The Vietnam War: Capitalism, Communism, and Containment

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Throughout the Cold War the United States tried to contain or crush movements that it perceived as threats to American economic or security goals, in Europe, in Asia, in other parts of the so-called Third World, at home.[1] Communists, nationalists, fellow travelers, neutralists, and activists for democracy and human rights, at various times, felt American wrath in the half-century after 1945. In no place, however, did American efforts to assert its own interests and thwart the will of the native population occur as intensely or tragically as in Vietnam. Though a small, underdeveloped country--haunted yet moved by a history of foreign conquest and resistance--and of little interest or concern to American policymakers in the aftermath of World War II, Vietnam became the site of the most violent struggle of the Cold War era. While the country itself meant little strategically or economically in its own right, Vietnam became part of the much larger conflict that the forces of Capitalism and Communism were waging. In the end, by remaining ignorant of Vietnamese history, politics and culture, by constantly pursing a military solution--despite advice to the contrary by ranking officers, by failing to address the divisions at home caused by the war, by dismissing the warnings of Allies about the economic consequences of global hegemony and intervention, by failing to see Vietnamese nationalism and communism on their own terms and instead viewing those forces

through the lens of the Cold War, the United States ironically managed to do to itself what its enemies had not been able to do for two decades after World War II: seriously weaken American power and prestige, curb American growth, and curtail American hegemony in the world political economy.

Vietnam–Text and Context

In the following pages, I want to take two approaches to the issue at hand, the American war against Vietnam. First I will provide a descriptive account, a text, of some of the major episodes involving the United States and Vietnam from the end of World War II until the shocking Tet Offensive of 1968. I will also, however, examine the international political and economic factors that proved so important, and ultimately decisive, with regard to American intervention in Vietnam. The text is fairly straightforward; indeed scholars and major figures from the Vietnam era have already produced a sizable and growing number of works on Vietnam. I will emphasize the factors, such as the fear of Asian Communism and ambivalence about the continuation of colonialism after World War II, that made Vietnam an important global issue. I will discuss the nature of the Vietnamese liberation movement and its resistance to the French and then the Americans. And, of course, I will describe and analyze the motives behind the American commitment to Vietnam, U.S. expectations in Indochina, the progression of American involvement from an advisory role to full-scale war, and the causes and consequences of failure.

The context is a bit more complicated. Vietnam, as pointed out, was part of a larger struggle, a pawn, as it were, in a geopolitical chess game. The major powers each saw, in Vietnam, a country that could be used to promote their own interests or those of important allies.

Recall that Vietnam became an important *international* issue only after World War II. During those years in the late 1940s, the Americans were trying to re-establish a stable world system but at the same time re-structure it according to American needs. The Unites States believed it imperative to rebuild former enemies like Germany and Japan along Capitalist and democratic lines. In this effort to create a new world (liberal) order, smaller countries, like Vietnam, became objects of interest. Future economic prosperity, if not hegemony, would depend on creating an integrated world market. Where colonial areas earlier in the twentieth century might have been attractive principally as sources of raw materials or cheap labor, in the postwar economic environment they would serve as important areas for investment and regional development. Vietnam's development along anti-Communist lines, for instance, would be essential for the recreation of Capitalism in Japan and to keep the French appeased in Europe. Thus, I will, more than in most studies, pay attention to the economic factors involved in the Vietnam War: the need to use all of Southeast Asia, not just Vietnam, as a means of rebuilding Japan, and ultimately the drain on American resources the war would become. I will also stress the global nature of the war. In the past few years, documents from archives in ex-Communist nations and from China have begun to increase our understanding of the Cold War and, in the case of places like Vietnam, the hot wars that attended it. Since Vietnam by itself was never of cardinal importance, understanding the ways in which the other powers involved–the Soviet Union and Peoples Republic of China [PRC], not just the Americans–viewed the conflict and the respective parties at war will help provide a more satisfying explanation of the war in its broader sense. Indeed, some of the more exciting new work on the Vietnam War is beginning to be done [and will grow in the future] on the questions of the global nature of the war and its economic impact.

They help use gain a more holistic sense of America's longest and, in most ways, most futile war.

Nationalism, Communism, Containment

Before trying to understand the American war, and ultimate failure, in Vietnam, it is imperative to examine the traditions of nationalism, communism, and resistance prior to the U.S. involvement there in the wake of the Second World War. While American policymakers saw Vietnam within the context of containment or Capitalist growth, the Vietnamese viewed their struggle as another round in a historical process that had already lasted over two millenia. Since the 2d-century B.C., when Chinese forces conquered Vietnam, until the 20th-century, a parade of foreign invaders–China repeatedly, Mongols, Portugese, French, Japanese–had tried to control the states of Indochina: Vietnam, Laos, and Cambodia. All eventually met nationalist resistance and finally failed. The Americans, it seemed, were ignorant of this history and intervened in Vietnam expecting to get their way without undue trouble. After all, how could a small agrarian nation resist the power of a global giant like the United States?

But to the Vietnamese, the United States was, like the French or Japanese occupiers during World War II, essentially another foreign interloper. By that time also the Vietnamese had developed a rich tradition of protest against outside forces and the political organization to make resistance effective. From the late 19th-century onward, poets and warriors–in verse and with arms–had challenged French colonialism and Japanese tyranny. As legend has it, the young Nguyen Tat Thanh–later known to the world as Ho Chi Minh–sat at the feet of the respected poet and nationalist Phan Boi Chau, who asked "shall we remain silent and thereby earn the reputation of cowards?"[2] The answer was obvious to Ho, who, as an expatriate in France and later in Beijing and Moscow, organized anticolonial groups, established the "League of East Asian

Oppressed Peoples," and was a founder of the Indochinese Communist Party [ICP]. Throughout the 1930s and 1940s, then, Ho was developing the foundation for both national liberation and revolution, the combined forces of which would face the Americans a generation later.

Indeed, perhaps America's greatest blunder was its inability to recognize both the nationalist *and* socialist nature of the Vietnamese resistance, later organized as the Viet Minh. Never doctrinaire, Ho merged a class analysis and a program for land redistribution (the key issue in Vietnamese society) with popular front politics and an appeal to *all* anti-French elements to join the cause. Ho himself held no inherent animus to the United Sates either; in fact, encouraged by Woodrow Wilson's call for self-determination during The Great War, the expatriate in Paris had tried to get an audience with the American president during the postwar conference at Versailles. In 1945, when Ho declared Vietnamese independence after the defeat of the Japanese, he had positive relations with U.S. military and intelligence officials, quoted at length from the American Declaration of Independence during his own address marking Vietnamese sovereignty on 2 September 1945, and even sent telegrams to President Harry S Truman seeking U.S. amity and recognition.[3]

To American leaders, however, Vietnamese independence was not an important issue and they saw Ho as a Communist in any event. And indeed the Viet Minh was organized by most of the individuals who had established the ICP, while Ho himself had been supported by both the Soviet Union and the Chinese Communist Party in the past and would be even more so in the coming years. But Ho had never relinquished Vietnamese sovereignty to other Communist parties or nations in return for aid. In fact, he had acquiesced in the restoration of French control in Indochina after World War II because, hated as they were, the Chinese were worse. "Don't

you remember your history?" he asked his comrades. "The last time the Chinese came, they stayed a thousand years . . . Colonialism is dying. The white man is finished in Asia. But if the Chinese stay now, they will never go. As for me, I prefer to sniff French shit for five years than eat Chinese shit for the rest of my life."[4]

Ho had problems with the Soviet Union as well. While in exile in Moscow in the 1930s, Stalin was suspicious of Ho, because he placed nationalism and peasant socialism above proletarian, Soviet-style and -directed, revolution and lobbied for a broad-based popular front against the French. In fact, Ho insisted that the ICP *not* take over the resistance but instead remain "its most loyal, active and sincere member."[5] Ho's differences with other Communists was never so evident as in 1954 when–after defeating French forces in the decisive battle of Dien Bien Phu and apparently gaining independence–the Soviets and Chinese refused to support Vietnamese liberation during an international conference at Geneva, thus forcing him to accept the partition of the country at the seventeenth parallel, with him and the Viet Minh in control in the north and, subsequently, an American-sponsored political entity in the south.

The Americans, however, did not appreciate Ho's distance from Stalin or Mao and treated him simply as a Communist myrmidon of the the other Red powers rather than as an "Asian Tito"–a term bandied about with some frequency in the 1940s and 1950s. Once World War II had ended and the American-Soviet alliance had broken down, the United States, per George Frost Kennan's formulation, would pursue a strategy of containment against communism, first in Eastern Europe, then at all points along the globe. Containment really did not allow for nuance or interpretation, so Ho's communism was determinative and his policies in the 1950s–the establishment of a centralized Communist party in the north and land reform in particular–just

hardened American opposition. Even more, American responses to Vietnam developed out of the larger context of the Cold War, especially the need for European security and Japanese recovery.

Though American leaders had mouthed anti-colonial rhetoric in World War II, the White House and State Department had supported the return of France to power in Indochina in 1945-46. Fearing the emergence of Communist parties and trade union movements in Western Europe, and especially in France where the Communist Party and labor were strong, the Americans would placate the French by acquiescing in their renewed control over Vietnam. For U.S. foreign policymakers, this was a no-brainer, since a French role in containing the European Left was exponentially more important than Vietnamese autonomy. Ironically, however, American military officials, who agreed on the primacy of French interests, argued *against* supporting their return to Indochina, claiming that it would divert resources and attention away from their principal mission, containment at home. The civilians won out, however, and American began to back the French, sending about $25 million in 1950, which rose to nearly $1 billiion by 1954.[6]

The Vietnamese, however, had continued to resist the French, politically and militarily from 1946 to 1954 so the American aid did not rescue France's position in Indochina. By 1954, then, the Viet Minh were on the verge of victory, hence the expedient agreement at Geneva to divide the country, *temporarily,* until nation-wide elections would be held in 1956. That plebiscite never happened, though. Aware of Ho's popularity and support on both sides of the seventeenth parallel, Americans and their Vietnamese allies canceled the vote, ensuring the continued partition of Vietnam, with a disgruntled nationalist-Communist state–the Democratic

Republic of Vietnam [DRV]-- in the north and an artificial “country”–the Republic of Vietnam [RVN]--cobbled together by the United States in the south. Complicating American efforts at containment in Vietnam, the southern regime was led by an autocratic Mandarin, Ngo Dinh Diem, whose repression and corruption would be a great recruiting tool for the enemy Viet Minh. By the mid-1950s, then, the United States was on a collision course with the forces of liberation and revolution in Vietnam.

