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STATEMENT OF SECRETARY OF DEFENSE ROBERT S. McNAMARA
BEFORE A JOINT SESSION OF THE SENATE ARMED SERVICES COMMITTEE
AND THE SENATE SUBCOMMITTEE ON DEPARTMENT OF DEFENSE APPROPRIATIONS
ON THE FISCAL YEAR 1968-72 DEFENSE PROGRAM AND 1968 DEFENSE BUDGET

January 23, 1967

HISTORY OF THE VIETNAM WAR ON MICROFILM

B. ASSESSMENT OF THE INTERNATIONAL SITUATION AS IT BEARS ON MILITARY POLICIES AND PROGRAMS

Although the conflict in Southeast Asia continues to be the problem of most immediate concern to the American people, other developing trends in the international situation may turn out to have even greater significance to our national security over the longer run. This is not to minimize the crucial importance of the struggle in Vietnam. It continues to be the key test of the Red Chinese version of the so-called "Wars of National Liberation", which they hope will sweep the world. And it has also become a factor in the struggle of the Soviet Union and China for leadership of the world Communist movement.

Indeed, it is this continuing clash between the two Communist giants which is one of the most significant developing trends on the current international scene. Although Mr. Khrushchev's successors had evidently hoped to mitigate Soviet differences with China, this effort has failed and the split between them has become even more wide and bitter. The Soviet leaders apparently believe that the militant People's War policies of Mao Tse-Tung -- enunciated by his chief lieutenant, Lin Piao, in his well-known statement of September 1965 -- constitute a threat to them as well as the Free World. The Chinese contention that the world revolution is nothing more than a People's War of the countries of Asia, Africa and Latin America (the "World Village") against the nations of North America and Western Europe (the "World City") does not sit well with the Soviet leaders -- primarily because the Soviet Union is itself a part of the so-called "World City".

It may be that some aspects of this dispute are involved in the power struggle now wracking Red China. But whatever the issues, the outcome of that struggle could have a profound effect far beyond China's borders. The difficulties at home and the setbacks abroad may have blunted the thrust of China's militant policies for the moment. But a China which persists in making the destruction of the Free World and everything it stands for a stated tenet of its foreign policy, and a China which continues to pursue with unrelenting vigor (and with considerable success to date) the attainment of a nuclear weapons capability, does not bode well for the future peace and security of the world.

Another trend of longer term significance is the growing awareness among the nations of Southeast Asia and the Western Pacific that their future security and well being depends importantly upon their ability to work together in strengthening the military, economic and political cohesion of all the non-Communist nations in the area. Many of their political leaders understand and appreciate that our defense of the people of South Vietnam has served as a bulwark for their own security and that it is buying them time to put their own houses in order.

In Europe, as I noted two years ago, long frozen positions are beginning to thaw and there is an intensified search -- on both sides of the Iron Curtain -- for new arrangements which might better serve the security needs of all concerned. This movement is not necessarily detrimental to our interests. Our basic objectives in Western Europe are to ensure the security of that area against aggression and to further its economic growth and political stability. If better means than those now employed can be found to achieve these objectives, we would welcome them. In the meantime, we believe that the military strength and, above all, the political unity of the NATO powers in Europe must be preserved. In this belief, we have found substantial agreement among our NATO partners. As for the Soviet posture in Europe, we must await further evidence of their intentions. Although they are seeking joint solutions to some of the less controversial issues, they continue to maintain and to strengthen their forces deployed against Europe.

In the so-called "Third-World" of developing nations, there is a growing awareness that independence and self-government alone will not ensure the physical well-being of the people. The problems of nation building and economic development must still be solved, particularly in agriculture. The number of nations suffering food shortages and the extent of these shortages are growing steadily year by year. The United States has done much to ameliorate the immediate problem, but a permanent solution must be found in the affected countries themselves, with whatever help the more economically developed nations are willing to provide. For many years, we will have to deal with conditions of inherent instability which will have an impact on our security program.

