**WORLD AFFAIRS**

**Vietnamese War**

Reds Launch Major Drive. Communist troops Jan. 30 launched the heaviest and most coordinated offensive of the war. Fierce assaults were mounted against major cities throughout South Vietnam. Widening their drive, Viet Cong forces, with some aid from North Vietnamese units, attacked 30 provincial capitals and a number of district towns and U.S. and South Vietnamese airfields and bases. The bloodiest battles were centered in Saigon and Hué. The fighting in Saigon Jan. 31 was marked by the seizure for 6 hours of the U.S. embassy compound by a 19-man Viet Cong suicide squad. Other cities that came under sustained attack included Dalat, Pleiku, Dauzang, Quangtri, Kontum, Bannmehout and the Mekong delta cities of Myho and Cantho. Several of the centers that fell into Communist hands were contested by counter-attacking U.S. and South Vietnamese troops. Among the cities that were captured by the Communists were Hué, Dalat, Kontum and Quangtri.

It was believed that most of the 50,000 Viet Cong and North Vietnamese troops in South Vietnam, exclusive of those massed around the U.S. Marine base at Khe Sanh near the demilitarized zone, were committed to the offensive.

Record casualties were suffered by both sides: The U.S. command reported Feb. 6 that, 21,330 Communist troops and 1,169 allied soldiers had been killed. American losses were listed as 56 dead and 5,075 wounded. South Vietnam reported that 993 government soldiers had been killed and 3,229 wounded. An Agence France-Presse report from Saigon Feb. 4 said that more than 500 civilians had been killed in the fighting in the capital. The Viet Cong reported that 1,250 civilians had been slain and more than 3,000 wounded in the Mekong delta's 11 provincial cities. 80,000-120,000 were left homeless. An estimated 20,000 civilians were forced to flee their homes in Saigon. The total number of civilians in the entire battle area was estimated at more than 200,000.

The Viet Cong casualty figures had been supplied by the South Vietnamese. In view of the fact that the number of enemy weapons found on the battlefields was considerably less than the number of reported losses, some quarters suggested that the South Vietnamese had overestimated the Viet Cong toll.

The Viet Cong attacks had started on the first day of the Tet (lunar new year) trace, agreed by the Communists and the Viet Cong. The U.S. and South Vietnam had canceled their 36-hour cease-fire Jan. 29 for the 5 northern provinces because of the heavy Communist build-up around Khe Sanh.

North Vietnam announced Jan. 30 that the attacks in South Vietnam cities had been carried out "to punish the United States aggressors and their henchmen for unilaterally cancelling their own cease-fire" and for having "slighted the traditional new year festival of the Vietnamese people." The attacks, Hanoi said, also were in reprisal for U.S. air strikes on "Vietnamese people in many parts of the country."

The Viet Cong announced Jan. 30 in a broadcast over the clandestine "Liberation Radio" that their offensive was aimed at toppling the "Thieu-Ky puppet administration" in Saigon. The announcement appealed to government troops to join the Communist side by providing the Viet Cong with arms and ammunition. The Viet Cong appeal was broadcast in the South Vietnam Revolutionary Armed Forces Command. The Communist broadcast said:

"Communists: The revolution we waited and yearned for has broken out. ... We have been leading an ignoble and shameful life for years because a group of Vietnamese traitors has been exploiting and oppressing us. We must rise up to wrest back power and restore independence, peace, freedom, and a clean and comfortable life."

"The Alliance of National & Peace Forces has set forth the following goals:

1) To overthrow the Thieu-Ky puppet regime and set up a government that really represents the various strata of the South Vietnamese people.
2) To recover national independence and sovereignty, demanding that the United States put an end to the Vietnam war and withdraw its troops and bases of strategic importance.
3) To restore peace and build an independent, democratic, peaceful and neutral South Vietnam.
4) To establish the National Liberation Front of South Vietnam in order to achieve the above-mentioned goals.

"Communists: We call on all Vietnamese to liberate ourselves as soon as possible. Everybody must stand up and launch attacks against the hideouts of the Thieu-Ky clique and topple their country-selling government in various areas. We must set up at once a revolutionary government, ... punish and arrest all the crooked lackeys of the Thieu-Ky clique and foreign nations...

