether General Harkins were going to be retained in Saigon. Secretary McNamara said under normal procedures General Harkins will retire on July 31st. He had performed magnificently. It may be that he would be called back to Washington in the next few months prior to the date of his retirement. The President said that the best officer in the U.S. military forces for this assignment had been sent as General Harkins' deputy in anticipation of his taking command. He said this officer is General Westmoreland.

Senator Saltonstall asked whether, under the new McNamara program, U.S. soldiers would be participating in the fighting or whether they remained as advisers to the South Vietnamese. Secretary McNamara replied that they would continue their present role of advising.

The President then turned to Panama and read the declaration which he said he would make this afternoon if the Council approved. He summarized the U.S. position on the Panama negotiations, i.e., that we would not accept preconditions but we were prepared to review with the Panamanians all problems. He characterized the declaration as containing nothing offensive to either side and as stating the same position he had taken during his first telephone conversation with President Chiari of Panama which took place immediately after the incident in Panama. He informed the group that he had chosen former Secretary of the Treasury Robert Anderson as his Special Ambassador to conduct the negotiations with the Panamanians.

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Senator Mansfield and Senator Fulbright interrupted to state their belief that the agreement proposed by the President was an excellent one.

The President then announced that he was seeking Panamanian agreement for Jack Vaughn as U.S. Ambassador. He summarized in detail the career of Mr. Vaughn.

The President asked whether the Council approved the declaration, and hearing no objection, the President said we would proceed to give our statement to the OAS group. He then praised Ambassador Bunker for his contribution to reaching an agreement.

Secretary Rusk explained that we could not accept any precommitment with respect to negotiation with the Panamanians because, if we did not reach any agreement, we could be accused of bad faith. If the Panamanians denounced the existing treaty they could use a charge of our bad faith in arguing before the International Court that the treaty was no longer valid. There is no reference to the Panama Canal in the agreement. We are not calling attention to this because if we did we would create a problem for President Chiari. Chiari's opponents could say he had retreated from his position that he would not renew relations with the U.S. until we had agreed to renegotiate the treaty. Secretary Rusk said that the solution of the current phase of the Panama problem would clear the atmosphere for OAS action on the Cuban arms cache in Venezuela.

The President said that our insistence on talking without preconditions was our first and last position. We may be prepared to accept changes in the treaty but we could not do so until the Panamanians had agreed to talk without preconditions.

There followed a brief procedural discussion as to how Special Ambassador Anderson would be formally empowered to proceed. Confirmation by the Senate is not required because he will have the personal rank of Ambassador.

Senator Hickenlooper said the Panamanians had denounced the treaties. What would we do if in the first discussion the Panamanians took the position that no treaty existed? Secretary Rusk replied that as far as he knew the Panamanians had not denounced the treaties. They recognized the existence of the treaties and their language attacking them had not gone so far as to claim that they had no validity.

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Senator Morse said that the Panamanian agreement was a great agreement and he congratulated the President and the Secretary of State. He said, however, he felt obliged to say that he disagrees entirely with the program for South Vietnam. He said that the only way to solve the Vietnam problem was by using SEATO and the UN to achieve a peaceful settlement.

The President said that there was no effort to compromise Senator Morse's position or involve him in the Administration plan for Vietnam. Senator Morse replied that he understood, however, that Premier Khanh had called him a traitor. President Johnson replied that "no one in this room has called you a traitor."

Senator Dirksen said he wondered whether SEATO was viable. Senator Mansfield replied that in his view SEATO was a paper tiger, adding that the President's policy toward Vietnam was the only one we could follow.

The President said we had recently attempted to find out what de Gaulle was trying to accomplish in Southeast Asia. On the basis of Ambassador Bohlen's talk with de Gaulle we had learned that the French have no plan or program. The President concluded by saying that we have now adopted an expanded program for South Vietnam and we will push it as hard as we can.

Senator Dirksen asked whether the press reports coming out of Saigon were accurate. Secretary McNamara replied by saying that there were a host of wars going in Vietnam. Each dispatch is right but covers only one facet of the problem. Therefore, it is not an accurate description of the whole problem. We tried to get as full a picture of the situation as we could and travelled widely in the area. The picture we did get was quite different from that appearing in the press.

Turning to Panama, Senator Saltonstall said that in his view the problem there arose because of the attitude of U.S. citizens in the Canal Zone. He asked what we were doing to improve this situation. The President replied that Deputy Secretary of Defense Vance had gone down to Panama, had reviewed the situation, and had recommended certain changes which have already taken place. In addition, General O'Meara, Commander-in-Chief, U.S. Southern Command, is to make additional recommendations on this subject.