Capitalism and Communism in Asia: The Vietnam Connection

Just as Vietnam was a pawn in European politics, it had a subordinate role in Asia but was pulled into conflict due to America’s larger goals in that region. As the United States surveyed Asia after the war, it had two major goals: to reconstruct Japan along Capitalist, pro-American lines, and to contain Communism, especially in China. American success in the first objective was matched by failure in the latter as Mao Zedong’s Communists proclaimed the Peoples Republic of China [PRC] in 1949. Hency, by 1950, prompted by the need to develop markets in Southeast Asia, the area in which Indochina was located, and to keep the PRC from spreading its ideology and “exporting revolution,” Vietnam had become a keystone in America’s Asian policies.

The most pressing problem facing the United States after World War II was the so-called dollar gap. America was the only power to emerge the hostilities stronger than it entered, and was producing more goods than domestic markets could absorb (as in the 1890s). But European nations lacked adequate dollars to purchase the U.S. surplus. The United States needed to somehow get dollars into foreign hands so they could in turn buy American goods but congress, especially after appropriating $17 billion in Marshall Plan money in 1948, was reluctant to

expend another huge sum of money on foreign aid. But without some type of support, Americans feared, the Europeans would probably erect trade barriers against U.S. goods as they did during the 1930s, thereby exacerbating the Great Depression. [7]

Complicating, and connecting, such matters, the United States had also been subsidizing Japanese recovery since 1945, but by 1950 was hoping to wean Japan off U.S. funding and to connect it, as before the war, with other Far Eastern economies such as those in Southeast Asia, including Vietnam.[8] On this issue–the need for Southeast Asian markets–European and Japanese interests merged. Not only could the Japanese profit from trade with other Asians, especially since plans to link the Japanese and Chinese economies fell by the wayside with Mao's victory, but British recovery was linked to Southeast Asia as well. In the aftermath of the Second World War, British debt was growing rapidly, in not insignificant part because the flow of dollars from its colony in Malaya had been cut off, first because of the Japanese occupation during the war and then because of reconstruction difficulties afterwards. To remedy Malaya's economic ills the British began to pour money–86 million pounds sterling between 1945-1949–into the country and to pressure the United States to offer economic aid and to increase imports of Malayan tin and rubber. American purchases would then provide the dollars that the British could use to purchase goods from the United States.[9] As Seymour Harris, an economist on the government dole at the time, explained, "a gradual transfer of aid from Western Europe to the underdeveloped areas [such as Southeast Asia] will contribute towards a solution of the dollar problems of both Europe and the underdeveloped areas." "A vigorous foreign aid program," Harris concluded, was necessary "for a prosperous America."[10] Southeast Asia, then, could serve a dual purpose: providing markets and materials to Japan and helping fix the dollar gap for

Europeans.

Vietnam was crucial to this process for two reasons. First, it too could provide raw materials and become a source of dollars for the French, and become a market and offer materials to Japan. Second, the issue of Communism in Asia touched directly on Vietnam. Within Southeast Asia after World War II, there were two Communist insurgencies directed against European colonial powers–in Malaya against the British and in Vietnam against the French. While British leaders were not enthused about France's return to Indochina, they even more feared that Ho's revolution would succeed and then, like falling dominoes, Laos, Cambodia, Burma and Thailand would fall to the Reds as well, thereby putting intense and direct pressure on Malaya. Once more, Ho's movement for national liberation became a target of U.S. opposition not because of events in Vietnam so much as the need for Americans to develop a world system in which Capitalist markets would be protected and nationalist-Communist movements would be contained.

While the Vietnam War was being fought in the 1960s and 1970s, American leaders contended that it was imperative to fight there to defeat Communism.[11] But there were then, and remain today, important questions about Ho's own version of Communism, his commitment to expand Vietnamese control elsewhere, and his relationship with other Communist states. In the past few years, with the opening of Chinese and Soviet archives, the work of Chinese and Soviet scholars such as Qiang Zhai, Chen Jian, and Ilya Gaiduk, and, importantly, the articles and documents put out by the *Cold War International History Project*, we have begun to learn more about some of these issues.[12] While Ho never accepted direction from the Soviet Union or China, he did rely upon them for advice and support, especially from the Chinese, during the Viet

Minh struggle against the French and the later war against the Americans. Through the 1950s, the Soviet Union did little to aid the Vietnamese liberation-cum-revolution, with the exceptions of recognizing the DRV in 1950 and offering light material support in the Vietnamese war against France. After Dien Bien Phu, the Viet Minh's military commander, General Vo Nguyen Giap, traveled to Beijing and met with both Chinese and Soviet military advisors, with the Russians advising peaceful coexistence between northern and southern Vietnam and urging Hanoi to "reunify the country through peaceful means on the basis of independence and democracy."[13]

The Chinese, however, had offered important support to Ho in the war against the French (about 1000 tons of material monthly, according to American military sources), though not nearly as much as the United States was giving the French, American officials conceded.[14] Ho, with a traditional Vietnamese distrust of the Chinese, but also needing aid from Mao, had a somewhat ambivalent relationship with the PRC. In 1955, as the Soviets were urging compromise, Chinese military advisors told the Viet Minh to expect western sabotage of the Geneva accords and elections planned for 1956 [they were right!] and to prepare for a protracted struggle for liberation. A year later, however, the PRC government withdrew the Chinese Military Advisory Group from Vietnam when Le Duan, a party official in the north, attacked Truong Chinh, the General Secretary of the Vietnamese Workers' Party and head of the land reform program, for applying Chinese models of agrarian reform--which failed and led to repression and killing of Vietnamese peasants–without taking into account "Vietnamese realities." And, later that year, Le Duan replaced Truong Chinh as General Secretary, a possible sign of Vietnamese disaffection with the PRC. Despite that controversy over the adaptability of Chinese land reform to Vietnam,

Ho continued to seek PRC advice, who were apparently paying more attention to "Vietnamese realities" when they urged DRV to develop its agricultural sector before industrialization and to refrain from Chinese forms of agrarian collectives. As Zhou Enlai counseled, "such changes must come step by step."[15]

In fact, in the late 1950s, both the Soviet Union and PRC were urging Ho to be cautious with regard to any forced attempt to unify Vietnam–advice that dovetailed nicely with Ho's own conservative tendencies on that matter. After a Vietnamese request to analyze their plans for the south, Chinese Communist leaders responded that the "most fundamental, the most crucial, and the most urgent" task was to rebuild and develop socialism *above* the seventeenth parallel. In the south, PRC officials advised Ho, the anti-Diem activists should conduct "long-term" preparations and "wait for opportunities."[16] Although dispensing advice freely, the Communist powers, as General Tran Van Don, an aide to Diem in the south, conceded, were giving only limited material support to Ho, still dramatically less than the United States was supplying to the RVN. In the south, however, remnants of the Viet Minh, suffering under the Diemist repression, were pleading with the Communist leadership in Hanoi to sponsor and fund an armed insurgency in the south. Ho, as William Duiker's work over the years has shown, wanted to move more slowly than the southern insurgents and the RVN itself did not fear northern aggression below the partition line or a significant increase in DRV aid to the anti-Diem movement.[17] Apparently, the new documents show, the Chinese and Ho were on the same page.

By 1960, however, both Ho and the Chinese began to see the efficacy of armed stuggle against Diem, with Hanoi acquiescing at the end of the year to the establishment of the southern-based National Liberation Front [NLF]. It is not clear whether one side convinced the other or

the PRC and DRV came to the same conclusion about armed insurgency on their own [which is probably more likely], but in a May 1960 meeting, Zhou Enlai and Deng Xiaoping, and the Vietnamese, now saw the need for intensified political organization to be combined with armed struggle. By 1961, with a new American president ready to significantly expand the U.S. role in Vietnam, Communists in Vietnam, and China, were prepared to meet John Kennedy's challenge. During a 1961 visit by the DRV's Premier, Pham Van Dong, to China, Mao Zedong expressed general support for armed struggle in southern Vietnam.[18] The war in Vietnam was about to expand.

America Plans an Aggressive War

Despite the best efforts of his defenders to absolve him of responsibility for the eventual tragedy of Vietnam, President John F. Kennedy [JFK] in fact made the initial, decisive commitments to save the RVN and, in barely one thousand days in office, escalated Vietnam from a localized conflict to an increasingly large American war.[19] JFK, a devout Cold Warrior, believed that the United States, to maintain its *credibility* as an anti-Communist global power, thus had to make every effort to stop the enemy, now called the Viet Cong [VC], in Vietnam. Indeed, the president even refused to negotiate with the NLF, fearing that such talks would be perceived as American weakness and would lead to "a major crisis of nerve" in all of Southeast Asia. Should the United States negotiate with Communists, JFK feared, "there will be panic and disarray."[20]

Accordingly, JFK sought victory in Vietnam–preserving the RVN as an independent, anti-Communist entity in the south–and increased American manpower and treasure there over the course of his two and one-half years in the White House. Within a year of taking office,

Kennedy authorized increases in the Army of the RVN [the ARVN] to 220,000, about a 50 percent hike over 1961 figures, while also funding the expansion of the RVN's Civil Guard and Self-Defense Corps, paramilitary groups more likely to preserve the Diem regime than fight the NLF-VC forces. Where there had been 800 U.S. advisors in Vietnam when JFK took office in January 1961, that number rose to about 11,000 in late 1962 and over 16,000 by the latter part of 1963, with those soldiers taking on more responsibilities, including combat roles in conjunction with ARVN forces, along the way. In addition to such personnel increases and deployments, the president sent to the RVN over 300 aircraft, 120 helicopters, heavy weapons, fixed wing aircraft, a troop carrier squadron with aircraft operating out of southern Vietnam and the Philippines, pilots for combat missions, reconnaissance planes, air control personnel, equipment for crop defoliation, Navy mine sweepers, and more advisors, and he approved the use of napalm against the VC.[21]

By November 1963, then, JFK was committed to seeing the expanding American involvement in Vietnam through to a successful conclusion, and in fact told newsmen Walter Cronkite and Chet Huntley precisely that in interviews shortly before his death.[22] Lyndon B.Johnson [LBJ], who assumed office upon Kennedy's assassination, simply maintained his predecessor's approach to Vietnam as the number of American troops in Indochina continued to grow and the U.S. military increasingly took over the war there.