"We exhort the officers, soldiers and the police forces of the Saigon regime to side with the ranks of the people and to give their arms and ammunition to the revolutionary armed forces.

"We exhort all those who have been going astray to quickly wake up. Those who recognize their faults and are willing to accomplish and exploit will be forgiven by the revolution. Those who willingly resist the revolution will be duly punished.

"We exhort the American troops and their allied troops to participate in the revolutionary activities and not to interfere in the internal affairs of South Vietnam. We exhort the American people ... to side with the South Vietnamese people.

"No matter who the enemy of the revolution is or the measures he uses to oppress us... we will not be shaken and will not be afraid. We prefer to die than to return to the slave regime.

"Let us go forward together!... Long live an independent, democratic, peaceful and neutral South Vietnam!"

A National Liberation Front communique Feb. 4 said that the Viet Cong forces had achieved "tremendous initial victories, completely changing the situation with the people." The communique claimed that Communist forces had seized Banmehout, Kontum, Quangtri, Ben Tre, Chau Doc, Mytho, Vinh Long, Soc Trang, Tra Vinh, Cantho, Mochoa, Tay Vinh, Bien Ha, Bari, Taduamt, Bac Lieu and Long An. The Viet Cong report claimed Viet Cong control of Hué, Dalat, Phanrang and Phan Thiet and occupation of Danang. The NLF urged the Vietnamese people to rally to the side of the Viet Cong in the drive against U.S. and South Vietnamese forces and called on the allied soldiers of the U.S. to obey orders and to demand "repatriation and an end to this dirty aggressive war." The communique said the Saigon regime had "disintegrated" and that an "organization of all patriots" had been established.

**REFERENCES in brackets give location of background information in this & preceding volumes.**
enemy units are still occupying positions in a few cities, they are rapidly being driven out.

U.S. Amb.-to-South Vietnam Eise\.\worth Bunker Feb. 2 denied a Viet Cong radio claim that U.S. forces were "co-operating with the Viet Cong forces" in Saigon, to help establish a coalition government for South Vietnam. The Viet Cong claim, Bunker said, was "a desperate and shameful effort to compensate for the Viet Cong failure to destroy law and order in the Republic of Vietnam during the last few days."

Among the major actions in the fighting for the city:

■ The initial attack on Saigon Jan. 31, a commando unit of 19 Viet Cong made their way into the compound of the U.S. embassy. The Marine guard inside the building bolted the doors, and an exchange of fire ensued. The raiders made their way into several buildings on the ground floor of the embassy itself. The entire Viet Cong unit was wiped out after 6 hours of fighting. Most were killed by the U.S. guard unit inside the building; the rest were slain by American reinforcements who shot their way into the area. U.S. paratroopers landed by helicopter on the embassy roof, but most of the guerrillas had been killed before they arrived.

■ 3 U.S. military policemen and 2 U.S. Marine guards were killed. Amb. Bunker had been removed to safety from his residence before the incident. He returned to the embassy 2 hours after the Communist force had been defeated.

Other Viet Cong Jan. 31 fought their way onto the grounds of the Presidential Palace and were attacked by helicopter and machine guns.

Pres. Thieu and Vice Pres. Nguyen Cao Ky were not in the building at the time. Other targets that came under attack were an American officers' billet, the Tansonhaut air base on the edge of the city, the compound of the South Vietnamese General Staff, adjoining the airport, and the Buddha An Quang pagoda.

Heavy fighting continued in Saigon and suburbs through Feb. 5. Major action was centered in the Cholon district.

South Vietnamese artillerymen Feb. 5 shelled a densely populated part of the city in an effort to dislodge the Viet Cong. Despite the shelling, the guerrilla forces overran a police station. A defending force of about 60 policemen was said to have been located to safety. An estimated 11,000 U.S. and South Vietnamese troops, supported by armor and artillery, were committed to the battle for Saigon. As many as 1,000 Viet Cong were believed to have infiltrated into the city.