1. The Communist Countries

The dispute between the two major Communist powers has now reached a point where the Soviet Union has not only renewed the exchange of bellicose statements but is also strengthening its military posture in response to serious border problems with China. While an outbreak of hostilities between China and the Soviet Union does not appear probable at this time, the tension on the borders is likely to continue.

Within the Communist camp, the Soviet Union has continued its efforts to isolate China. Although the Soviets have not succeeded in reading China out of the international Communist movement, only Albania among the ruling Communist parties still remains exclusively aligned with China.

a. Soviet Union

As for the Soviet Union itself, the initial caution prevailing under Brezhnev and Kosygin has given way to a more self-confident attitude at home and abroad. This growing self-confidence is reflected in the open renewal of the dispute with the Chinese, the determined effort to push domestic economic reforms and expand the production of consumer goods, and a more vigorous diplomatic approach to the nations of Western Europe.

The Soviet economy still presents a mixed picture of strengths and weaknesses. The performance of industry remains sluggish and spotty. The situation in the areas of investment, construction, and labor productivity -- three of the most essential factors affecting economic growth -- does not augur well for the regime's avowed objectives of achieving steep increases in overall growth and productivity, at least not in the years immediately ahead. The Soviet gross national product is still less than one-half that of the United States. With this output, the Soviets support a high rate of industrial investment and a rising level of defense expenditures. (Defense expenditures in 1966 rose about 5 percent according to their own published budget. An increase of 8 percent was announced in the published budget for 1967.) It is not surprising, therefore, that Soviet per capita consumption is still only about one-third of ours. Nevertheless, the Soviets are continuing their support of North Vietnam and are furnishing economic and military assistance to many other countries, notably to Egypt, Syria, India, and Cuba.

In Europe, the Soviet Union is attempting to live with the growing diversity and independence being shown by her East European allies. As I have noted, the Soviets have shown a readiness to reach agreement with Western European governments and the U.S. on certain less controversial issues, such as the treaty on outer space and the New York-Moscow commercial air route. At the same time, the Soviets continue to try to cast the Federal Republic of Germany in the role of Europe's greatest menace and seek to exploit differences among the Western allies. There is evidence, however, that the Soviet Union may increasingly seek peaceful avenues of endeavor, and we stand ready to reciprocate wherever this is the case. But the time is not yet, unfortunately, when we can view Soviet policy as benign.

b. Red China

The events in mainland China over the past months have made it necessary for us to reexamine some of the basic assumptions which we have made about the Peking regime. The previous general belief that the

leadership of China was monolithic and that a relatively peaceful transition of power from Mao's rule was possible has proved to be erroneous. In fact, the regime has been torn over the past months by a major internal struggle. Although there are many imponderables and uncertainties, it appears that the great public attack on governmental and Communist party leaders, launched by Mao himself, was motivated by his fear that China after his death might not stay on a militantly revolutionary path. His policies have been resisted by many of the Chinese hierarchy in Peking and throughout the country, who would apparently prefer less extreme policies and more emphasis on the economic improvement of China. To deal with this opposition, Mao has begun a purge of some of his former comrades and has created a new organization, the Red Guards.

We have only a very imprecise understanding of the role which foreign policy issues play in the current upheaval. The Chinese have, of course, suffered a series of major set-backs over the past several years. They can no longer have any expectation of a quick victory in Vietnam. The Government of Indonesia is no longer closely allied to China. Their influence has waned somewhat in Africa and throughout the Third World, and they have been virtually isolated within the Communist camp.

One result of the internal upheaval has been a temporary reduction in Chinese interest in the outside world. However, there has been no diminution in their support of the Communist efforts in Vietnam and in Thailand. And, they are still active in supporting "Chinese" factions in the Communist movement in other parts of the world, in some cases, with military materiel.

Nevertheless, as the President declared in his recent State of the Union Message:

"We shall continue to hope for a reconciliation between the people of mainland China and the world community -- including cooperation in all the tasks of arms control, security, and progress on which the fate of the Chinese people, like the rest of us, depends.