The major developments regarding Vietnam in the early Johnson years are well-documented and do not require a detailed narrative here.[23] Suffice it to say that, despite a clear recognition of American problems in Vietnam, the Johnson administration remained steadfastly determined to prevent a Communist-Nationalist victory in Vietnam. Inside the RVN, after the

overthrow and murder of Diem in November 1963, the political situation was chaotic–with about a dozen governments claiming power in the 18 months after the Diem coup–prompting LBJ to command his advisors: "no more coup shit."[24] Militarily, the VC was attacking selectively, preferring to allow the RVN to self-destroy amid the political turmoil and what appeared to American advisors the ARVN's reluctance to fight. When the insurgents did act, however, they controlled the military initiative and were generally quite successful against the ARVN and, later, American troops.

American escalation–such as the institution of air campaigns after the dubious "attacks" against U.S. ships in the Gulf of Tonkin in August 1964 and following a VC mortar attack on an American base at Pleiku in February 1965 [Operation Rolling Thunder], or the landing of combat troops at Da Nang in March 1965–did little to alter the landscape of the war. Johnson, like Kennedy, took no steps toward negotiation nor hesitated to escalate the war to prevent further deterioration. Indeed, LBJ, as his predecessors had, rejected the cautious advice of his military commanders and advisors to go slow in Vietnam on the combat issue. Even as Generals Maxwell D. Taylor, the U.S. ambassador to Saigon, and William C. Westmoreland, the Commander of U.S. forces in Vietnam, were warning that the introduction of U.S. combat troops would probably motivate the ARVN to do less and let the Americans fight more and that the American effort could quite possibly end up like the French did in 1954, Johnson listened to civilian advisors like Secretary of Defense Robert Strange McNamara or National Security Advisor McGeorge Bundy, who urged the president in early 1965 to "use our military power" to prevent Communist victory in Vietnam.[25]

By mid-1965, with the RVN still in political turmoil and on the verge of military defeat,

LBJ again escalated and essentially took over the war, nearly doubling the number of American soldiers in Vietnam to about 125,000 and promising more to Westmoreland “as requested.” As General Bruce Palmer, an American field commander in Vietnam, observed, in July 1965 the U.S. goal “now was to defeat the enemy in the South, relying primarily on American troops. Unfortunately these actions gave the impression . . . that the United States intended to win the war on its own.” [26] Palmer was right. The “Americanization” of the war in mid-1965 set the United States on a path–irrevocably as it turned out–toward constant escalation and ultimate failure. By September 1965, there were over 200,000 American troops in Vietnam, with those numbers to rise dramatically in the coming years–400,000 by 1967, 542,000 in early 1968. But such reinforcements did not markedly affect the situation in Vietnam. Politically, the RVN–now ruled by a junta headed by Generals Nguyen Cao Ky and Nguyen Van Thieu–remained in turmoil, with coups and counter-coups a constant threat and Buddhist-Government tension, a mjaor factor in the Diem overthrow of 1963, as bad as ever.

Militarily, the enemy was operating effectively throughout the RVN. The insurgents, American officers explained, "have penetrated Vietnamese society in depth. It is a problem US forces have not encountered before."[27] It was also likely to worsen, for, as Westmoreland reported, recent enemy infiltration was "greater than suspected." Ironically, Westmoreland predicted that the number of infiltrators would expand as the weather improved "and [as] US forces increase." In large measure American soldiers were having such difficulties containing infiltration because they were often protecting U.S. installations. At each U.S. airfield in the south, Westmoreland observed, there was a "serious risk" of VC mortar, light artillery, or commando attack "even though a significant proportion of ground forces are tied to air base

defense roles."[28].

Adding to American problems, the U.S. military itself was badly divided over how to fight the war, with Westmoreland and the Army-dominated Military Assistance Command, Vietnam [MACV] conducting a large-scale war of attrition over the objections of the Marine leadership and some army officers, who were advocating an emphasis on pacification. Military critics such as John Paul Vann, Victor Krulak, Wallace Greene, and even, eventually, Army Chief of Staff Harold K. Johnson, believed that the use of heavy firepower and air strikes, and the attendant destruction of Vietnamese villages, was badly damaging America's credibility among the native population and making military progress nearly impossible. A strategy of counterinsurgency or pacification–offering security and development to villages incrementally–made much more sense, as they saw it, than a war of attrition against millions of Vietnamese and potentially many more Chinese troops. The Westmoreland strategy of attrition, according to Marine Commandant Wallace Greene, was like "a grindstone that's being turned by the Communist side, and we're backing into it and having our skin taken off of . . . our entire body without accomplishing a damn thing because they've got enough to keep the old stone going." In the end, "although their casualty rate may be fifty times what ours is," the Communists will "be able to win through their capability to wage a war of attrition." Yet, Greene concluded, "this is a thing that apparently the Army doesn't understand." Victor Krulak, the Marine's Pacific Commander, added that Wheeler "doesn't understand it" either, whereas American congressmen, who were presumably beginning to sense the rising antiwar sentiment at home, were aware of the perils of Westmoreland's program for Vietnam. Krulak, citing the JCS chair's pleasure with recent operations in which the VC suffered about seven times more

casualties than Americans, wondered "just how . . . did that bring us nearer to winning the war? . . . [T]his is not the strategy for victory."[29]

Given such disunity among military officials and the absence of a clear politico-military strategic plan for the Vietnam War, American prospects were murky at best by 1966-67. At the same time, however, the massive use of firepower and air attacks was destroying much of Vietnam–mostly *below* the seventeenth parallel [the ally's side]–and also damaging the enemy. Attritional warfare was indeed taking its toll, on all parties, but the Vietnamese were able to sustain major losses better and maintain their military position. In fact, in March 1967, General Wheeler had to suppress statistics showing that the enemy held the military initiative in the RVN because he had up to that point used such data as proof of U.S. progress. These new figures, if released, would "blow the lid off of Washington," Wheeler feared.[30]

The United States was thus in a dilemma of its own making. It had to continue its aggressive war in Vietnam, though most estimates of the situation there were not optimistic about success, because de-escalation would lead to a Communist victory. But continued fighting and public reports of failure were unpopular at home and, with Johnson preparing for a reelection campaign, the administration wanted good news from Vietnam, so Westmoreland, in a public relations tour in late 1967, boasted of an improving military situation and optimistically talked of ending the way in the near future, of seeing "light at the end of the tunnel."[31] From Vietnam's perspective, however, Westmoreland's prediction was unrealistic. The DRV and NLF were showing no signs of deescalation and they could continue to rely on the aid of their Communist allies in the PRC and Soviet Union. Indeed, the war in Vietnam was taking place in a much larger context than just Indochina.

Vietnam and the Communist Powers

As American support and aid to the RVN increased and its military involvement grew correspondingly, Ho's contacts with the PRC and Soviet Union continued and he looked to them for more assistance as well. The Chinese especially had been helping the Viet Minh and NLF in the 1950s and early 1960s, providing the DRV and NLF with 270,000 guns, over 10,000 artillery pieces and millions of artillery shells, thousands of wire transmitters, over 1000 trucks, aircraft, war ships, and uniforms; in fact one of the U.S. justifications for its own increased role in Vietnam was such PRC involvement. Thus, by 1964-65, as Qiang Zhai has shown, "Beijing perceived substantial security and indeological interests in Vietnam."[32] Remembering Korea, Mao feared a U.S. military role in Vietnam, so close to the PRC's own borders, and was ideologically committed to supporting the Vietnamese liberation movement. In mid-1964, Mao thus told officials of the northern People's Army of Vietnam [PAVN] that "our two parties and two countries must cooperate and fight the enemy together. Your business is my business and my business is your business. In other words, our two sides must deal with the enemy without conditions."[33] Beijing even placed some military units near the Vietnamese border in a state of combat-readiness and sent jets to Hanoi, arranged to train Vietnamese pilots, and offered sanctuary and maintenance for DRV aircraft.

In October 1964, Pham Van Dong, Ho's closest advisor, met with Mao in Beijing and explained that his strategy was to restrict the war in the south "to the sphere of special war," i.e. insurgency warfare, avoid provoking a larger U.S. intervention, and prevent the war from expanding above the seventeenth parallel. Mao was unimpressed by America's potential to thwart the insurgency in the south and predicted that, if it engaged the DRV, the United States

would "fight for one hundred years, and its legs will be trapped." The Chairman accordingly approved of the Vietnamese plans and suggested to Pham Van Dong that "you must not engage your main force in a head-to-head comfrontation with [the Americans], and must well maintain our main force. My opinion is that so long as the green mountain is there, how can you ever lack firewood?" A few months later, Zhou Enlai elaborated on Mao's advice, telling a Vietnamese military group to attack U.S. main force units as they conducted mopping-up operations "so that the combat capacity of the enemy forces will be weakened while that of our troops will be strengthened."[34] General Giap already understood this appraoch, and was adept throughout the war at drawing the Americans into battles in which the PAVN held the initiative and was able to inflict heavy casualites on the U.S. troops. Ironically, one of America's war leaders, Defense Secretary McNamara, saw the war in similar ways to Mao and Pham Van Dong. In November 1965, after the so-called victory of American forces at Ia Drang, he recognized that the PAVN was avoiding main-force engagements and was attacking only at opportune moments. Even with a larger concentration of U.S. forces in Vietnam, as military commanders were requesting, Giap's strategic successes made it more likely "that we will be faced with a 'no-decision' at an even higher level."[35]