According to a government statement, the An Quang pagoda, headquarters of the militant Buddhists, has been the Viet Cong command post for the attack on Saigon. After the guerrillas were ousted from the pagoda, Brig. Gen. Nguyen Ngoc Loan, the police chief, shot a prisoner to death in front of the building. Vice Pres. Nguyen Cao Ky Feb. 5 said the executed man was a very high-ranking Viet Cong officer. Although Ky would not identify the man by name, he said he was a "citizen, a political officer." Ky said he had given orders against carrying out such brutal acts, but "when you see your friends die, it is impossible to make them react.

The NLG warned Feb. 5 that if "patriots" were tried and executed in South Vietnam, reprisal actions would be taken against American prisoners. A statement published in Hanoi charged that U.S. and South Vietnamese forces were "planning to launch illegal trials of numerous patriots in order to massacrer them."

In a letter to Gen. Earl E. Wheeler, chairman of the Joint Chiefs of Staff, U.S. Rep. Henry Reuss (D. Wis.) deplored the execution of the Viet Cong prisoner by Gen. Loan. Reuss said that such an act "carries the terrible risk that our prisoners in the hands of the North Vietnamese Viet Cong will be exposed to retaliatory brutality." Wheeler, in a reply Feb. 5, expressed a "sense of outrage at barbarous acts against prisoners of war."

But he said the incident in front of the An Quang pagoda had taken place "more in a flash of outrage" than in cold blood.

Counter-attacking U.S. and South Vietnamese troops, supported by artillery, were on the edge of Saigon. U.S. paratroopers were expected to be in control of sections of the city of Kontum. Villages had been evacuated from the city Feb. 1 as U.S. troops battled to wrest control of Kontum from the Communists.

■ The Viet Cong launched attacks in the Melcon delta Feb. 1. The heaviest fighting raged in the principal cities of Mytho, Cantho, and Soc Trang. Mytcho (population 70,000) was half demolished, most of the damage having been caused by U.S. and South Vietnamese bombs, artillery and rockets. The majority of the 1,250 civilian fatalities in the delta occurred in Cantho, where about 1,000 were killed, 1,500 were wounded.

Vice Pres. Ky announced Feb. 5 that the government would give arms to loyal South Vietnamese the following week and train them for protection against Viet Cong attacks. Ky said an initial phase would be placed on distributing the arms to rural areas, where the threat was greatest. Weapons also would be handed out in other places where "we are sure the people are anti-Communist nationalists."

LBJ Sees Red Defeat. Pres. Johnson asserted Feb. 2 that the Viet Cong offensive was "a complete failure," militarily and psychologically. At his news conference, Johnson said the Communist drive was the first phase of a campaign to be followed by "a massive attack across the frontiers of South Vietnam by North Vietnamese units against the U.S. Marine base at Khesanh, just below the demilitarized zone. As we have known for several months now, the Communists planned a massive winter-spring offensive," he expressed confidence that U.S. and South Vietnamese troops would give "a good account of themselves."

The Viet Cong onslaught against South Vietnamese cities, the President said, was aimed at "overthrowing the constitutional government in Saigon" and at creating "a situation in which we and the South Vietnamese would be willing to accept the Communist regime as the government.

Mr. McNamara, Gen. William C. Westmoreland and the Joint Chiefs of Staff that "they do not think that our military operations will be seriously affected."

In his first public reaction to the Viet Cong offensive, Mr. Johnson said Feb. 1 that "the enemy will fail and fail again because we Americans will never yield." He pledged to continue the bombing of North Vietnam with "a very precise restraint" until there were "some better signs than what these last few days have provided." Mr. Johnson advised the critics of his bombing policy to "answer this question: What would the North Vietnamese do if we stopped the bombing and let them alone?" The answer, Mr. Johnson said, would be an increase in Communist force. The better equipped and harder to defeat, and of one thing you can be sure: it would cost many more American lives.

State Secy. Dean Rusk said Feb. 4 that the Communist drive in South Vietnam was, in effect, a rejection of U.S. efforts in the past to find a basis for peace talks. Rusk, appearing on the NBC-TV program "Meet the Press" with Defense Secy. McNamara, disclosed that "we have exercised some restraint in our bombing in North Vietnam during this period of exploration, particularly in the immediate vicinity of Hanoi."

