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

3/17

March 14, 1977

CONFIDENTIAL

MEMORANDUM

TO: S/P, Mr. Anthony Lake, Director, Policy Planning Staff
FROM: ASIA/PT, [redacted]
A.I.D.
SUBJECT: DISSENT CHANNEL MESSAGE: Normalization of
Relations with Vietnam -- Steps Along the Way

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1. This memorandum presents a dissent channel viewpoint of [redacted] Office of Philippines and Thailand Affairs, Asia Bureau, A.I.D. In addition to normal distribution to policy planning staff, I desire distribution to officers in the EA and EB Bureaus in State who deal with the subject matter. I intend to arrange for distribution within the Asia and PPC Bureaus of A.I.D.

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2. I wish to associate myself with the dissent channel message dated February 15, 1977 on "US Policy towards the IMF, IBRD and ADB in Vietnam," by [redacted] Asia/DCS, A.I.D. [redacted] presents a convincing case for encouraging, rather than resisting, economic relationships between the SRV and the international financial institutions. Such contacts, he argues, will foster SRV "tendencies to pragmatism and openness." Certainly, if normalization is our ultimate goal (as I think it should be), those Vietnamese tendencies are worth cultivating. In a fast-changing and interdependent world it makes good sense for the United States not only to overcome the emotionalism and bitterness of past conflict but actually to promote Indochinese participation in the community of nations.

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3. Supporting an SRV stake in the IFIs is a desirable step toward normalization. Amending our aid and PL 480 legislation is another. In the first instance, we should seek removal of all legislative constraints on other country trade and aid to Vietnam (in particular those contained in Section 620 (n) of the FAA and Section 103 (d) of PL 480). In

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current policy terms, both of these wartime provisions are essentially obsolete and should be repealed. Additionally, we should begin now to seek removal of the legislative prohibitions on aid to Vietnam. (In particular, Section 108 of the FY 77 Appropriation Act). Depending upon progress of the current U.S. delegation on MIA issues, bilateral assistance may be a distant possibility. Nevertheless an attempt now to seek repeal of the legislative prohibition would provide an opportunity for developing Congressional and public support for normalization. Prohibitions on aid were enacted in the immediate aftermath of the American withdrawal from Vietnam. If we are to begin healing the wounds of war we need to remove the constraints to that process.

A/PT:LMichael Hager:mem
03/15/77

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DEPARTMENT OF STATE

Washington, D.C. 20520

March 23, 1977

MEMORANDUM

TO : AID/ASIA/PT -

FROM : S/P - Anthony *Pike*

SUBJECT: Dissent Channel Message: Normalization of Relations with Vietnam -- Steps Along the Way

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This will acknowledge the receipt of your dissent paper on normalization of relations with Vietnam. Douglas Pike of the Policy Planning Staff has been named coordinator in charge of a substantive reply. In accordance with the stipulated distribution for dissent messages, your paper has been circulated to the Offices of the Secretary, the Executive Secretary, the Director of the Policy Planning Staff, and the Chairman of the Open Forum, in addition to the Assistant Secretaries for East Asian Affairs and Economic and Business Affairs and the Director of AID. We commend your use of the dissent channel and will reply as promptly as possible to the views you have submitted.



DEPARTMENT OF STATE

Washington, D.C. 20520

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4/14/77
~~March 29, 1977~~

dissent file

Dear [redacted]

This letter is a reply to your memorandum of March 14, in the dissent channel, in which you associate yourself with the earlier dissent of [redacted] concerning participation by the Socialist Republic of Vietnam (SRV) in various international monetary organizations.

As we noted in a letter to [redacted] since the advent of the new Administration there has been considerable movement and change of direction with respect to this policy. The U.S. no longer opposes SRV membership in U.N. specialized agencies. It has dropped some restrictions involving shipping to the SRV. Perhaps most important from the point of view of your memorandum, the U.S. no longer will raise objections to loans and programs for the SRV undertaken by the multinational financial institutions such as you mention as long as the normal procedures and technical requirements applicable to any recipient country are met. It is our position that any assistance provided the SRV should be in conformity with the policies and procedures of the organization concerned. Such assistance must meet the particular institution's economic and technical criteria and the SRV must carry out fully its obligations to them. In this connection, we believe that Vietnam's experience with the IMF in coming months will serve as a useful indicator of the extent to which membership in IFI's fosters the liberalization you speak of. Vietnam's record with the IMF also will likely affect its prospect for eventual project assistance from institutions with

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similar obligations, such as the World Bank and the Asian Development Bank. We are prepared to keep an open mind in regard to Vietnam's relationship with the IMF, but in the interim cannot prejudge our position on the merits of specific projects for which Vietnam may request assistance from other institutions in the future.

As perhaps you are aware, the US-Vietnamese relationship is now in a moment of flux and transition. We have agreed to meet the Vietnamese in substantive negotiations and probably these sessions will begin in the near future. It is too soon to know what exactly will be our policy on various issues, including existing legislative provisions, since so much depends on the Vietnamese negotiating strategy. But certainly it is safe to say the sense of the suggestions on economic relations made by [redacted] and yourself, and the anticipated direction of U. S. foreign policy in this respect, are now essentially in harmony.

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We thank you for your letter and appreciate your concern, which is one we all share, that efforts be made to improve and normalize relations between the U. S. and Vietnam.

Sincerely,



Anthony Lake
Director
Policy Planning Staff