McNamara's fear, an expanded war in Southeast Asia, was, conversely, China's threat and advantage. Promising to "go to Vietnam if Vietnam is in need, as we did in Korea," Zhou warned that "the war will have no limits if the US expands it into Chinese territory. The US can fight an air war. Yet, China can also fight a ground war."[36] Lyndon Johnson understood that as well, and prudently, as Qiang Zhai correctly observes, did avoid provoking the PRC to the point of intervention. Indeed, during discussions with his military chiefs regarding reinforcements in

1967, the president at one point asked "at what point does the enemy ask for [Chinese] volunteers?" General Earle Wheeler, the chair of the Joint Chiefs of Staff, could not reassure Johnson, agreeing that China could easily send troops into Vietnam in support of the DRV-NLF effort.[37]

Chairman Mao, recognizing Washington's reluctance to more recklessly expand the war, was thus predisposed to help the Vietnamese more. In mid-1965, he met with Ho and agreed to help the DRV build roads to transport supplies into the south. He also recommended that the DRV "know how to escalate step by step," first by destroying a platoon and then a company, annihilating a battalion, and then a large regiment or two.[38] Though offering advice, Mao was impressed with the Vietnamese efforts, complimenting a delegation from Hanoi that "you are fighting an excellent war. Both the South and the North are fighting well. The people of the whole world . . . are supporting you." The Chairman also warned that the Americans had the means to escalate the war and make things difficult. "Therefore," he urged, "there are two essential points: the first is to strive for the most favorable situation, and the second is to prepare for the worst."[39]

While counseling patience, the Chinese also believed that a late 1965 American proposal to negotiate was insincere, that U.S. officials "just want to open talks to deceive public opinion." The northern Vietnamese would thus need to continue the strategy of protracted war because, as Zhou later explained, "patience means victory. Patience can cause you more hardship, more sufferings. Yet, the sky will not collapse, the earth will not slide, and the people cannot be totally exterminated." To facilitate Vietnam's patient struggle, the PRC also agreed to send a small number of Chinese military personnel–sending in command, logistics, engineering, and political

training help–to southern Vietnam. Around the same time, however, Zhou had to apologize to Pham Van Dong for a series of border crossings into Vietnam by the Red Guard, young zealots eager to fight Americans during the Cultural Revolution.[40]

As the Americans escalated their war in Vietnam, then, the Chinese increased their aid to the DRV–though to nowhere near the levels of of U.S. support to the southern regime [the United States by the later 1960s was spending upwards of 25-30 billion dollars annually on Vietnam]. By 1967, with over 400,000 American troops in Vietnam, American air attacks, including B-52 bombers, pounding the country on both sides of the seventeenth parallel, and both villagers and city dwellers experiencing constant hardship, it was no longer a "special war" in Vietnam but a U.S. war with growing outside Communist participation. Zhou Enlai and Mao were optimistic despite the huge U.S. role. "The US is afraid of your tactics," Mao observed. "They wish that you would order your regular forces to fight, so they can destroy your main forces. But you were not deceived. Fighting a war of attrition is like having meals: [it is best] not to have too big a bite." Apparently in order to aid digestion, the Chinese also agreed to supply the DRV with 100,000 tons of rice and 50,000 tons of corn as part of the total PRC contribution of over 500,000 tons of food in early 1967 already.[41]

While the PRC maintained a high level of interest in the war in Vietnam from the outset of the war of liberation in the 1950s, the other Communist power, the Soviet Union [USSR], was initially more distant from the conflict. While offering recognition and some support to the DRV, the Russians did not match the level of Chinese interest and, in the aftermath of the 1962 Cuban Missile Crisis, Soviet-American relations had improved noticeably and the Russians had minimized their role in Vietnam, which–along with Soviet suspicions that Ho was too close to

Mao–caused a chill in the Kremlin's contacts with the DRV through 1964. That year, however, the ouster of Nikita Khrushchev and Leonid Brezhnev's assumption of power prompted the USSR to reevaluate its Vietnam policies and become more deeply involved in support of the DRV.[42] In part, the Russians did not want to lose influence in Southeast Asia nor relinquish their role as primary Communist power to the PRC. Toward that end, the Soviets began to publicly denounce the "American aggression" in Vietnam and to increase their military and economic assistance to the DRV and NLF. Between 1963 and 1967, the Soviets sent over one billion rubles worth of military supplies to the Vietnamese, shipped German-and then Russian-made arms to their "Vietnamese friends," and also sent surface-to-air missiles, jets, rockets, field artillery, and air defense technology to Ho. Economic aid flowed as freely, with the Soviets providing 50 percent of all aid to the DRV by 1968, with a total package to that point of over 1.8 billion rubles.[43] The Vietnamese, while appreciative of Russian help, tried to exploit the friendship of both the Chinese and Russians. Vietnamese leaders Le Duan, Pham Van Dong, and Vo Nguyen Giap, among others, formed a working group in 1964-65 to determine ways to gain support from both Communist powers while avoiding Chinese imperialism and an overreliance on the USSR. The Chinese and Russians recognized Vietnam's political strategy and, for their part, were using the DRV as part of their own struggle against each other. To the Soviet Union, Hanoi's interests were parochial--national liberation rather than international socialism–so the Russians had to "drag" the Vietnamese to "greater friendship and independence [from China]." Soviet frustration was understandable, give the level of support it was giving to the DRV and NLF compared with its influence in Vietnam. As a Vietnamese journalist estimated, the USSR provided Vietnam with about three-quarters of its total outside aid, yet Russian influence was

less that 10 percent.[44]

These figures, even if exaggerated, were precisely what the Chinese wanted. Indeed, in nearly every contact between DRV and PRC officials, the Chinese went on at some length about the danger of getting too close to the Soviets. To Zhou, the transition to Brezhnev had changed nothing and “the new Soviet Party leadership is carrying out nothing but Khrushchevism. It is absolutely impossible for them to change.” The Soviets, he believed, were not trustworthy and might abandon the cause of socialist revolution to make an accomodation with the Capitalist enemy.[45] As Zhou saw it, after a Russian suggestion to hold talks with the United States, “the Soviet revisionists want North Vietnam to talk with the US, to put the NLF aside and sell out its brothers.” Soviet aid, Deng Xiaoping added, is “for their own purposes. . . the Soviet aid is aimed at serving their strategy.” Russia’s help “is not sincere,” Zhou likewise told Pham Van Dong in October 1965, and the Vietnamese, in his opinion, “will be better off without Soviet aid.”[46]

Chinese and Soviet differences regarding Vietnam were part of a larger Communist debate over the role of the two powers in developing socialism elsewhere. The PRC in the 1960s had assumed the mantle of revolution while, as the Chinese saw it, the USSR was a stagnant bureaucratic state. Le Duan understood this and tried to take a middle path. Soviet help was “partly sincere,” he told Zhou and Deng, and he disagreed with the Chinese on the nature of Russian support. “You are staying that the Soviets are selling out Vietnam, but we don’t say so,” Le Duan asserted; “all other problems are rooted in this judgment.” But he more strongly praised the PRC role in Vietnam, noting that there were already over 100,000 Chinese military personnel in northern Vietnam and that the DRV felt confident that it could ask for several times

that many if needed. Such support, Le Duan acknowledged, was based on "internationalism, especially in the context of relations between Vietnam and China . . . We need the assistance from all socialist countries. But we hold that Chinese assistance is the most direct and extensive."[47]

And the PRC wanted to keep it that way. To Zhou Enlai, Vietnam's war against the United States was part of a larger political conflict between China and the USSR. "The closer to victory your struggle is," he told a Vietnamese delegation in Beijing, "the fiercer our struggle with the Soviet Union will be." Anticipating failure, Zhou predicted, the Americans would likely try to forge an agreement that would leave them in control of some parts of the RVN, a situation of "not losing totally." In this case, the "Soviet Union will give up" and not defend Vietnamese interests, just as Joseph Stalin had not supported the Chinese revolution against Jiang Jieshi at the conclusion of World War II.[48] While Zhou's charges about a Soviet sellout lacked substance, it was true that the USSR was encouraging Hanoi to seek a diplomatic-political, rather than solely military, solution by 1966-67, serving as a "postman" in passing along requests and information from the United States to the DRV, and acting as a "night watchman" in facilitating informal contacts between American and Vietnamese officials. But the Soviet Union could not convince Ho to hold talks with the enemy to end the war. The DRV did not expect to lose and it did not believe that the United States would accept its main demands while, in the socialist camp, the Vietnamese did not anticipate any change in China's support for its war. Thus, the Vietnamese position on negotiations was always closer to the PRC than the USSR. The Russians, however, understood Vietnam's logic and did not press Ho too much to change his approach. "China is situated close to Vietnam, whereas the Soviet Union is far away," the

Russian embassy in Hanoi acknowledged, and "Vietnam would be hard pressed to do without Chinese assistance in its struggle and in future peaceful construction. So it would be premature to ask the Vietnamese now to state their clear-cut position with respect to the USSR and China."[49]

The Chinese did expect the Vietnamese to choose, however, and even claimed "proof" of Soviet perficy toward Vietnam. In May 1967 the USSR asked that a Soviet shipment of 24 fighter jets–12 Mig-17s and a dozen Mig-21s–be transhipped by air over Chinese territory. The PRC vetoed the idea, arguing that the Soviets were playing a double game–trying to publicize their support of the revolution in Vietnam but also tipping off U.S. spy planes in the area. The Russians, China's Deputy Foreign Minister Qiao Guanhua charged, "want to be boastful to the US" about their aid to Vietnam while "publicly revealing military secrets to the enemy." The proposal, he concluded, "has bad intentions and is a conspiracy."[50] Given such views, the Vietnamese had a difficult task in maintaining support from both the PRC and USSR without taking an explicit stand on the conflict between the Communist giants. The Vietnamese, "walking a tightrope," as Qiang Zhai put it, relied on the supply of Soviet weapons and other aid but did not want to damage their ties with the PRC or revive traditional Chinese aggression toward Vietnam.[51] Ho, the master strategist who had played off the French, Chinese, Japanese, and Americans for several decades already, had once again done so, acquiring significant aid from both the Soviet Union and China but nevery relinquishing Vietnamese sovereignty in the process. And, meanwhile, the war against the Americans raged on, with the stakes for all sides increasing on a steady basis.