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The President then introduced Under Secretary Harriman to summarize his recent trip to Africa. (A copy of Harriman's report to the President is attached. It contains a detailed account which he summarized at the meeting.)

Mr. Harriman said that there was a potentially explosive situation in the Congo because the UN forces would be leaving in June. He reported increased economic stability in the Congo and said that real progress had been made toward restoring economic health. Production of copper and coffee has now almost reached the level of production prior to the departure of the Belgians. He said that Adoula is now governing the State and is a thorough anti-Communist even though he follows a policy of non-alignment.

Mr. Harriman described the program we are undertaking to assist in training native Congo military forces. The U.S. would contribute to the mobility of Congolese forces by providing trucks, jeeps and transport planes. U.S. repair teams would go to the area on temporary training assignments.

Mr. Harriman said the Congo can achieve stability if there is no pressure from outside the country. Leftists in Brazzaville may cause trouble and Tshombe may try a comeback. If both of these forces move against Adoula, he will be in real trouble. There is a possibility, however, that Nigeria may come to his assistance in the event either of these forces seeks to overthrow him.

Mr. Harriman then turned to the situation in Ghana. He reviewed the past of the Volta Dam project and the Kaiser Aluminum plant which is being built to use power produced by the dam. The dam is half finished. The lake is filling and some 60,000 people are being moved out of the flooded area. Nkrumah has left this operation alone and has not so far interfered with its progress. It is about a year ahead of schedule. The dam will cost \$200 million. The U.S. has made a \$30 million loan on the dam, has guaranteed the \$100 million Kaiser investment against expropriation and has loaned money to Kaiser to assist in financing his plant.

Mr. Harriman said that Nkrumah was moving to the left. He is afraid of assassination and blames the U.S. and the U.K. for his troubles. He is turning to the East in an effort to gain support. He appears to be

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heading toward a personal dictatorship somewhat comparable to that of Tito. Mr. Harriman recommended strongly that we continue our support of the Volta project. We cannot stop now because the project is half finished and liquidation would mean loss of our standing and of the money so far invested. There is a reasonable chance that the project will pay out. It is best for us to carry it through. The World Bank is prepared to continue its support. Our policy should be to keep Nkrumah under continual pressure.

Mr. Harriman then turned to the situation in Nigeria which he described as very encouraging. It was refreshing to talk to strong leaders who were trying to develop a democratic government.

Mr. Harriman commented on his talk with Belgian Premier Spaak. He said the Belgians were moving ahead on a program responsive to the responsibilities they have in the Congo. He was encouraged that the tasks in Africa were being divided and carried by many countries rather than the U.S. alone.

Mr. Harriman called attention to the serious problems we will be facing in the UN with South Africa and with the Portuguese on Angola.

Mr. Harriman discussed the difficult situation we are facing in Libya which is responding to Nasser's influence. Libya has asked us to negotiate the removal of our base at Wheelus, which is important to us both for training purposes and as a staging area for use in the event of general war. In addition, the U.S. has large oil investments in Libya. The new field there is one of the world's largest and its potential is very great. The U.S. controls about half of the total production. Libyan oil is of additional importance because it is this side of Suez.

Senator Dirksen asked whether other nations had large investments in Ghana. Mr. Harriman replied that the U.K. had large and expanding investments there.

Senator Dirksen asked about press reports of attacks on four U.S. professors in Ghana. Mr. Harriman and Mr. Bell replied that six professors had been fired from a university, four of them were Americans. This was done by Nkrumah who felt that the professors were indoctrinating the students with false ideas. Involved also is the issue of academic control of the university.

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The President then read a draft press statement which would be issued following the conclusion of the meeting (copy attached). The statement was approved by those present.

The President then read a statement which he is going to make to the OAS Ambassadors at 4:00 PM covering the Panama agreement (copy attached).

Senator Humphrey stated that the President's statement on Panama was excellent. He said our forbearance and patience had paid off. With respect to Vietnam, he asked what would be the extra cost of the new program. Secretary McNamara replied that this was very difficult to estimate but he doubted that it would exceed \$50 million additional.

Senator Humphrey asked where we expect to get the Vietnamese to carry out the new program. Mr. Bell replied that numbers of Vietnamese were going back to Saigon from exile. In addition, the program called for greatly expanded training of Vietnamese civil administrators. He doubted that there was a problem of obtaining people to take the civil training courses.

The President, noting that Secretary Rusk had to leave the meeting to keep an earlier appointment, asked Under Secretary Ball to report on his recent activities.

