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MEMORANDUM FOR MR. ROSTOW

SUBJECT: Meeting of the Task Force on Viet Nam on June 19, 1961

Intelligence Briefing

Among the interesting items reported in the intelligence briefing was a response from Embassy Saigon on the Cambodian border problem. Embassy Saigon did not agree with the view of Embassy Phnom Penh that this is an insignificant problem. At present, Saigon reports, Cambodia is used primarily as a safe haven by guerrillas in Viet Nam rather than as an area from which operations are mounted. The Embassy provided specific information on VC activity in Cambodia which, it suggested, should be shown to Sihanouk. There was also a report that the Indian member of the ICC has stated in the ICC that that body should investigate subversion. This was said to have caused the Polish member to ask for a recess of the ICC in order to permit him to prepare a reply. (This report, if confirmed, is in line with an earlier TDCS indicating that instructions along these lines had gone to the Indian member of the ICC.)

It was also reported that on Friday there may have been a clash between Pathet Lao and South Vietnamese forces just inside Laos on the highway connecting Laos and South Viet Nam. (South Vietnamese forces have been in this area for some time.) The following table on operations for May was also presented.

	<u>Killed</u>	<u>Captured</u>	<u>Surrendered</u>	<u>Deserted</u>
Viet Cong	824	30	37	none
GVN	240	158	none	41

The Local Currency Costs Problem

Mr. Cottrell reported on the current status of the problem of meeting the local currency costs of the 20,000 man increase. A message has been sent to Saigon requesting the Embassy to undertake negotiations with the GVN and offering three alternatives in descending order of preference:

- a. The U. S. would commit \$5.1 million equivalent in piasters, provided the GVN proceeds without delay with mobilization and meets the balance of the local currency costs from its own resources.

b. If the proposal under a above is not adequate to obtain GVN agreement, we would offer an additional \$4.85 million in piasters. This is estimated to be sufficient to cover local currency costs in 1961 of the call-up of the additional 20,000 men.

c. If neither of the above proposals proves acceptable, the U. S. would offer an additional \$4.55 million in assistance in 1961 which, if the GVN would accept a dollar/piaster rate of 73, would be sufficient to meet the piaster cost for 1961.

As of yesterday afternoon, no reaction had been obtained from Saigon. In a long conversation with Ben Wood, the Deputy Director of the Task Force, Thuan was told before he left the U. S. of our offer under a above. On the basis of this offer, he indicated that he would send instructions to Saigon to initiate the call-up of the 20,000 men, even in the absence of a final agreement. This problem, therefore, seems on its way toward solution.

#### The Situation in Laos in Relationship to South Viet Nam

A large part of the meeting was devoted to discussion of a draft memorandum that Cottrell read to the Task Force containing his ideas with respect to the situation in Laos and what should be done about it. You are generally familiar with his ideas as a result of your conversation yesterday with him. I did not attempt to take detailed notes on the memorandum, but his proposal runs along the following lines.

Cottrell does not believe that any arrangement to create a neutral Laos will be viable. He does not believe that we should withdraw in favor of the French in Laos. The French cannot be depended upon to do a good job and the reestablishment of their presence will be deeply resented throughout the former Indo-Chinese states. The military situation in Laos is alarming. The Pathet Lao are now posing a serious threat in southern Laos. Cottrell proposes that we seize upon some plausible excuse to break off the Geneva Conference. The failure of the ICC to stabilize the situation would provide such an excuse.

In the discussion of his proposal, the question was raised as to whether the introduction of U. S. forces would not be necessary. Cottrell acknowledged that this was a real possibility and emphasized the importance of our not letting our friends in Southeast Asia down by refusing to use force if that should prove necessary.

Members of the Task Force were asked for their reactions to the paper. There was a rather surprising degree of agreement that something along this line must be done or it will be virtually impossible to deal with the situation in South Viet Nam. (There was no State Department representative present at the time except Cottrell himself.) The ICA member and the representative of Jack Bell's office did raise questions as to whether political and economic action by the Diem regime was not a more important precondition to solution in Viet Nam than military action in Laos.

I made the following points about the proposal: First, I observed that this would seem to me to raise important questions of policy which had been considered and decided in the past at the highest levels of government. I indicated that I would be unable to take a personal stand on the issues raised. I expressed some surprise about the apparent unanimity of view that, unless we undertake military action in Laos, it would be virtually impossible to deal effectively with the situation in Viet Nam. I said that, while I could see no objection to the Viet Nam Task Force raising these questions, it seemed to me that they should be raised much more clearly in the context of the Viet Nam problem. That is, the proposed memorandum should make clear why the present situation in Laos will make it difficult, if not impossible, to carry out an effective program against the Viet Cong in Viet Nam. Cottrell agreed to take account of this suggestion (with which there seemed to be some agreement in the Task Force).