Vietnam and the Crisis of Capitalism

Within a few years after the end of the Vietnam War in the mid-1970s, scholars and participants in the war began writing books and memoirs about the conflict in Indochina and spelled out clearly the various political and military causes of the war and consequences of U.S. failure. But there is another aspect to the war that has been virtually ignored, but is of tremendous importance to any study of Vietnam–the economic impact of intervention in Indochina on America's role in the world economy. By the later 1960s, American leaders had been monitoring the economic effects of military intervention in Vietnam for some time already. The war was exacerbating a deep deficit in U.S. Balance of Payments [BOP]–the amount of American money moving abroad, in the form of tourist dollars, investment capital, or military spending, for instance--thereby weakening the dollar and prompting foreign governments to cash in their American currency for gold, which in turn undermined the international monetary structure. The eminent business historian Louis Galambos has argued that Vietnam "was the most debilitating episode in the nation's entire history, more expensive in its own special way than World Wars I and II combined."[52] An examination of the economic legacy of Vietnam in the 1960s offers ample evidence to support such claims.

After World War II, the United States had established global hegemony based on the confluence of its military power, economic growth, and political liberalism, and for a generation afterward it maintained a dominant position in the world political economy. By the mid-1960s, however, America's role was changing, principally as participation in the Vietnam War grew and caused greater BOP deficits and shortages in American gold reserves. By 1968, the postwar system was entering a crisis phase as the Tet Offensive and the so-called Gold Crisis converged to transform the international system and create new political relationships at home. The events

of 1967-68, it is not an exaggeration to suggest, marked the evolution of America's postwar role from that of unrivaled and prosperous imperial power to "first among equals" in a system of "shared hegemony." At home, the spiraling economic growth brought on by two decades of Military Keynesianism could not be sustained in wartime and American capital began to flow overseas to the detriment of domestic workers. By itself, Vietnam was calling into question America's military power and world leadership. At the same time, the Bretton Woods system experienced the greatest crisis since its founding. Created near the end of World War II, the Bretton Woods system established the dollar as the world's currency, fully convertible to gold at thirty-five dollars per ounce and exchangeable with other currencies at stable rates based on the gold standard. Throughout the Vietnam War, however, the world monetary system was in disequilibrium or disarray, first as a result of the chronic and escalating BOP problem and, more critically, because of continuing runs on U.S. gold.

From the early 1950s onward, the United States experienced constant BOP deficits. Initially, they had a positive effect, exporting capital to facilitate European reconstruction and create markets. The so-called dollar gap, however, began to weaken the dollar and, by the early 1960s, politicians began to look for ways to confront and solve the growing deficits, but attempts to pare it were futile. Although reductions occurred in 1965 and 1966, "the emergence of war in Southeast Asia," as Secretary of the Treasury Henry Fowler explained, "prevented the United States from approaching equilibrium in those years."[53] Such imbalances grew in concert with the intensified commitments to Vietnam, a war costing in the vicinity of $20-25 billion per annum by 1967-68, and thereby made it impossible to improve upon the shortfall or, because of the inflationary impact of the war, stem the outflow of gold from the United States. U.S. gold

reserves, $23 billion in 1957, dropped to $16 billion in 1962 and decreased progressively thereafter. In 1965 alone, foreign central banks had redeemed dollars for $1.7 billion in gold.[54] At the same time, European governments began to openly criticize the U.S. war in Vietnam. French officials especially complained that Vietnam-induced BOP deficits and inflation, which averaged about 5 percent during the Vietnam era, were undermining their own economy. The British government felt likewise, prompting Johnson's National Security Advisor, McGeorge Bundy, to charge that the British were "constantly trying to make narrow bargains on money while they cut back on their wider political and military responsibilities. . . [T]here is no British flag in Vietnam."[55]

Throughout 1966 and 1967, however, the BOP deficits grew, gold continued to leave the United States, and foreign flags were still absent from Vietnam. Inflation was rising as well,causing a major increase in the cost of the war, increasing import demand, and decreasing exports. America's share of world trade, which approached 50 percent after World War II, was down to 25 percent in 1964 and fell to just 10 percent by 1968.. Treasury officials also estimated that the BOP deficit would continue to soar due "entirely to our intensified effort in Southeast Asia" while "a further $200 million increase in [military] expenditures may occur next year [FY 67] and worsen the projected deficit by that amount."[56]

Then, in 1967, a full-blown monetary crisis emerged. Speculators, rather than member nations of a multinational "gold pool," were absorbing virtually all the world's new gold production, leading to a run on American gold reserves--$1.2 billion in 1967 alone.[57] President Johnson, like his predecessors, vowed to maintain full convertibility at the par value of thirty-five dollars per ounce. The French, more alarmed than ever about Vietnam-induced inflation,

advocated a higher gold price and began cashing in their dollars. More critically, Britain devalued its pound sterling in November 1967.[58] The British devaluation--lowering the price of the pound from $2.80 to $2.40--created a monetary crisis. Speculators anticipated an increase in the official price of gold, so withdrew $641 million--60% from U.S. reserves--from the gold pool in the week of 20-27 November, and National Security Advisor Walt Rostow warned the president to "expect further heavy losses this week."[59] DeGaulle then weighed in with a strident public attack on U.S. monetary policy. The French continued to push for a hike in the Bretton Woods price of gold to stem the "*American takeover* of our businesses" that had resulted from the "exportation of inflated dollars." The Payments deficit had to be addressed, DeGaulle insisted, so that it would not continue "to be a means of taking over European industry." In the last quarter of 1967, however, the BOP deficit soared to an annual rate of $7 billion, tripling the previous rate for the year.[60]

Facing economic pressure abroad and at home, Johnson acted on 1 January 1968, announcing a program to reduce the BOP deficit by $3 billion in 1968 by tightening regulations on the export of capital; asking Americans to travel abroad less; and cutting back on foreign and military assistance. He did not mention Vietnam, perhaps because, as Treasury officials earlier understood, the "European monetary authorities do not accept the Vietnam War as a justification" for American economic distress.[61] The French nonetheless responded with "shock and surprise, sour grapes, and fear of the consequences for France and Europe," while DeGaulle personally "ran through the usual routine about the overriding power of the U.S. and the necessity of opposing the U.S. in order to help restore equilibrium in the world."[62]

At home, private sector economic experts warned of worse to come. Edward Bernstein

told a Wall Street gathering that "no international monetary system can be devised under which foreign central banks can be induced to acquire unlimited amounts of dollars." The well-known economist Barbara Ward Jackson, in a memo widely circulated by Rostow, warned of "dangerous overtones of the 1929-31 disaster" in the current situation and feared that "depression and massive unemployment could occur in Europe if world trade did not stabilize.[63] Ackley and Rostow both thought Jackson's scenario was too pessimistic, but, as Rostow put it, "the overall problem Barbara has raised is real and, in one way or another, we shall have to meet it in the weeks and months ahead."[64]

1968 and the Dilemmas of Capitalism and Communism

Indeed, U.S. leaders could no longer avoid meeting the "overall problem" of Vietnam and economic calamity, and in early 1968 had to confront the most serious American crisis, both military and economic, in the postwar era. In Vietnam, the enemy launched the Tet Offensive, a countrywide series of attacks that undermined Westmoreland's claim of "light at the end of the tunnel." Enemy forces, breaking a Tet holiday cease fire, struck virtually ever center of political or military significance in the RVN. Though suffering heavy losses–which Americans would cite to claim victory during the Offensive–the NFL and PAVN had in fact gained a major politico-strategic victory, exposing both the shaky nature of ARVN forces, who deserted in large numbers, and the bankruptcy of U.S. strategy, for American forces could not even protect their own installations, including the embassy, in southern Vietnam. The shock of Tet, especially after respected newsman Walter Cronkite appeared on national television in late February 1968 urging an end to the war, forced American leaders to finally reevaluate their approach to Vietnam, with the president rejecting a huge military request for new reinforcements, calling an partial bombing

halt, beginning to "Vietnamize" the war, and withdrawing from the 1968 presidential race. After nearly two decades of intense efforts and the commitment of huge numbers of soldiers and money to Vietnam, Tet had made it clear that the Americans would not "win" in Vietnam.

But, just as importantly, the world economic crisis peaked in early 1968 as well, and money and war were on a collision course. The military's request for massive reinforcement–206,000 more troops and the activation of 280,000 reserves--McNamara warned, would require additional appropriations of $25 billion in FY 69 and 70 alone, without the likelihood, let alone promise, of turning the corner in Vietnam.[65] At the same time the Europeans, fearing the economic effects of another escalation in Vietnam, began cashing in their dollars for gold. During the last week of February, the gold pool sold $119 million in hard currency; on 3 and 4 March, losses totaled $141 million; and by early March the new chair of the Council of Economic Advisors, Arthur Okun, describing "*a bad case of the shakes*" in world financial markets, reported that the Balance of Payments deficit for the first week of March had risen to $321 million while gold losses soared to $395 million, including $179 million on 8 March alone.[66] Should such withdrawals continue to mount, as Thomas McCormick has explained, the depletion of gold reserves could have caused a devaluation of the dollar, which could ignite a series of currency devaluations not unlike the 1930s. Then, with the absence of stable exchange rates, businesses would suffer globally.[67]

With the crisis intensifying, the administration scrambled for a response. An Advisory Committee established by Henry Fowler, headed by Douglas Dillon and including various leaders of the Washington and Wall Street establishments, insisted that Johnson press hard for a ten percent surcharge on corporate and individual income taxes, a move Johnson had been

hoping to avoid since late 1965, retain the $35 price of gold despite European calls for an increase, and, if the problems deepened, consider closing the gold pool. "My own feeling," Rostow admitted, "is that the moment of truth is close upon us."[68] He was right. On 14 March the gold pool lost $372 million--bringing the March losses to date to $1.26 billion--and American officials anticipated that the next day's withdrawals could top $1 billion. The administration, as Rostow lamented, "can't go on as is, hoping that something will turn up."[69] The Europeans were also pressuring the United States to act, so Johnson, on the 15th, closed the London gold market for the day, a Friday--typically the heaviest trading day of the week--and called an emergency meeting of central bankers.[70] That weekend, Governors of the Central Banks of the United States, U.K., Germany, Italy, Belgium, the Netherlands, and Switzerland--but not France--met in Washington to deliberate world monetary conditions. The Governors, not for the first time, called on the Americans, and British, to improve their Balance of Payments positions; urged the president to retain the official price of gold; and called for a "two-tiered" system for gold in which private markets could float their rates.[71] Perhaps the major reform emerging from the crisis was the establishment of Special Drawing Rights [SDRs]. Created by the International Monetary Fund, these international reserve units--"paper" gold--provided the world monetary system with internationally managed liquid assets to avoid future massive hard currency withdrawals.[72]