"We would be the first to welcome a China which had decided to respect her neighbors' rights. We would be the first to applaud were she to concentrate her great energies and intelligence on improving the welfare of her own people. And we have no intention of trying to deny her legitimate needs for security and friendly relations with neighboring countries.

"Our hope that all of this will someday happen rests on the conviction that we, the American people and our allies, will see Vietnam through to an honorable peace."

2. Southeast Asia and Southwest Pacific Area

Since I have already discussed the military situation in Southeast Asia in considerable detail in my statement on the FY 1967 Supplemental, I will confine myself here to the broader political and economic aspects.

As I noted earlier, there is a growing awareness and appreciation among Asian and Pacific nations of the contribution our efforts in Southeast Asia are making to their own freedom and independence. Some are now actively participating in the struggle; others are increasingly articulate in expressing their support for our goals and objectives in Southeast Asia. This change from a passive, and in some cases a negative, attitude is, in my opinion, directly related to the demonstration of our will and determination to fulfill our obligations in that area of the world.

Of even greater importance in its potential for contributing to regional political, economic, and social development and to long range regional security is the growing appreciation of the need for collective action to meet common problems. It can be seen in such regional efforts as the Asian Development Bank, the Mekong development project, and the important Ministerial meeting held in Seoul for Asian and Pacific Cooperation (ASPAC).

The unity of purpose of the seven nations that are actively participating in the defense of South Vietnam was clearly demonstrated in the Manila Conference held in October 1966. Here the Heads of State and Government of the participating nations (South Vietnam, Australia, New Zealand, Thailand, Republic of Korea, Philippines, and U.S.) produced a statement of principles which we believe reflects the views of the great majority of the free nations of the Asian and Pacific area. This statement of principles contains the following points:

(a) The South Vietnamese people shall not be conquered by aggressive force and shall enjoy the inherent right to choose their own way of life and their own form of government; this commitment shall be backed by military force and other efforts as necessary.

(b) The following principles will guide the united effort to move toward a peaceful and prosperous future for all of Asia and the Pacific:

- (1) Aggression must not succeed.
- (2) We must break the bonds of poverty, illiteracy, and disease.
- (3) We must strengthen economic, social, and cultural cooperation within the Asian and Pacific region.
- (4) We must seek reconciliation and peace throughout Asia.

Thus, the nations represented at Manila expressed both their united determination that the freedom of South Vietnam be secured and their deep concern for a peaceful future for Asia and the Pacific. They declared that their common commitment is the defense of the South Vietnamese people and that their sole demand on the leaders of North Vietnam is that they abandon their aggression. They proclaimed their readiness to pursue any avenue which could lead to a secure and just peace, whether through discussion and negotiation or through reciprocal actions on both sides to reduce the violence.

To leave no doubt as to their longer-range intentions in Southeast Asia, the nations represented at Manila also declared that: "Allied forces are in the Republic of Vietnam because that country is the object of aggression and its government requested support in the resistance of its people to aggression. They shall be withdrawn, after close consultation, as the other side withdraws its forces to the North, ceases infiltration, and the level of violence thus subsides. Those forces will be withdrawn as soon as possible and not later than six months after the above conditions have been fulfilled".

At the President's direction, the policies and objectives of the United States Government with regard to the conflict in Vietnam had been stated by Ambassador Goldberg at the United Nations last September. Among the points he made were the following:

Ours is a strictly limited aim.

We are not engaged in a 'Holy War' against Communism.

We do not seek to establish an American empire or a 'sphere of influence' in Asia.

We seek no military bases, no permanent establishment of troops, no permanent American 'presence' of any kind in South Vietnam.

We do not seek the overthrow of the Government of North Vietnam.

We do not seek to threaten any legitimate interest of the people of China.

We do not ask of North Vietnam an unconditional surrender or indeed the surrender of anything that belongs to it; nor do we seek to exclude any segment of the South Vietnamese people from participating by peaceful means in their country's future.

Let me say affirmatively and succinctly what our aims are.