I ~~understand~~ <sup>understand some of</sup> the feeling of frustration which has prompted Cottrell to produce his memorandum. I specifically share his doubts with respect to getting the French back into Laos. (I had thought that this proposal had been dropped as a result of adverse reaction from various sectors.) The Cottrell proposals, however, raise very directly the question of U. S. military intervention in Laos. It seems to me inconceivable that his objective could be achieved without such intervention. The proposals also would have the effect, it seems to me, of merging the war in Laos with the war in Viet Nam. I do not think that this would be a good idea.

I think that there is a serious question as to whether the situation in Laos is not deteriorating so ~~seriously~~ that any likely political solution will ~~not~~ leave it as a serious source of infiltration into both Viet Nam and Thailand. But I wonder whether this question cannot be better reviewed in the context of contingency planning for Laos itself. In this connection, I do feel that the military contingency plan that we have seen for Laos is based upon too narrow a contingency -- i. e., a clear failure to achieve a cease fire or the breaking of a cease fire by the Communists. We need to plan against the

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possibility that the Geneva Conference will be prolonged indefinitely and that meanwhile the PL will take over Southern Laos piece by piece and bit by bit as it appears to be doing. I wonder whether you want to check again with Alexis Johnson on the status of contingency planning? I wonder whether it isn't about time to have the NSC and the President review the Laos situation?

Other Matters

I raised the question as to the next step in consideration of Diem's proposal for a 100,000 man increase in GVN forces. I was told that the matter was being studied in Defense. It was the view of the DoD representative that the possibility of such an increase was academic until some time in 1963 because it would take until then to raise the 20,000 men already authorized and the 30,000 currently under consideration. (The 30,000 would be a part of the 100,000 since Diem was using a 170,000 man base.)

I also raised the question of whether food supplies were being cut off by the Viet Cong (as suggested to you by a Vietnamese.) I was told that the only ~~current~~ evidence of Viet Cong action in this area was the recent seizure of seven barges carrying sugar. However, it was also stated that the GVN has given this fear as an explanation for reduction in rice exports. That is, the GVN has withheld rice from international markets because of a fear that the rice may be needed in Viet Nam if the VC should begin to cut food supply lines. Thus it may be related to the argument about GVN foreign exchange ~~revenues~~ reserves.

There seemed to be no great concern in the Task Force with this as a current real problem. Following the meeting I talked to the ICA representative about whether it would be desirable to build up Vietnamese rice stocks to relieve them of their fear that rice supplies may be cut off and thus to permit them to sell more of their rice abroad. He indicated that politically it was very difficult to justify export of rice to Viet Nam which was itself a rice exporter.

(Today I talked with Jack King of CIA (ONE) about this question. He had not made a specific study of it, of course. It was his impression that, while there was some VC interference with rice movements, the problem was not one of independently serious proportions. That is, it was a reflection of the general VC problem which was serious, but not in itself a cause for alarm. It was also his impression that GVN exports of rice had been surprisingly well maintained.)

Finally, I raised the question of what planning was being done to internationalize the border problem. In response Cottrell simply referred to his plan for dealing with the situation in Laos. Today I talked with Bob Cleveland in State about the same point. He referred to the arrangements that are being made for a meeting of MAAG and USOM Chiefs of countries in the area sometime in July at which the border problem, among others, will be discussed. He also referred to the fact that Ben Wood is currently working on a counter insurgency plan to cover all of Southeast Asia. Defense had earlier been asked to prepare such a plan but had failed to do so. (I find a great inertia, apparently rooted in a basic lack of sympathy, whenever I attempt to raise the question of finding some means to involve the international community in the border question. Neither Cottrell nor the State Department representatives seem very much interested. Have you ever discussed this question with Alexis Johnson? I think it might be useful to do so.)

Following the meeting I followed up with Cottrell on the conversation you had had with him in the morning, asking him whether he didn't think it would be desirable to send General Taylor to South Viet Nam to consider the request for a 100,000 man increase and also to make sure that our military activities in South Viet Nam were really being reoriented. He reacted negatively to this proposal, taking the view that it was undesirable to continue sending missions out to inspect the work of people in the field. In a later conversation with someone else in State I got a much more favorable reaction to this idea. The more I think about it the more I am convinced that it would be highly desirable. I very much share your uneasy feeling about the situation.



Robert H. Johnson