While the Governors had stemmed the crisis with such action, LBJ was feeling more political heat than ever. The CIA warned the White House to expect more criticism from France and continued attacks on the dollar. Rostow and Economic Advisor Ernest Goldstein told the president to anticipate additional costs for Vietnam in the $6 to 8 billion range for FY 69. And,

in a biting analysis, Presidential Aide Harry McPherson berated Johnson for asking Americans to keep supporting a war that was already excessively costly and had no end in sight.[73] Lyndon Johnson, however, did not have to be told how bad the situation had turned. At a 26 March meeting he lamented the "abominable" financial situation, with rising deficits and interest rates and growing danger to the pound and dollar. Worse, Westmoreland's request for 206,000 troops would cost $15 billion, which "would hurt the dollar and gold." The United States, he went on, is "demoralized." The president thus anticipated "overwhelming disapproval in the polls and elections. I will go down the drain. I don't want the whole alliance and military pulled in with it."[74]

The alliance and military survived much better than Johnson. In a 31 March speech to the nation, he announced limited reinforcements for Vietnam, curtailed bombing above the 20th parallel, discussed the world monetary crisis, and stressed the need for a tax surcharge. At the end of his address he stunned the nation by withdrawing from the 1968 campaign.[75] Although the war in Vietnam would continue for five more years, Johnson was admitting failure in early 1968. The United States could no longer use its military and economic power in the same, often unrestrained, fashion that it had in the generation after World War II. The BOP deficit continued to grow. Without a tax bill, the administration faced back-to-back budget deficits of over $20 billion. And, as Okun emphasized, unless the world financial community regained confidence in the dollar, the "*consequences for prosperity at home are incalculable.*"[76]

The American financial community likewise understood just how serious the war was affecting the economy. Walter Wriston, the president of Citibank, told a group of European financial leaders in January that it would be possible to overcome the monetary crisis without

changing the gold standard, but "the chances would be greater if the Vietnamese war ended." Roy Reierson, senior vice-president and chief economist at the Bankers Trust Company on Wall Street, complained in March that Vietnam had caused domestic inflation and had unduly burdened the BOP position. In an address amid the Tet and Gold crises, a partner at Saloman Brothers, Sidney Homer, observed that "military setbacks in Southeast Asia will surely intensify attacks on the dollar." Vietnam had not alone caused the economic crises of the 1960s, Homer went on, but it had "aggravated our problems and in a sense frozen them." In a report to investors, Goldman, Sachs economists simply explained that reduced spending in Vietnam "could contribute significantly to the solution of many of the problems currently plaguing the U.S. economy." And the venerable chair of the Federal Reserve System, William McChesney Martin, lamented in late 1968 that the surtax was "18 months late . . . guns and butter [are] not attainable in wartime."[77] The Bretton Woods system and Military Keynesianism--which had driven economic growth in the Cold War--had been dealt a serious blow by the Vietnam War, and the United States would henceforth have to negotiate its hegemony and economic influence with Western Europe and Japan.[78]

The Communist nations were not without their own crises in 1968, however, as the PRC, Soviet Union, and Vietnam all fell into conflict with each other, just as the DRV-NLF war was attaining its greatest success. The Soviet Union was still trying to persuade Ho to negotiate with the Americans, and had denounced Hanoi for rejecting Lyndon Johnson's late 1967 "San Antonio Forumula," which had promised a bombing pause if the Vietnamese would talk. The Soviet embassy even advised Moscow to inform the DRV that the USSR could not afford political brinksmanship with the United States by deepening its involvement in Vietnam and an

end to hostilities in 1968 would be in both Vietnamese and Soviet interests.[79] But the PRC, wanting to maintain a high level of antagonism between the Soviets and Americans, feared that negotiations could end the war, which would raise the prospects of Chinese-Vietnamese tension again and would remove the American counterbalance in Asia against the Russians.[80]

Afraid that peace might break out, Zhou, after Ho accepted LBJ's partial bombing halt as a basis for "contacts," railed against the DRV in a meeting with Pham Van Dong. To Zhou, the United States was at its weakest point, with Tet, the dollar crisis, and racial unrest provoked by the murder of Martin Luther King causing great distress in America. Yet the DRV's acceptance of contacts was a Vietnamese compromise and "it helps the US solve their difficulties. . . The situation showd that Vietnamese comrades find it easy to compromise. . . [Y]our position is now weaker, not stronger." To the Chinese, military means would decide victory, not negotiations, so "you have lost your initiative and fallen into a passive position," Zhou charged. The Americans believe that "you are eager to negotiate," Zhou added, and reminded the Vietnamese that the Americans, ARVN and other supporters have access to over one million troops and "before their backbone has been broken, or before five or six of their figners have been broken, they will not accept the defeat, and they will not leave." The Chinese, in concluding, also warned against bringing the USSR into the peace process, telling them "you should not inform the Soviets about developments in the negotiations with the US because they can inform the US."[81]

For their part the Vietnamese did not appreciate PRC pressure and began to distance themselves from the Chinese, especially during the Czech crisis of mid-1968. The USSR, believing it had to take a leadership role in global affairs regarding socialist countries, sent troops into Czechoslovakia to stem a liberalization movement there. The Chinese had repeatedly

accused the Soviet Union of deviating from the Marxist, revolutionary line and of collusion with the West, so, as Ilya Gaiduk explained, “the Kremlin had to defend its policy not only by strong words, but also by deeds.” The DRV, amid an intense anti-Soviet campaign out of Beijing, supported the Czech invasion, angering the Chinese but bringing praise from Moscow. Hanoi’s support of the Russians, open and explicit, was a signal to the USSR that the DRV was moving closer to them and remaining independent of the PRC. Thus the Soviet Union urged--and the Vietnamese were in agreement–that negotiations, then under way in Paris, should be taken seriously to try to end the war.[82]

Vietnam and the World

The events of 1968 served as an exclamation point to the global crises of the decade prior to that point as the various global issues being contested seemed to converge. The American war of attrition would not succeed as a result of the Tet Offensive; America’s economic hegemony was under siege due to the dollar-gold crisis; the Vietnamese, under heavy pressure from the Chinese to continue the war, avoid negotiations, maintain distance from the Soviet Union, instead moved closer to the Russians and angered the PRC in the process; the USSR tried to maintain its socialist credibility by suppressing Czechoslovakia while conversely showing its sensibility by tempering the war in Vietnam. What had begun in the aftermath of World War II as a war of national liberation waged by the Viet Minh against the French Union had become a global affair, with the world’s major powers involved.

Because of the escalation of the conflict in Vietnam–by the Americans, by the Vietnamese, by the Russians and Chinese too–the world was transformed. America’s military and economic power, the events of the mid- to late-1960s showed, was limited. It no longer had

fiat over the world as it seemed to have had in the 1940s and 1950s. Apparently unable or unwilling to distinguish between nationalism and communism, the United States, for reasons of credibility and capitalist expansion, tried to crush a liberation-cum-revolution in Vietnam with dire consequences. Not only was America's world position undermined but, much worse, tens of thousands of Americans died fighting in Indochina, while, worse still, a small nation in Indochina was destroyed beyond feasible reconstruction. The Vietnamese, for their part, finally reached their goal. After 1968 it was clear that the Americans did not possess the means or the will to "win" in Vietnam and, though troops remained until 1973 and the United States supported the RVN until 1975, Tet had effectively become the American obituary in Vietnam. As for the Communist world, the Vietnam War exposed divisions between the PRC and USSR that were evident prior to the 1960s but not as obvious. By 1968, talk of "monolithic communism" was simply absurd; the major powers were more concerned with the political war they were fighting among themselves than with the shooting war between Vietnam and the United States. And, after the war, conditions in Asia returned to what seemed to be their normal state. The Vietnamese and Chinese became blood rivals once more and in 1979, with U.S. provocation, the PRC even invaded the DRV, called the Socialist Republic of Vietnam [SRV] after its 1975 victory and the unification of the country. Inside Vietnam, one wonders if the Capitalists did not win the war after all. Foreign investment in the SRV is significant, with few obstacles to outside entrepreneurs who want to exploit the people of Vietnam. While Nike–which pays its workers about 30 dollars a month to perform what is essentially sweatshop labor–may be the most public example, such foreign business interests are commonplace. Rather than rebuild the country "ten times more beautiful," as Ho envisioned in his final testament, Vietnam remains living proof of

the dangers involved in taking on the powers of the world when their interests diverge from yours.

1. There is a significant body of literature on the U.S. role in containing nationalism and communism in the Cold War, especially in "Third World" countries such as Vietnam. Some of the better works include Walter LaFeber, *Inevitable Revolutions* (New York, 1983); George McT. Kahin and Audrey Kahin, *Subversion as Foreign Policy* (New York, 1995); Thomas Paterson, *Contesting Castro* (New York, 1994); Richard Immerman, *The CIA inGuatemala* (Austin, TX., 1983); Piero Gleijeses, *Shattered Hope: The Guatemalan Revolution and the United States, 1944-1954* (Princeton, 1991); Robert J. McMahon, *The Cold War on the Periphery: The United States, India, and Pakistan* (New York, 1994); Mark Lytle, *The Origins of the Iranian-American Alliance* (New York, 1987).