We want a political solution, not a military solution, to this conflict. Similarly, we reject the idea that North Vietnam has a right to impose a military solution.

We seek to assure the people of South Vietnam the same right of self-determination -- to decide their own political destiny, free of force -- that the United Nations Charter affirms for all.

And we believe that reunification of Vietnam should be decided upon through a free choice by the peoples of both the North and South without outside interference, the results of which choice we are fully prepared to support.

These, then, are our affirmative aims. They contain nothing that conflict with the true interests of any party involved.

Our own tireless search for peace in Vietnam continues. We have called again and again for negotiations toward a settlement, but in spite of all efforts there is no sign as yet that Hanoi wants to end the fighting. The President has said that we would welcome unconditional discussions, and that the Viet Cong would not have difficulty being represented and having their views presented if Hanoi decided to end its aggression. The North Vietnamese, spurning all offers to talk, continue to demand not only withdrawal of U.S. forces from South Vietnam and an end to acts of war against the North, but also the settlement of the "internal affairs of South Vietnam ... in accordance with the program of the NLF SVN" -- the National Front for the Liberation of South Vietnam. These demands are unacceptable; we cannot ask that the lives and destinies of the people of South Vietnam be placed in the hands of the very aggressors responsible for the thousands of kidnappings, murders, assassinations, and terrorist bombings we have seen in South Vietnam over the years.

The most recent effort by the United States to move toward peace in Vietnam was our December 19, 1966 request to the Secretary General of the United Nations to take whatever steps he considers necessary to bring about discussions which could lead to a cease-fire. We have also said that we would end our bombing of North Vietnam upon receipt of assurances -- public or private -- that there would be a reciprocal action by the other side. But the Communists have rejected all our offers and their aggression goes on.

Nevertheless, we are agreed with the people of South Vietnam and with the other Free World nations aiding in the defense of that country that we must be as determined in our search for peace as we are in our efforts to thwart aggression.

Within South Vietnam, there have been a number of favorable developments in the political scene during the last 18 months. Government stability has improved and the military and civilian leaders have demonstrated an increasing willingness to work together. Most important, a Constituent Assembly has been elected, a constitution will be proclaimed shortly, and national elections should follow later on this year. Finally, the improved military situation adds generally to a better political climate.

Economically, the picture is considerably brighter than it was six months ago. Thanks in part to the currency devaluation decision of the Vietnamese Government taken last June to check growing inflationary pressures, those pressures have remained within manageable bounds. Efforts to control U.S. and Vietnamese Government piaster expenditures are meeting with some success. As a result, inflation in 1967 should be held in check better than in the previous year. Other important economic problems stemming from the war and the developing nature of the economy will remain. Further strong actions will be necessary to build and maintain economic stability and strength.

Laos is engaged in a war to defend itself against North Vietnamese aggression in support of the Pathet Lao and the use of Lao territory by the North Vietnamese to infiltrate personnel and supplies into South Vietnam. The Lao Government continues to believe that its policy of neutrality offers the best and perhaps the only avenue to eventual peace and tranquility. This policy is firmly supported by the U.S. and numerous other interested governments which share in contributing extensive foreign assistance to Laos. Despite the debilitating drain on national resources caused by the war, the Lao Government has been able to preserve and strengthen its control over about two-thirds of the country and 75 percent of the population. It has achieved a degree of political stability and limited progress toward economic self-sufficiency that enhance prospects for the preservation of its independence.

The presence of U.S. forces in nearby Thailand contributes directly to the war effort in Vietnam. The great majority of the almost 35,000 U.S. military personnel in Thailand are there in support of our military efforts in Vietnam. The Government has welcomed them because it feels that the outcome of the war in Vietnam is vital to Thailand. And, indeed, Thailand has agreed to commit 1,000 troops to South Vietnam in support of the Free World effort there.