Mr. Ball said that he had recently appeared before the permanent representatives of NATO in Paris to explain to them and ask their support of our Cuban economic denial program. The representatives said there was a need to spell out for Europe our Cuban policy. He explained to them that our economic denial program was not expected to result in Castro's downfall, but was an effort to prove that there was no future for Communism in this hemisphere. He said he explained how the standard of living was being depressed by the measures we are taking against Cuba. (The President commented that we had picked up 5000 to 6000 Cubans in the water trying to get away from Cuba.)

The President explained to those present that in recent weeks he had occasion to note that the heads of allied governments are often more helpful in positions they can take privately than they are when their actions must be made public. He explained that several heads of allied governments were engaged in election campaigns and had real domestic

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difficulties in agreeing to do some of the things we asked them to do. He referred to Canadian Prime Minister Pearson's willingness to send troops immediately to Cyprus even though the legislature had not yet acted on the request for approval. He said Pearson had called him recently to approve an action which would be helpful to Pearson's domestic situation. He had been able to do what the Prime Minister asked him to do. Therefore, this week he felt free to telephone Pearson and ask him to reciprocate by speeding up the dispatch of Canadian troops to Cyprus.

The President said that Prime Minister Home had been much more forthcoming on trade with Cuba in private conversations than he had been when he debated on the floor of Commons. The same was true with the leaders of Australia and New Zealand on exports of meat.

The President described part of his discussion with Prime Minister Home on the question of trade with Cuba. The British said that they had cut their trade from \$55 million to \$5 million while we were continuing to pay Cubans who worked at the Guantanamo Base. These payments helped Castro with his foreign exchange problem. Therefore, we had decided to stop hiring Cubans to work on the Base, thereby depriving Castro of valuable dollar exchange.

Under Secretary Ball then described the negotiations involving Cyprus. He explained how the British had told us they were no longer prepared to maintain peace in Cyprus alone and of our response to their request for assistance. He briefly reviewed the major developments in the situation. He said that we had come very close to a war between Turkey and Greece. He said that Turkish Prime Minister Inonu had told him that if he, Ball, had not been in Ankara talking to the Turkish Government and urging restraint, the Turkish Government would have moved into Cyprus in response to the Limasoll massacre. Secretary Ball characterized the present situation as one in which we have bought three months time during which we can try to find a solution. Any solution will be most difficult and we will be playing our part only in the background.

The President then explained to the group that he had put in a call to President Chiari of Panama on the assumption that the meeting would

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be finished. President Chiari was now on the line and he said he would now talk to him. (The photographers entered to take pictures.) The record of the conversation is attached. Only one side of the conversation was audible to those present. At the conclusion of the conversation the President commented that President Chiara had broken into English at the end to say, "That's the way to do it," then returning to Spanish.

Mr. Ball summarized briefly the situation in Zanzibar which he said was very precarious but we had a fighting chance of preventing it from becoming a Communist outpost.

The President said he had sent a very strong message about Zanzibar to Prime Minister Home and we were hopeful that we would get strong, forceful action from the British. He said we couldn't just wait and let Africa go Communist.

Mr. Ball then turned to the situation in Indonesia. He said this was a most frustrating problem, dealing with Sukarno. He said that no new U.S. economic assistance was going to Indonesia and that we had daily control of small shipments still moving to Indonesia which were in the pipeline. Our purpose is to try to keep Sukarno from turning to the Communists for support. We do not approve of Sukarno but we are trying to get along with him to the extent of maintaining some influence in the hope that we can prevent him from using force to destroy Malaysia.

The President told the Senators that he had not yet made a determination with respect to the continuance of Indonesian aid as was required by a Congressional amendment. He had sent the Attorney General to talk to Sukarno and also asked the Philippine President to try to persuade Sukarno to hold off his attacks on Malaysia. The only aid now going to Indonesia is that which is in the pipeline. A decision on the determination was a delicate one. If we cut off all assistance, Sukarno will probably turn to the Russians. To continue aid is difficult because we would be supporting Sukarno's attacks on Malaysia. The Congressmen present asked no questions and appeared to accept the President's explanation as to why he had not yet made a determination on Indonesian aid.

Mr. Harriman called attention to the more than a half billion dollars U.S. oil investment in Indonesia, which he said would be subject to confiscation if Sukarno broke with us.

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The President then informed Senator Mansfield of Secretary McNamara's decision to purchase additional quantities of U.S. beef for shipment overseas.

Senator Russell asked Mr. Ball what it was that Makarios wanted in Cyprus. Mr. Ball replied that Makarios wanted nothing less than total subservience of the Turkish Cypriots to the Greek Cypriots and he was prepared to kill Turks if this were necessary to gain his objective. Mr. Ball paid tribute to the Turkish Prime Minister by saying that if Inonu had not been in control of the Turkish military, and if he had not stood firm during the crisis, the Turks would have gone to war with the Greeks. Makarios now thinks that he can get away with his plan to destroy the power of the Turkish Cypriots.

