

Oct. 29, 1968

Walt:

I had a further talk with my informant about the luncheon conversation he attended yesterday.

The man who spoke was a member of the banking community, a colleague, a man he has known for many years, and one in whose honesty he has absolute confidence. The speaker is reputed to be very close to Nixon -- as close as Gabriel Hauge (it was not Hauge). (He feels he cannot give me his name.)

The conversation was in the context of a professional discussion about the future of the financial markets in the near term.

The speaker said he thought the prospects for a bombing halt or a cease-fire were dim, because Nixon was playing the problem as he did the Fortas affair -- to block. He was taking public positions intended to achieve that end. They would incite Saigon to be difficult, and Hanoi to wait.

Part of his strategy was an expectation that an offensive would break out soon, that we would have to spend a great deal more (and incur more casualties) -- a fact which would adversely affect the stock market and the bond market. NVN offensive action was a definite element in their thinking about the future.

These difficulties would make it easier for Nixon to settle after January. Like Ike in 1953, he would be able to settle on terms which the President could not accept, blaming the deterioration of the situation between now and January or February on his predecessor.

Gene

REFERENCE FILE



THE WHITE HOUSE
WASHINGTON

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Tuesday, October 29, 1968
6:00 a.m.

Mr. President:

I just called Gene and asked him to dicatate to Miss Nivens what he told me last night. Here it is.

I asked him to go back to Alexander Sachs and see how much further detail he can get on the people involved and how close, in fact, they are to Nixon.

Walt Rostow

REFERENCE FILE

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October 29, 1968

Last night I received a telephone call from an old friend in New York, a man of experience and a careful and even exact reporter. He said he had attended a working lunch that day with colleagues in Wall Street. Two were men closely involved with Nixon. One of them explained to the group that Nixon was handling the Vietnam peace problem "like another Fortas case." He was trying to frustrate the President, by inciting Saigon to step up its demands, and by letting Hanoi know that when he took office "he could accept anything and blame it on his predecessor."

E. V. Rostow

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