There is no question but that Peking and Hanoi are attempting to foment insurgency in Thailand. They have openly stated that to be their objective. Training schools for Thai cadre have been run in North Vietnam, as well as in Red China, since at least 1961. China sponsors the so-called Thai Patriotic Front whose leadership resides in Peking and whose clandestine radio, "The Voice of Thailand", is located in southern China. Terrorist bands in the poor and remote northeast work to intimidate the villagers through armed propaganda meetings and selective assassination. Although the number of terrorists is still small, they provide a potential base for a major insurgency effort.

This threat to internal security is recognized by both the Thai and the U.S. Governments. The Thai Government over the past several years has undertaken, with our support, many programs to strengthen its links to the people, particularly in the more remote areas, and to improve their well-being and security. Our basic approach to the insurgency problem is to help the Thais help themselves. Indeed, Thailand has not asked that we undertake their task of defense against insurgency, nor have we offered to assume this responsibility.

Cambodia, having severed diplomatic relations with us in early 1965, has wavered in its relations with Peking and Hanoi and the West. Earlier, Cambodia maintained a neutralist position, leaning toward Hanoi and Peking. Now there are indications that Cambodia may be reevaluating its position. Cambodia has expressed sympathy for the Viet Cong but has publicly stated that, in accordance with her policy of neutrality, no logistic support will be given them. However, her borders are so inadequately policed that the Viet Cong are able to infiltrate both men and supplies through that country.

In Burma we find a military regime trying to cope with continuing, sporadic insurgency as well as with continuing economic dislocations caused by the Government's efforts to socialize commerce and industry. Despite Chinese and Soviet efforts to influence Burma to take a more active anti-Western role, the Government has stuck to its neutral position -- avoiding criticism or support of our policy in Vietnam and trying to stay aloof from international issues not directly affecting Burma.

Indonesia has undergone a major transformation in its government and in its international orientation during the past 15 months. The failure of the Communist-backed coup on 1 October 1965 was followed in March 1966 by the Indonesian Army's decision to move against Sukarno's leftist government. In July 1966, the Army forced Sukarno to agree to a new moderate government that would do something about the chaotic economic situation. This new Government, headed by General Suharto, agreed in August to end the confrontation with Malaysia and rejoined the U.N. in September. In response to an urgent request for economic assistance,

the U.S. made available a limited program of short-term emergency assistance, and in December 1966 Indonesia's creditors agreed, in principle, to reschedule her huge foreign debt so as to give the new Government time to put its economic house in order. Our policy toward Indonesia is to support the new Government's determination to devote its attention and talents to its nation's massive economic and social problems and to improve its relations with neighboring states.

Following the secession of Singapore from Malaysia, the two countries have gradually realized the need for friendly relations and economic cooperation with each other and with their neighbors. Although Malaysia and Indonesia have agreed to end the military confrontation, there is a continuing requirement for a Malaysian defense force adequate to meet the threat to internal security. We are continuing the present military training program and have concluded a credit sales program involving purchases of up to \$4 million in equipment for the Malaysian Armed Forces. We have made it very clear, however, that we do not desire or intend to substitute a U.S. military commitment for the Commonwealth's overall responsibility for the security of Malaysia and Singapore.

As the Vietnam conflict progresses, we have come to appreciate more than ever the strategic position of the Philippines and the importance of U.S. bases and facilities there. In this regard we have received excellent cooperation from the Philippine Government and we have continued efforts, illustrated by the Rusk/Ramos agreement of September 6, 1966, to update our military base agreement with the Philippines to eliminate some remaining irritants. President Marcos, who assumed office on December 30, 1965, has taken steps to deal with the nation's domestic problems, including internal security, and has taken a significant interest in regional security matters. As evidenced by his September 1966 visit to the U.S. and his role in the Manila Conference, President Marcos desires to maintain close ties with the U.S., and under his leadership the Philippine Government has sent a 2,000-man civic action group to Vietnam.

Our firm allies, Australia and New Zealand, continue to make significant contributions to the collective security and to economic development in the Far East. They constitute a continuing element of stability in the South Pacific area and have contributed not only to the defense of Malaysia but also to the defense of South Vietnam. Although their population and resource bases are limited, we look to these nations to assume a growing share of the responsibility for the security of Southeast Asia in the coming years.