The President asked all those present to go with him to the Fish Room to meet the OAS Ambassadors gathered there to hear the President's statement on Panama. The Cabinet Room had to be vacated so that the television cameras could be put in place.

Bromley Smith

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NATIONAL SECURITY COUNCIL

RECORD OF ACTIONS

NSC  
Action

2480. REVIEW OF CURRENT FOREIGN POLICY PROBLEMS

- a. Noted the President's welcome to the Congressional Leaders invited to participate in a Council review of current foreign policy problems.
- b. Discussed Secretary Rusk's report of the revolt in Brazil.
- c. Discussed Secretary McNamara's presentation of U. S. policy and programs for Vietnam.
- d. Noted and discussed the President's statement of the Panama problem and his approval of a draft declaration to be made to OAS members.
- e. Noted Under Secretary Harriman's report on his trip to Africa, including his cautious optimism on the situation in the Congo and his recommendation that we continue our support of the Volta Dam project in Ghana.
- f. Noted and discussed Under Secretary Ball's summary of the U. S. economic denial program for Cuba and his review of the situations in Cyprus and in Indonesia.
- g. Noted the President's explanation to the leaders of his decision to defer for the time being a determination on U. S. assistance to Indonesia.

April 3, 1964  
526th NSC Meeting  
NSC Action 2480

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E.O. 12356, Sec. 3.4

NSC Control No. 159

By NLI 90-134  
NARA. Date 1-3-91

ATTENDANCE LIST FOR THE 526th NSC MEETING WITH THE  
CONGRESSIONAL LEADERS, HELD ON FRIDAY, APRIL 3, 1964  
IN THE CABINET ROOM OF THE WHITE HOUSE

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The President of the United States, Presiding

AID

David E. Bell, Administrator

CIA

John A. McCone, Director

DEFENSE

Robert S. McNamara, Secretary

OEP

Edward A. McDermott, Director

STATE

Dean Rusk, Secretary

George W. Ball, Under Secretary

USIA

Carl T. Rowan, Director

WHITE HOUSE

George Reedy, Press Secretary to the President

McGeorge Bundy, Special Assistant to the President

Ralph Dungan, Special Assistant to the President

Walter Jenkins, Special Assistant to the President

Bill Moyers, Assistant to the President

Jack Valenti, Special Assistant to the President

Bromley Smith, Executive Secretary, National Security Council

CONGRESS

Senator Carl Hayden (Arizona)

Senator Mike Mansfield (Mont.)

Senator Hubert Humphrey (Minn.)

Senator J. W. Fulbright (Ark.)

Senator Wayne Morse (Oreg.)

Senator Richard B. Russell (Ga.)

Senator Everett M. Dirksen (Ill.)

Senator Bourke B. Hickenlooper (Iowa)

Senator George D. Aiken (Vt.)

Senator Leverett Saltonstall (Mass.)

Cong. Carl Albert (Okla.)

Cong. Carl Vinson (Ga.)





# SENATOR MORSE REPORTS

417 SENATE OFFICE BUILDING, WASHINGTON 25, D. C.  
706 U. S. COURT HOUSE, PORTLAND 5, OREGON



No. 4

May 6, 1964

Dear Friend:

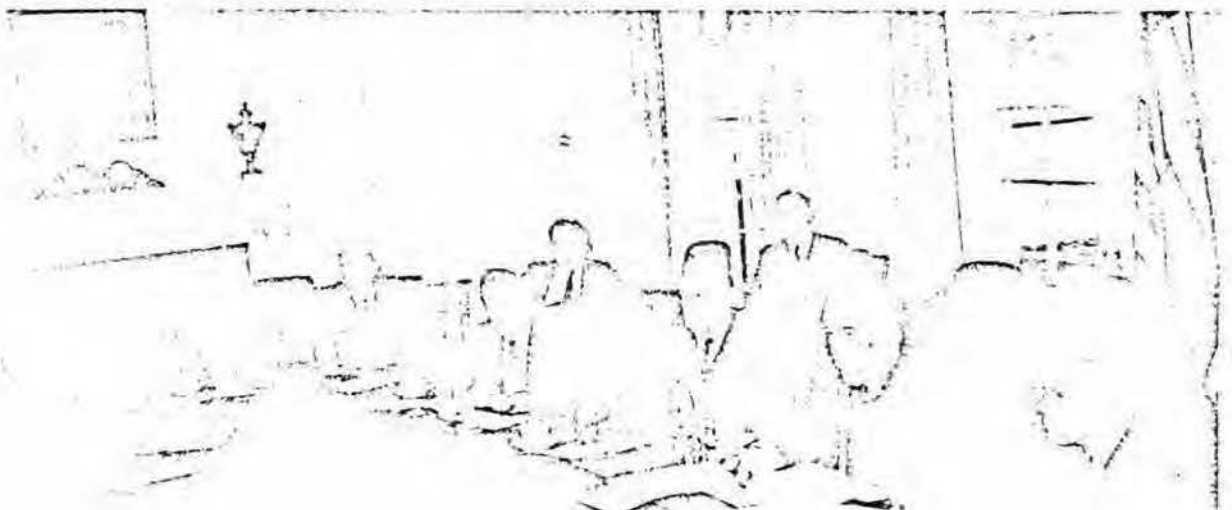
On April 3, President Johnson invited several of us from Congress to the White House to meet with the National Security Council. At that meeting, we were briefed on the major foreign policy issues by the various cabinet members. Defense Secretary McNamara talked about South Vietnam, Secretary of State Rusk about Panama and Brazil, Under Secretary of State Ball discussed the Cyprus issue, and Under Secretary of State Harriman briefed us on Africa and Indonesia.