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and Haiphong." (There had been no bombing near the 2 cities since Jan. 18.) The purpose of shelling raids in that sector, Rusk explained, was "to make it somewhat more difficult to carry forward those [peace] explorations so that particularly difficult incidents would not interrupt them." In view of Hanoi's awareness of U.S. peace soundings and Washington's hopes of converting the Têt truce "into a more productive dialogue," Rusk declared, "it would be foolish not to draw a political conclusion" from the launching of the Viet Cong offensive that Hanoi was "not seriously interested at the present time in talking about peace.

Rusk said that "we have known for some months that they were going to launch a winter-spring offensive ... which they anticipated would trigger off ... a popular uprising." But considering the "widespread sense of outrage" against the Viet Cong campaign of terror, Rusk said, had "very little evidence or observation of that popular uprising." McNamara said that the Viet Cong offensive had failed in 2 military objectives: (a) to divert U.S. and South Vietnamese forces "from the probable offensive action of the Viet Cong in the Saigon area and North Vietnamese around Khê Sanh" and (b) "to penetrate one or more district or provincial capitals.

Commenting on the validity of the report of Communist casualties, McNamara said, "to some degree they may be overstated, but we know there are many understatements." As for the apparent discrepancy in the number of enemy killed and the number of enemy weapons found, McNamara said, "we know normally there's a ratio of 3 to 4 to one between weapons captured and men killed on the battlefield.

Khê Sanh Fighting
The U.S. Marine base at Khê Sanh and other American positions in the area just below the demilitarized zone came under sporadic North Vietnamese infantry and artillery attack Jan. 23-Feb. 7 as both sides moved to secure the sector for an expected major battle. Gen. Vo Nguyen Giap, North Vietnamese defense minister, reportedly was personally directing the battle preparations from Hanoi. [See pp. 17D3-18C1]

It was reported Jan. 23 that Marine reinforcements had been flown into the region and that the number of U.S. troops there exceeded 5,000. The Americans were backed up by several hundred South Vietnamese militia and a Special Forces unit. Tons of supplies were flown into the American base Jan. 21-23. A severely wounded 3rd Regiment, 5th Division, said 2 North Vietnamese battalions totaling 16,000-20,000 troops had been "positively identified" in western Quang Tri Province, 10 miles from Khê Sanh. Other reports placed the Communist force in the area as high as 40,000 men.

Among actions around Khê Sanh:
- 32 U.S. planes flying support missions for Marines in the area were shot down by North Vietnamese gunners Jan. 22, 23 and 24. The losses brought to 227 the total number of U.S. planes downed over South Vietnam.
- U.S. air and artillery strikes were reported to have killed 61 Communist troops Jan. 23. U.S. planes Jan. 11 and 20 supported mine-clearing missions, a record for a 24-hour period.
- The Marine base came under heavy North Vietnamese shelling and was killed 77 and wounded in 2 separate barrages.
- 38 Marines were killed and 44 wounded Jan. 25 when North Vietnamese mortar fire hit Khe Sanh. The convoy had come from Camp Carroll, an artillery base located 9 miles from Khe Sanh. The attack was the most serious so far from Khe Sanh. A fighter-bomber hit the Marine base Jan. 26; 12 were killed and 41 wounded. A U.S. spokesman said the American attack had thwarted a planned North Vietnamese amphibious attack. The fighting was along Route 9, the only supply route available to the Marines in the northern region.
- North Vietnamese shelling forced the Khe Sanh base Jan. 28 and at the air strip in several places. The damage to the runway forced a delay in incoming supply transportation.
- Hh-53s, the U.S. special-operations helicopter of the Khe Sanh base, came under heavy North Vietnamese air and artillery attack Feb. 5. The U.S. helicopter broke through an outer ring of barbed wire but were repelled by an American counter-attack. The U.S. base was simultaneously hit by artillery, mortar and rocket shells.