2. In David Marr, *Vietnamese Anticolonialism, 1885-1925* (Berkeley, 1971), 46.

3. Commanding General (hereafter CG), U.S. Forces, India-Burma Theatre, memorandum to War Department, CG, U.S. Forces, China Theatre, and CG, U.S. Army Liaison Section in Kandy, Ceylon, 11 September 1945, CRAX 27516, Records of the Joint Chiefs of Staff, Record Group 218, Chairman's File, Admiral Leahy, 1942-1948, National Archives, Washington, D.C. (hereafter RG 218, with appropriate filing information); Gallagher, Hanoi, to General R.B. McClure, Kunming, 20 September 1945, in ed. Gareth Porter, *Vietnam: The Definitive Documentation of Human Decisions* (Stanfordville, N.Y., 1979), volume I: 77-8, document 41

(hereafter cited as Porter, *Vietnam*, with appropriate volume, page, and document designations). See also Report on Office of Strategic Services' "Deer Mission" by Major Allison Thomas, 17 September 1945, Porter, *Vietnam,* I: 74-7, doc. 40; memorandum for the record: General Gallagher's Meeting with Ho Chi Minh, 29 September 1945, ibid., I:80-1, doc. 44; George McT. Kahin, *Intervention: How American Became Involved in Vietnam* (Garden City, N.Y, 1987), 14, 438; and U.S. Congress, House Committee on Armed Services, *United States-Vietnam Relations, 1945-1967: Study Prepared by the Department of Defense,* 12 vols. (Washington, D.C., 1971), Book 1, I.C.3., C-66-104 (hereafter *USVN Relations* with appropriate volume and page designations).

4. In Stanley Karnow, *Vietnam: A History* (New York, 1983), 53.

5. William J. Duiker, *The Communist Road to Power in Vietnam* (Boulder, CO., 1981), 31-33; Idem., *Sacred War: Nationalism and Socialism in a Divided Vietnam* (New York, 1995), 33-4.

6. On American support of France and the debate in U.S. circles over that policy, see Robert Buzzanco, *Masters of War: Military Dissent and Politics in the Vietnam Era* (New York, 1996), see especially chapter 2.

7. See, among others, Fred Block, *The Origins of the International Economic Disorder* (Berkeley, 1977), 92-6; William Borden, *The Pacific Alliance: United States Economic Policy and Japanese Trade Recovery, 1947-1955* (Madison, WI, 1984), 26-35; Thomas McCormick, *America's Half-Century: United States Foreign Policy in the Cold War and After* (Baltimore, 1995), 90-1. I would especially like to thank Curt Cardwell, whose M.A. thesis draft from California State University–Sacramento, "Making the World Safe for Capitalism: The British Sterling-Dollar Crisis of 1949-1950 and the Origins of NSC-68," was quite useful in developing

these themes.

8. Andrew Rotter, *The Path to Vietnam: Origins of the American Commitment to Southeast Asia* (Ithaca, N.Y., 1989), 44-6.

9. "Implications of the Sterling Areas Crisis to the U.K. and U.S.," 18 August 1949, United States Department of State, *Foreign Relations of the United States [hereafter cited as FRUS]*, 1949, IV:806-20; Rotter, *Path to Vietnam*, 49-57.

10. In Rotter, *Path to Vietnam*, 114.

11. On the John Kennedy and Lyndon Johnson commitments to defeat the Left in Vietnam, see my *Masters of War: Military Dissent and Politics in the Vietnam Era* (New York, 1996).

12. Chen Jian, "China's Involvement in the Vietnam War, 1964-1969," *The China Quarterly* 142 (June 1995): 357-87; Qiang Zhai, "Transplanting the Chinese Model: Chinese Military Advisers and the First Vietnam War, 1950-1954," *Journal of Military History* 57 (October 1993), 698-715; idem., "Beijing and the Vietnam Conflict, 1964-1965: New Chinese Evidence," *Cold War International History Bulletin--The Cold War in Asia,* 6-7 (Winter 1995-1996): 233-250; Ilya Gaiduk, "The Vietnam War and Soviet-American Relations, 1964-1973: New Russian Evidence," in *Ibid.,* 232, 250-8; idem., *The Soviet Union and the Vietnam War* (Chicago, 1996); on the Cold War International History Project, consult their website for information on their *Bulletin* and documents–http://cwihp.si.edu.

13. Gaiduk, "New Russian Evidence," 233; Qiang Zhai, "New Chinese Evidence."

14. Admiral Arthur Radford and Bedell Smith in Executive Session, Senate Committee on Foreign Relations, 1954, 16 February 1954, volume 6:112; JCS Paper, "The Situation in Indochina," 7 February 1954, Record Group [RG] 218, CCS 092 Asia (6-25-48), section 57;

National Archives.

15. Qiang Zhai, "New Chinese Evidence," 234.

16. Qiang Zhai, "New Chinese Evidence," 234.

17. Captain W. M. Kaufman, U.S. Navy, Memorandum of Conversation, 13 May 1957, RG 59, 751G.11/5-1357, National Archives; William Duiker, *The Communist Road to Power* (Boulder, CO, 1981), and *Sacred War*, 132-3.

18. Qiang Zhai, "New Chinese Evidence," 234.

19. Despite Kennedy's adversarial world view and strident, Cold War rhetoric, many recent studies have cleared him of responsibility for the U.S. commitment to and subsequent aggression in Vietnam. Filmmaker Oliver Stone, historian John Newman, and former C.I.A. operative Fletcher Prouty, among others, have contended that the young president had decided by late 1963 to quit Vietnam, reverse the Cold War, and challenge the political power of the military-industrial-intelligence complex at home. Amid such pacifism, a militaristic cabal led by the JCS and the CIA decided to do away with Kennedy and go to war in Vietnam. Stone's movie, *JFK*, began the most recent rehabilitation of Kennedy in 1991. John Newman's book, *JFK and Vietnam* (New York, 1992) and Fletcher Prouty's *JFK: The CIA, Vietnam and the Plot to Assassinate John F. Kennedy* (New York, 1992) have both been released in connection with Stone's film in an attempt to add scholarly credibility to his accusations about the conspiracy to kill Kennedy because of his dovish policies on Vietnam. For a refutation of these aplogetics, see Noam Chomsky, *Rethinking Camelot: JFK, the Vietnam War, and US Political Culture* (Boston, 1993), and Buzzanco, *Masters of War*, chapters 4-5.

20. Kennedy to McNamara and Rusk, 14 November 1961, in George McT. Kahin, *Intervention,*

137-9. Kennedy took the language of this memo precisely from a memo Rostow had written to him on the same day, in *FRUS*, Vietnam, 1961, 601-3.

21. Talking paper for Chair, JCS for Meeting with President, 9 January 1962, "Current U.S. Military Actions in South Vietnam,"*Pentagon Papers: Senator Gravel Edition [hereafter cited as P.P.-Gravel]*, 2:654-9.

22. President Kennedy's CBS Interview, 2 September 1963, "Statements by President Kennedy on Vietnam," NSF, Memos to the President, Walt Whitman Rostow, box 8, folder: volume 6, June 11-20, 1966 [2 of 2], Lyndon B. Johnson Library, Austin, TX. (hereafter cited as *LBJL*); President Kennedy's NBC Interview, 9 September 1963*, P.P.-Gravel*, 2: 827-8.

23. On Johnson's policies toward Vietnam see, among others, Buzzanco, *Masters of War*, or Lloyd Gardner, *Pay Any Price* (Chicago, 1995).

24.Johnson in David Halberstam, *The Best and the Brightest* (New York, 1972), 430.

25. Westmoreland analysis in Taylor 2058 to Johnson, 5 January 1965, *The War in Vietnam: Classified Histories by the National Security Council–"Deployment of Major U.S. Forces to Vietnam: July 1965,"* University Publications of America [UPA]; McGeorge Bundy to Johnson, 27 January 1965, ibid.

26. Bruce Palmer, *The 25-Year War: America's Military Role inVietnam* (New York, 1985), 41-2.

27. General James Collins Jr, Special Assistant to COMUSMACV, Memorandum for the Record, 6 November 1965, "Conference at Nha Trang on 24 October 1965," William Westmoreland Papers, folder 458 [1 of 2]: #1 History Files, 19 August-24 October 1965, Washington National Records Center [WNRC], Suitland, Md.; see also MACV Command History, 1965, 7; Lansdale to

McGeorge Bundy, 23 October 1965, Lansdale Papers, folder 1485, Hoover Institution.

28. Westmoreland MAC 5358 to Sharp, 27 October 1965, and Westmoreland MAC 5663 to Sharp, 11 November 1965, "Airfield Security," both in Westmoreland Papers, folder 358c: Message File, WNRC.

29. Greene's handwritten notes, Greene Papers, box 39, folder 415-1: Notes on Trip to WestPac, 3-15 January 1966, Marine Corps Historical Center [MCHC]; Greene and Krulak in FMFPac Briefing for CMC, Headquarters, FMFPac, Camp Smith, HI., January 1966, tape #6278, MCHC, my transcription; see also Greene's and Krulak's comments in Vietnam Comments File, 1966, MCHC; on the issue of military division and dissent more generally, see Buzzanco, *Masters of War.*

30.Wheeler CJCS 1810-67 to Westmoreland, 9 March 1967, Westmoreland v. CBS, DA/WNRC Files, box 2, folder: Suspense, WNRC

31. Westmoreland in Buzzanco, *Masters of War*, 305.

32. Qiang Zhai, "New Chinese Evidence," 243, 235.

33. Mao in Qiang Zhai, "New Chinese Evidence," 235.

34. Mao Zedong and Pham Van Dong, Beijing, 5 October 1964, *CWIHP website*, document #3 under keyword "Vietnam" [hereafter cited by document number], Zhou quoted in note 5.

35. McNamara to Johnson, 30 November 1965, Vietnam, Country File, National Security File [VN, CF, NSF], box 74-75, folder: 2EE, 1965-67, Primarily McNamara Recommendations re. Strategic Actions [1965-1966], LBJL (the 30 November memorandum was a supplement to a McNamara memo to the president of 3 November 1965 titled "Courses of Action in Vietnam," in same source as above); see also McNamara to Johnson, 6 December 1965, "Military and Political Recommendations for South Vietnam," same source as above.

36. Zhou Enlai and Nguyen Van Hieu, Nguyen Thi Binh, Beijing (The Great Hall of the People), 16 May 1965, *CWIHP website*, document #8.