During the meeting, President Johnson talked on the telephone, in our presence, with President Chiari of Panama. In this conversation they agreed on the final details that led to the resumption of diplomatic relations between the United States and Panama. The principal issue concerned the 1903 Panama Canal Treaty that has caused so much trouble between our countries in recent years.

It was a thrilling experience to witness this historic telephonic conference between our President and the President of Panama. There were ten Senators present and several members of the House of Representatives from both political parties. We were all very proud of the magnificent job President Johnson did in bringing to a satisfactory conclusion the serious controversy which had developed between the United States and Panama over the Panama Canal.

When the President called on me for my comments, I praised his handling of the Panama issue, and told him I was pleased that he had decided to go ahead with the talks about the treaty provisions that Presidents Kennedy and Chiari had agreed to on June 13, 1962. But I also took strong issue with the policy this country is following in South Vietnam. I stated my opinion that nothing Secretary McNamara had told us about our military problems there explained or justified a unilateral American war in Vietnam.

Below, seated around the table in the Cabinet Room, are Senator Aiken of Vermont, myself, Under Secretary of State Averell Harriman, CIA Director John McCone, Chairman Carl Vinson of the House Armed Services Committee, White House foreign affairs aide McGeorge Bundy, Under Secretary of State George Ball, President Johnson, and Defense Secretary Robert McNamara.



April 3, 1964

*Jim Baker*

*6*

MEMORANDUM FOR THE RECORD

Subject: Telephone conversation between President Johnson and  
President Chiari

Date: 3 April 1964

Time: 1540

Place: President Johnson - White House, President Chiari - Panama City

Interpreter: Lt. Colonel Moura, U. S. Army

PRES. JOHNSON: Expressed pleasure that relations were being re-established.

PRES. CHIARI : Thanked President Johnson and said that Panama was delighted that the two nations had found a formula to settle their differences of long-standing.

PRES. JOHNSON: Informed President Chiari that the U. S. was prepared to name its Ambassador immediately so that the two countries could seek a just solution to their problems. Said that the U. S. would name former Secretary of the Treasury, Mr. Robert Anderson.

PRES. CHIARI: Asked whether Mr. Anderson would be the Special Ambassador or the Diplomatic Ambassador.

PRES. JOHNSON: Replied that Mr. Anderson would be the Special Ambassador with full power to listen to all differences between the two nations, without limitation and, as was pointed out in the first conversation between the two Presidents, without pre-conditions. President Johnson said that Mr. Anderson had been President Eisenhower's Secretary of the Treasury. The President also said that he had unlimited confidence in Mr. Anderson, and that Mr. Anderson was an outstanding lawyer and a former professor of law.

PRES. CHIARI: Said that he was delighted and looked forward to Mr. Anderson's arrival. Also, he stated that perhaps tomorrow Panama would name an outstanding representative.

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Authority *WH + State Guidelines*  
By *h* . NARA, Date *12-6-02*

PRES. JOHNSON: Informed President Chiari that he planned to appoint Mr. Jack Vaughn as the regular U. S. Ambassador to Panama. Requested that Panama expedite its "agreement" for Mr. Vaughn so that his nomination could be processed here. Told President Chiari that Mr. Vaughn was well known in Panama where he had been frequently between 1952 and 1962. Said that Mr. Vaughn was now the Director of Peace Corps Operations in Latin America and that he had been on the faculty of the School of International Affairs at Johns Hopkins University. President Johnson felt certain that Mr. Vaughn's many friends in Panama would be pleased to learn that he was returning.

PRES. CHIARI: Agreed that Mr. Vaughn would be welcome by his friends and thanked President Johnson.