In the military procurement field, Australia and New Zealand continue their close cooperation with us to the mutual benefit of all parties. We share facilities and collaborate on scientific ventures

in a number of fields having both military and non-military applications. Our scientific programs in Antarctica also continue to benefit from valuable support by New Zealand.

3. Northeast Asia

The situation in Japan, the Republic of Korea, and the Republic of China has been characterized by internal stability, economic growth, some progress toward multilateral cooperation, and continuing concern over the threat posed by Red China. Japan can be expected to play an increasing role in the Far East. Taiwan remains a staunch ally. Korea has become a major partner of the U.S. and South Vietnam in the Vietnam conflict. All are tied to us by bilateral treaties which are vital to our collective security and which help to deter any renewed aggression in the area.

Over the past year there has been a substantial increase in the discussion of security and defense issues in Japan. This discussion is taking place in an atmosphere of general national concern about Japan's future role in Asia and the world in the light of developments in Indonesia, Vietnam and Red China. Although there continues to be widespread interest in increasing their economic and cultural relations with Red China, the Japanese have been watching recent events there with particular closeness.

An important part of this concern about the future, of course, involves Japan's relationship with the United States. Both governments feel strongly that the close ties between them, including the mutual security agreement, are fundamentally important to the security and welfare, not only of Japan and the United States, but also of other free world Asian countries as well. We welcome the closeness of these ties and Japan's contributions to stability and peace in Asia, and place great importance on our mutual consultations on major world problems.

Overall U.S.-Japanese relations have continued to improve with cooperation in the economic, political and scientific fields remaining close and effective. With respect to our involvement in Vietnam, the Japanese people appear to have become more aware of Japan's stake in that conflict. Concern over the possibility of escalation of the conflict and consequent direct Japanese involvement has not disappeared, but has diminished to some extent with more accurate knowledge of United States goals and developments in Vietnam. Indeed, Japan has offered to cooperate in seeking peace in Vietnam.

Japan's economy has recovered from its recession and has resumed its spectacular growth. The Japanese have been playing an increasingly active role in Asian economic and political affairs, a trend which we welcome since it can make a substantial contribution to overall Asian security.

In the case of Korea, its direct participation in the Vietnam war, its sponsorship and hosting of the Asian and Pacific Council, its ratification of the Status of Forces Agreement with the United States, and President Park's participation in the Manila Conference are its major international accomplishments during the last year. They are indicative of Korea's continuing political development and her expanding role in regional cooperation. The Korean economy is also making impressive progress with the result that the level of our economic assistance has been gradually declining.

The military threat from North Korea remains substantial; continued violations by the North Koreans of the Demilitarized Zone attest to their militancy. The Red Chinese capability for reintroducing forces into the Korean peninsula cannot be ignored. The United States forces in Korea, together with our substantial military assistance to that country's military establishment, are still important to the security of Korea and to stability in the area. Some 46,000 Korean troops, including two full combat divisions, are now in Vietnam fighting side by side with our own forces and the South Vietnamese. This contribution attests to the value of our past assistance, both economic and military.

The Republic of China remains more directly menaced by Peking's aggressive designs than any of Red China's other neighbors. Our bilateral security commitment to the defense of Taiwan and the Pescadores remains vital to the survival of the Government of the Republic of China. Although the Chinese Nationalists have been increasingly successful in improving their military supply system, maintaining their equipment and bearing an increasing share of their own defense costs, we will have to continue to supply them certain types of military equipment which cannot be produced locally. With respect to economic assistance, however, we were able to terminate our help to the Republic of China in mid-1965 as a result of that country's great economic progress, a direct consequence of our earlier aid programs. Indeed, Taiwan's economic progress represents one of the most outstanding success stories in the less-developed world.

4. South Asia

The tensions in South Asia have subsided somewhat over the past year and we are hopeful that both India and Pakistan will concentrate increasingly on their overriding problems of economic and social development. We hope, too, that both governments will take meaningful and necessary steps to improve their relations.