37. Notes on Discussion with the President, 27 April 1967, Warnke-McNaughton, box 2, folder: McNTN Drafts 1967 [2], LBJL; see also appendix to Wheeler to McNamara, 29 May 1967, VN C.F., NSF, box 81-84, folder: 3 E (1)b, 6/65-12/67, Future Military Operations in Vietnam, LBJL.

38. Mao Zedong and Ho Chi Minh, Changsha (Hunan), 16 May 1965, *CWIHP website*, document #9; Mao Zedong and Hoang Van Hoan, Beijing, 16 July 1965, document #13.

39. Mao's Conversation with DRV Delegation, 20 October 1965, document #6 in Qiang Zhai's "New Chinese Evidence."

40. Mao Zedong, Zhou Enlai, Pham Van Dong, Beijing, 10 April 1967, *CWIHP website*, document #25.

41. Continuing the analogy, Mao said "in fighting the US troops, you can have a bite the size of a platoon, a company, or a battalion. With regard to the troops of the puppet regime, you can have a regiment-size bite. It means that fighting is similar to having meals, you should have one bite after another." Mao Zedong, Pham Van Dong, and Vo Nguyen Giap, Beijing, 11 April 1967, *CWIHP website*, document #26.

42. Ilya Gaiduk, "New Russian Evidence," 232, 250.

43. Ilya Gaiduk, "New Russian Evidence," 250-1.

44. Ilya Gaiduk, "New Russian Evidence," 251-2.

45. Zhou Enlai and Ho Chi Minh, Hanoi, 1 March 1965, *CWIHP website*, document #4.

46. Zhou Enlai, Deng Xiaoping, Ho Chi Minh, Beijing, 17 May 1965, and Zhou Enlain, Pham Van Dong, Beijing, 9 October 1965, both on *CWIHP website*, documents #10, 14.

47. Zhou Enlai, Deng Xiaoping, Kang Shung, and Le Duan, Nguyen Duy Trinh, Beijing, 13 April 1966, *CWIHP website*, document #19.

48. Zhou then launched into an extensive explanation-cum-indictment of what he saw as the Soviet sellout of the Chinese Communists in the 1940s. Vietnamese and Chinese delegations, Beijing, 11 April 1967, *CWIHP website*, document #27.

49. Ilya Gaiduk, "New Russian Evidence," 255, Soviet embassy quote on 252.

50. Chinese Deputy Foreign Minister Qiao Guanhua and Vietnamese Ambassador Ngo Minh Loan, Beijing, 13 May 1967, *CWIHP website*, document #29.

51. Qiang Zhai, "New Chinese Evidence," 242.

52. Louis Galambos, "Paying Up: The Price of the Vietnam War." *Journal of Policy History* 8 (1996), 167.

53.Fowler to President, late 1967, White House Central Files, Confidential Files, FO4-1, Balance of Payments (1967) [herafter cited as WHCF, Confidential Files, with appropriate filing designation]..

54. Buzzanco, *Masters of War*, 237-9.

55. Bundy to the President, 28 July 1965, subj: Your Meeting with Joe Fowler, National Security File, Memos to the President, McGeorge Bundy, volume 12, Lyndon B. Johnson Library [hereafter cited as NSF, Memos, Bundy, LBJL].

56. Fowler to the President, 26 November 1965; Bator to the President, 29 November 1965; both in White House Confidential File, FO4, LBJL.

57. On the cost of the war, see Thomas Campagna, *The Economic Consequences of the Vietnam War* (Westport, CT., 1991); the run on gold in 1967 was similar to that of previous years: Between 1957 and 1962, U.S. gold stocks decreased from $23 to $16 billion, and in 1965 alone,

foreign central banks had redeemed dollars for over $1.5 billion in gold. Kolko, *Anatomy of a War,* 283-90.

58. NSC synopsis, *The Gold Crisis, Nov. 1967-Mar. 1968*, NSC History, "Gold Crisis," tabs 19-49; Personal Message to Mr. Secretary Fowler from the Chancellor of the Exchequer, 14 October 1967, WHCF, Confidential Files, FO4, Financial Relations; Gardner, *Pay Any Price*.

59. Rostow to LBJ, 22 Nov 67, NSC History, "Gold Crisis," tabs 1-18; Ackley to LBJ, 27 November 1967, same as above, tabs 1-18.

60. Rostow to LBJ, 27 November 1967, subj: DeGaulle's Press Conference and Your Meeting with Ambassador Bohlen, NSF, Country File, France, folder: Memos, vol. XII, DeGaulle's quotes, Rostow's emphasis; for information on the deficit see Gardner Ackley's weekly Balance of Payments reports in WHCF, Confidential Files, FO4-1, Balance of Payments (1967).

61. Treasury paper, "The Balance of Payments Program of New Year's Day, 1968, National Security File, NSC History, "Balance of Payments," tabs 1-3 [hereafter cited as NSC History, "Balance of Payments" with appropriate filing designation]; Treasury paper on international monetary situation, Fall 1967, WHCF, Confidential Files, FO4, Financial Relations.

62. Special Analysis by Lionel D. Edie and Company, "The Reactions in Paris to the American Balance of Payments Program," 16 January 1968, WHCF, Confidential Files, FO4-1, Balance of Payments (1968-1969); Bohlen to Rusk, 23 January 1968, subj: Report of the Meeting between DeGaulle and Sulzberger, NSF, Country File, France, folder: Cables, vol. XIII.

63.. Edward Bernstein, "Gold and the International Monetary System," 23 January 1968, WHCF, Confidential Files, FI9, Monetary Systems; Barbara Ward Jackson Memo to President, 23 January 1968, NSC History, "Gold Crisis," tabs 19-49.

64. Ackley to LBJ, 24 January and 8 February 1968, subj: Comments on the Attached Memoranda, WHCF, Confidential Files, FI9, Monetary Systems; Rostow to LBJ, 23 January 1968, subj: Prospects for Another Sterling Crisis and What it Could Mean, NSC History, "Gold Crisis," tabs 19-49.

65. McNamara in Notes of Meeting, 27 February 1968, VN, C.F., NSF, box 127, folder: 19 March 1970, LBJL.

66. Okun to LBJ, 2 and 9 March 1968, subj: Weekly Balance of Payment Reportl; Fowler to LBJ, 4 March 1968, subj: Gold Problems, both in Robert Buzzanco, "The Vietnam War and the Limits of Military Keynesianism," Paper Delivered at Conference of American Historical Association, January 1997, New York; Rostow to LBJ, 8 March 1968, NSC History, "Gold Crisis," Book I, Tabs 19-49.

67. Thomas McCormick, *America's Half-Century: United States Foreign Policy in the Cold War and After,* 2d ed. (Baltimore, Md., 1995), 162.

68. Rostow to LBJ, 9 March 1968, sub: The Gold Issue, NSC History, "Gold Crisis," Book I, Tabs 19-49; Rostow in Robert Collins, "The Economic Crisis of 1968 and the Waning of the American Century," *American Historical Review* 101 (April 1996), 408,

69. Rostow to LBJ, 14 March 1968, subj: Gold, in Buzzanco, "Limits of Military Keynesianism."

70. American Consul, Frankfort, to Secretary of State, #6686, and Embassy Paris to Secretary of State, #11520, 15 March 1968; Embassy Paris to Secretary of State, #11574, in Buzzanco, "Limits of Military Keynesianism"; Rusk to European embassies, #130741, NSC History, "Gold Crisis," Book I, Tabs 50-3.

71. Communique of Meeting of Central Bankers, 17 March 1968, in Buzzanco, "Limits of Military Keynesianism."

72. Collins, "The Economic Crisis of 1968."

73. DCI, Intelligence Memorandum, "French Actions in the Recent Gold Crisis," 20 March 1968; Rostow to LBJ, 20 March 1968; Goldstein to LBJ, 22 March 1968; McPherson to LBJ, 18 March 1968, in Buzzanco, "Limits of Military Keynesianism."

74. Note of President's Meeting with Wheeler and Abrams, 26 March 1968, Tom Johnson's Notes, folder: March 26, 1968--10:30 a.m, LBJL.

75. President's Speech of 31 March 1968, *Public Papers of the President: Lyndon B. Johnson,* I: 469-76.

76. Okun to LBJ, 27 April 1968, subj: Weekly Balance of Payments report, Okun to LBJ, 23 May 1968, subj: What Fiscal Failure Means, in Buzzanco, "Limits of Military Keynesianism."

77. Address by Walter B. Wriston, 17 January 1968, and Paper by Roy L. Reierson, 4 March 1968, Fowler Papers, box 82, folder: Domestic Economy: Gold, 1968 [1 of 2]; Address by Sidney Homer, 20 March 1968, Fowler Papers, box 88, folder: Domestic Economy: Gold Crisis, Meeting with Central Bank Governors [1 of 2]; "Hope and Trouble," Report by Goldman, Sachs and Company, 8 May 1968, Fowler Papers, box 78, folder: Domestic Economy: Economic Data, 1968 [2 of 2]; Martin in Notes of Business Council Meeting, 17-20 October 1968, Fowler Papers, box 178, folder: Government--Committees/Councils.

78. "The economic consequences of the escalating Vietnam War so exacerbated the dollar drain, the trade imbalance, and the maladies of the civilian sector," according to Thomas McCormick, "that significant tariff cuts [as in the Kennedy Round] ironically did less to help American

exports than it did to open the American market to ever-more-competitive capitalists from Germany and Japan." *America's Half-Century*, 128.

79. Gaiduk, "New Russian Evidence," 255.

80. Qiang Zhai, "New Chinese Evidence," 242-3.

81. Zhou Enlai and Pham Van Dong, Beijing, 13 April 1968, *CWIHP website*, document #31; Zhou Enlai and Pham Van Dong, 19 April 1968, document #33; Conversation between Zhou Enlai, Chen Yi, and Xuan Thuy, Beijing (The Great Hall of the People), 9:45 p.m., 7 May 1968, document #35; "That you accepted holding talks with the US put you in a passive position. You have been trapped by the Soviets," Zhou charged, "now, Johnson has the initiative." Conversation between Zhou Enlai and Pham Hung, Beijing, 29 June 1968, document #37.

82. Gaiduk, *The Soviet Union and the Vietnam War*, 174-7.