PRES. JOHNSON: Reiterated great pleasure that conversations were to begin and expressed confidence that a just and fair agreement would be found.

PRES. CHIARI: Again thanked the President and said that he too felt that with good faith and good will the two nations would find mutually acceptable solutions to their long-standing differences. Assured President Johnson that the people of Panama and the U. S. wanted to be friends because they were motivated by the same objectives.

PRES. JOHNSON: Expressed certainty that negotiations without pre-conditions and without limitation on matters to be considered would produce a fair and just agreement.

PRES. CHIARI: (In English) "That's the way to do it." Once again thanked President Johnson.

PRES. JOHNSON: Said goodbye and that he looked forward to seeing President Chiari.

Respectfully,

ARTHUR S. MOURA  
Lt. Colonel, U. S. Army

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April 3, 1964

MEMORANDUM FOR THE PRESIDENT

Subject: Ghana

*file to Pres  
(orig to Pres  
from AXH)*  
7

Nkrumah is leading Ghana towards what he calls African Socialism which is, in fact, a personal dictatorship. He is impelled by his own proclivities as well as personal fear resulting from his two close call assassination attempts. He suspects almost everybody, even the CIA. This affects his actions domestically and his attitude towards the U.S. He is driven on by his own conceit, blaming others, internally or foreign, for his own failures. The effect is that he has assumed more and more power into his own hands, leans more and more on a small group of leftists who applaud this trend, and cuts himself off from those who oppose.

He has developed a one party political system, in itself not uncommon in Africa, but in Ghana this has meant imprisoning many of his opponents, controlling the press, and recently the courts.

All of this trend may project an eventual Tito type dictatorship, with the State assuming all political and economic direction or ownership.

However, there are still forces at work within the country which may stem this trend and at least leave the Valco operation uninterfered with. The University is still independent to a considerable degree and run by a forceful Irishman. The students oppose State interference. There is a large and prosperous small farmer production of cocoa, and the historic village owned and individually farmed general agriculture. There is a body of independent women marketers who exert strong political pressures. The Army is Western-oriented although so far it has stayed out of politics. The

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Authority FRVS 64-68, vol. 24, #249

By jc, NARA Date 12-11-00

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civil servants are also largely Western-oriented and resist as far as they can this trend.

Nkrumah himself has repeatedly stated that foreign private capital is essential to Ghana's development. He realizes also that foreign private capital is in short supply to meet the needs of the developing nations and therefore must be catered to. His speech outlining the new seven year plan proposed development of a mixed economy with agriculture largely in private hands and "for some time to come" the need for large foreign private investments to develop industry. In my conversation with him he assured me "for some time to come" related only to the period of need to attract new private foreign capital and was not intended to limit the time companies investing could remain. "Kaiser," he said, "can stay as long as he wants - 50 or 100 years." The success of the seven year plan as presented clearly requires several hundred million dollars of new foreign private investment.

He has strong personal feelings for a few individuals as in the case of President Kennedy and also such men as Edgar Kaiser. Although he is the Chairman of the Volta River Authority, he has supported the Canadian Executive Director - Dobson. The operation has been well directed and the government has fulfilled all of its obligations so far, including putting up its share of the money as needed, more than 50%. There is no financial default on the part of the government which would be a cause for the World Bank, Export Import Bank or AID to stop their financing. President George Woods has stated to me that he sees up until now no basis for the Bank to discontinue payments under its commitment. The Valco, Kaiser's company, is committed to take a large percentage of the power development by 1966 which necessitates the commencement of work in Ghana and the ordering of machinery this summer.

The principal difficulties we are having are the abuse of the U.S. Government, UK, and other Western powers, and the praise for Communist countries in the press, and the recent demonstrations before our Embassy. Also the arbitrary ejection from the country of U.S. and other Western individuals. The leftist trend may augur increasing difficulties.

On the other hand, the frank talks by Edgar Kaiser and Ambassador Mahoney as well as my own, have shown some results

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in tempering the press and treatment of our Embassy and U.S. citizens.

Nkrumah has responded to these personal representations for a time at least. The financial situation of the country is getting into increasing difficulties as a result of an unbalanced budget and adverse balance of payments. There will be increasing inflation and payment difficulties which will necessitate severe import controls. These difficulties may force Nkrumah to turn to the I.M.F. for assistance. Bloc assistance does not usually help in this type of financial crisis.

On balance, I recommend we continue our participation in the Volta Project.

However, we should constantly watch the situation and plan a campaign of visitors to Accra to bring pressure on Nkrumah whenever his actions indicate they will cause us difficulty. Edgar Kaiser is probably the most effective individual. Sir Robert Jackson, now with the UN Special Fund, visits Accra periodically and has a long-time relationship. Visits of other influential people should be planned to support the Ambassador's vigilant pressures.