The South Vietnamese military headquarters in Saigon reported that Special Forces camp at Lang Vei, 6 miles west of Khe Sanh, had been overrun and occupied by North Vietnamese troops that day. According to the report, the Communist troops had used tanks and armored cars for the first time. A South Vietnamese spokesman was killed and an armored vehicle coming from the direction of Laos were involved in the fighting and 4 tanks had been destroyed.
- The Lang Vei garrison was reinforced by 500 men, including about 40 U.S. advisers. The camp was also occupied by about 300 Laotian soldiers and their families, who had taken refuge there after North Vietnamese and Pathet Lao rebel troops Jan. 24 had captured a Laotian government outpost at Ban Howt Sane, just over the border.

Warfare in Laos
Capital Defended. 2 battalions of Laotian government troops were reported Jan. 22 to have set up a defensive line south of Nambac to prevent a possible Pathet Lao-North Vietnamese drive against the royal capital of Luang Prabang. A 40-mile drive from Carnac, the capital of Nambac, which had fallen to the combined Communist force Jan. 13. [See pp. 10A3-11D1]

More than 2,000 government troops of the original Nambac garrison of about 5,000 men were reported struggling back to Nambac. A government battalion of 400-600 men, spotted in the hills north of Nambac by U.S. helicopters Jan. 19, was airlifted to safety.

Laotian Premier Souvanna Phouma said Jan. 23 that a North Vietnamese army division (the 315th) involved in the fighting for Nambac had withdrawn from the region and recrossed the border into North Vietnam at Namou, near Dienbienphu.

North Vietnam Jan. 19 denied that its troops were fighting in Laos and insisted that Pathet Lao troops alone had captured Nambac. A government statement charged that Laos and the U.S. had created the "myth" of a North Vietnamese military presence in Laos. North Vietnam denounced a U.S.-handed grenade attack on the North Vietnamese embassy in Vientiane, Laos Jan. 10 as a "hostile act of reactionary agents of the Americans in Vientiane" and as "part of the plan of the American imperialists to pit Laotians against Vietnams and sow discord among the peoples of the 2 countries."

Laotian military sources reported Jan. 25 that a North Vietnamese-Pathet Lao force Jan. 24 had captured a government outpost at Ban Howt Sane in southern Laos. The 300-man invasion force fled into South Vietnam, about 2½ miles away.

A Pathet Lao broadcast Jan. 26 stated that recent Communist attacks against Laotian government outposts had been in reaction to "new [U.S.] military plots in Laos." The rebel radio said the U.S. had ordered Laotian, Thai and South Vietnamese soldiers to carry out "mopping up" operations against the Pathet Lao in Laos. The broadcast said that operations of a 5,000-man force in the Nambac Valley were aimed at creating a "long-term war base for attacks on Communist-held areas in northern Laos."

NATIONAL AFFAIRS
The Budget
Record Outlays Proposed. Pres. Johnson submitted to Congress Jan. 29 a budget calling for a record $186.062 billion in federal outlays (spending and loans) for fiscal 1969. But he said that approval of his request for a temporary 11.5 percent increase in the sales tax rates to fund the fiscal 1969 deficit to about $7.954 billion. The outlays total was made up of $182.797 billion in spending and $3.265 billion in net lending (the amount lending exceeded repayments on previous loans).

Fiscal 1969 revenues were estimated at $178.686 billion, including $32.9 billion from the tax program requested by the President—the 10 percent income tax surcharge (first requested in 1967 but not enacted by Congress), the extension of current excise tax rates and a speedup in corporation tax payments. [See Vol. XX, No. 1, pp. 31C3-33B3]

As reported in the State-of-the-Union message, almost all of the $10.4 billion increase in outlays was accounted for by increases for defense ($3.3 billion), social insurance ($4.2 billion), civilian and military pay raises ($1.6 billion) and related fixed charges (interest, veterans pensions, public assistance, etc.). Outlays in controllable civilian programs were budgeted to increase by $500 million. Aside from a $500 million increase in payments on prior contracts and obligations, and a decline in outlays by the Federal National Mortgage Association trust fund, other civilian outlays were expected to be "essentially unchanged" from fiscal 1968 to fiscal 1969.

Increases were budgeted for manpower training, health care for migrant workers, for crime, child health care, pollution control, educational research and training, 50 specific reductions totaling $2.9 billion were proposed. $447 million of this