The Valco could well be successful in its production and export even if other foreign operations are not. Nkrumah will need the income from the power purchases by Valco to pay off the international debt of the project. It would be impossible for him to operate and sell the aluminum as a Ghanaian government operation, and it would not be easy to attract bloc investment.

With Nkrumah's desire for close personal relations with you and his respect for a certain other individuals, I feel there is a reasonable chance that his attitude and activities towards the U.S. Government and Valco can be held within liveable limits.

The decision today is not whether to embark on the investment in the Volta project, but whether to continue with

our commitment.

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our commitment. I am convinced that there is more to lose in backing out now than in going ahead. If we back out now, we will not only lose the money already expended or irreversibly committed but also the confidence of many African and other developing nations.

The dam which I inspected is well along, with mountains of earth and rock moved. Some 60,000 people are being displaced by the enormous lake, which will begin to be filled this summer. New more modern villages are being built for them and people are beginning to move in. To stop now would leave an international eyesore. Although little work so far has been done on the Valco project, it is in fact an integral part of the whole project. The company has a fixed contract to take a large block of power. Incidentally if Valco should not go ahead the soundness of the international investment will be jeopardized.

On the other hand, I believe there is a reasonable chance of carrying the entire project through successfully.

/s/ Averell

W. Averell Harriman

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*Version as of 1964*

## TEXT OF DECLARATION

### Approved Version

In accordance with the friendly declarations of the Presidents of the United States of America and of the Republic of Panama of the 21st and 24th of March, 1964, respectively, annexed hereto, which are in agreement in a sincere desire to resolve favorably all the differences between the two countries;

Meeting under the Chairmanship of the President of the Council and recognizing the important cooperation offered by the Organization of American States through the Inter-American Peace Committee and the Delegation of the General Committee of the Organ of Consultation, the Representatives of both Governments have agreed:

1. To re-establish diplomatic relations.
2. To designate without delay Special Ambassadors with sufficient powers to seek the prompt elimination of the causes of conflict between the two countries, without limitations or preconditions of any kind.
3. That therefore, the Ambassadors designated will begin immediately the necessary procedures with the objective of reaching a just and fair agreement which would be subject to the constitutional processes of each country.



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minutes

This Copy For \_\_\_\_\_

NEWS CONFERENCE

#206

AT THE WHITE HOUSE

WITH GEORGE REEDY

APRIL 3, 1964

3:40 P.M.

EST

FRIDAY

MR. REEDY: We have a compressed time situation, gentlemen, I hope we can step this up and I hope photographers will stay in the back of the room for reasons I will make clear at the moment. This is not a question of making them second-class citizens. It is a question of logistic convenience. // The National Security Council is still meeting with the Congressional leaders for a review of world developments with particular regard to Africa, Viet Nam, Brazil, and Panama.

These events to which I have referred were and are being covered by the President, the Secretary of State, the Secretary of Defense, Under Secretary of State Harri- man, Under Secretary Ball, the Director of the USIA, and the Director of AID. The meeting is in accordance with the President's desire to keep leaders of Congress fully informed. //

The President will make a public statement scheduled for 4:00 P.M. with specific reference to Panama. Now for BACKGROUND

\* \* \* \* \*

let me explain a few of the logistical details involved here. I expect this meeting to break up very shortly. I have just come from it myself. There will be a few minutes for the customary arrangements for photographs, stills and film, not sound on film, immediately following the meeting.

The statement by the President for which sound on film is in order is scheduled to be made at 4:00 o'clock.

Q. Where?

MR. REEDY: In the Cabinet Room.

Q. Are they meeting in the Cabinet Room?

MR. REEDY: They are meeting in the Cabinet Room.

Gentlemen, that is the situation.

\* \* \* \* \*

Q. George, are these leaders of both parties?

MORE

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MR. REEDY: Yes.

Q. Can you tell us who?

MR. REEDY: It is precisely the same group, I believe, that I gave you this morning.

Q. George, since we are a little crowded for time, what is the coverage arrangement in there? Are you going to have a text?

MR. REEDY: No, I do not believe we will have time enough for a text. If we do, I will certainly try to reproduce it as fast as I can and it may well be that I will have copies of it before he finishes making it.

Q. What about coverage in the Cabinet Room?

MR. REEDY: It will be completely open, with the realization that there may be a few physical difficulties because of the size involved.

Q. How long a statement is this, George?

MR. REEDY: It will not be a very long statement.

Q. George, what are the events that happened which warrant this?

MR. REEDY: For BACKGROUND:

\* \* \* \* \*

I said Under Secretary Harriman has just returned.

\* \* \* \* \*

Q. Are you meeting us again?

MR. REEDY: I am not putting a lid on at the moment. It may be that I will have another session. But that will have to be called pragmatically.

THE PRESS: Thank you, sir.

END

APRIL 3, 1964

## OFFICE OF THE WHITE HOUSE PRESS SECRETARY

## THE WHITE HOUSE

STATEMENT BY THE PRESIDENT ON PANAMA  
IN THE CABINET ROOM

Your Excellencies, Members of the Congress: Today's agreement is both a beginning and a renewal. It provides that we will reestablish diplomatic relations, we will immediately appoint special ambassadors with sufficient powers to seek the prompt elimination of the causes of conflict between the two countries without limitations or preconditions of any kind.

I have already talked to the distinguished President of Panama and informed him that the United States has selected the former distinguished Secretary of the Treasury, a great law professor, Mr. Robert B. Anderson, to be our Ambassador to carry on these discussions.

We will also send the regular Ambassador to Panama's name to the Senate as soon as we have received approval from the Panamanian Government.

We are thus embarking upon the solution of our problems without preconditions or limitations of any kind, believing that a lasting agreement depends upon the utmost freedom and the utmost flexibility of approach. We will now immediately renew relations, appoint special ambassadors, and begin a process which aims at a final resolution of our difficulties.

Arrival of this agreement in the presence of understandable but intense emotions and convictions is a tribute to our essential unity of interest. We share much history. We share a commitment to the liberty that we have achieved in the past and to the progress that we intend for the future. We can now proceed not only to solve today's difficulties, but toward the increased welfare of all the people of the Americas under the Alliance For Progress.

So, gentlemen, let us approach our search for a solution with the openness and the generosity of those who seek only the strengthening of friendship. Let us meet as sovereign nations, as allies, and as equal partners in the inter-American system.

Panama can be confident, as we are confident, that we each desire an agreement which protects the interests and recognizes the needs of both our nations.

I would also like on this occasion to especially and particularly thank the OAS for its very important role. This is further proof of the unmatched effectiveness of the inter-American system. For decades disputes between the American nations have been settled at the conference table. This achievement in this Hemisphere offers a hopeful model for all those who pursue peace in every Continent. This is truly a great day for America, for Panama, for all the people of the Western Hemisphere, and for all freedom-loving people everywhere.

MORE

(OVER)

Page 2

We welcome you to the White House. We thank you for having come. We greet especially the Ambassadors who are here and the members of the National Security Council who only a few moments ago approved this agreement.

Thank you very much.

END



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ATTENDANCE LIST FOR THE 526th NSC MEETING WITH THE  
CONGRESSIONAL LEADERS, HELD ON FRIDAY, APRIL 3, 1964  
IN THE CABINET ROOM OF THE WHITE HOUSE

---

The President of the United States, Presiding

AID

David E. Bell, Administrator

CIA

John A. McCone, Director

DEFENSE

Robert S. McNamara, Secretary

OEP

Edward A. McDermott, Director

STATE

Dean Rusk, Secretary

George W. Ball, Under Secretary

USIA

Carl T. Rowan, Director

WHITE HOUSE

George Reedy, Press Secretary to the President  
McGeorge Bundy, Special Assistant to the President  
Ralph Dungan, Special Assistant to the President  
Walter Jenkins, Special Assistant to the President  
Bill Moyers, Assistant to the President  
Jack Valenti, Special Assistant to the President  
Bromley Smith, Executive Secretary, National Security  
Council

Out of Town

Speaker McCormack  
Secretary Dillon  
Attorney General

April 3, 1964

AGENDA FOR MEETING OF  
NATIONAL SECURITY COUNCIL

1. Report on Brazil - The Secretary of State
2. Report on Vietnam - The Secretary of Defense
3. Report on Ghana - Under Secretary Harriman
4. Report on Panama - The Secretary of State

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Walter Jenkins, Special Assistant to the President

Bill Moyers, Assistant to the President

Jack Valenti, Special Assistant to the President

Bromley Smith, Executive Secretary, National Security Council

CONGRESS

Senator Carl Hayden (Arizona)

Senator Mike Mansfield (Mont.)

Senator Hubert Humphrey (Minn.)

Senator J. W. Fulbright (Ark.)

Senator Wayne Morse (Oreg.)

Senator Richard B. Russell (Ga.)

Senator Everett M. Dirksen (Ill.)

Senator Bourke B. Hickenlooper (Iowa)

Senator George D. Aiken (Vt.)

Senator Leverett Saltonstall (Mass.)

Cong. Carl Albert (Okla.)

Cong. Carl Vinson (Ga.)