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DEPARTMENT OF STATE

Washington, D.C. 20520

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**DECLASSIFIED**  
**E.O. 12958, Sec. 3.6**  
**NLJ 97-158**  
**By us, NARA Date 11-10-98**

TO: The Secretary

THROUGH: S/S

JUN 4 1968

FROM: EUR - John M. Ledy *me*

SUBJECT: Ambassador Beam's Comments on US Proposal for Settlement  
of Outstanding US-Czech Economic Questions -- INFORMATION  
MEMORANDUM

You have before you our Memorandum of May 25, 1968 proposing a two-step approach to the Czechs designed (1) to lift Czechoslovakia from the prohibitions of Treasury Circular 655 and, if possible, come to some agreement on the defaulted Surplus Property payments and (2) to open the door for further negotiations and movement on the question of the return of the Czech gold and the settlement of our claims.

Ambassador Beam has sent two telegrams (EXDIS 2277 and LIMDIS 2238 at Tab A) in which he shows some misunderstanding of what our proposals may be, a misunderstanding based perhaps on lack of full knowledge of our proposals as developed since his return to Prague after home leave.

In his EXDIS, Ambassador Beam states he cannot see the Czechs "committing themselves to payment of the sum envisaged in return for a contingent benefit (restoration of MFN) related to the indefinite future." In fact our proposal would not commit the Czechs to any payment "until a year after the entry into force of a mutually satisfactory and reciprocal commercial agreement, providing on our side for the extension of MFN treatment to Czechoslovakia." We have sought by this formula to meet the Czech interest in the immediate return of the gold without sacrifice of the legitimate interests of the American claimants. We get for the claimants \$2,000,000 immediately plus agreement on the over-all sum. The Czechs get the gold without committing themselves to making any additional payments whatsoever until they are in a position to enjoy the benefits of MFN.

With regard to the reference in the LIMDIS telegram to a "Walt Rostow formula whereby we simply would make it clear to Czechs as well as to claimants that we would hold to a final figure in presently suggested range when we come to negotiate the restoration of MFN," I have confirmed that in fact there is no

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GROUP 3 - Downgraded at 12-year intervals;



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such "Rostow formula" other than some general expression of interest on the part of Walt when Ambassador Beam discussed the general question with him.

I am convinced that the proposals set forth in my Memorandum of May 25 provide the best possible means of meeting reasonable Czech expectations without undue sacrifice of the interests of the claimants with all the consequent Congressional complications. Of course, my proposals are subject, within certain limits, to some flexibility in negotiations.

Attachments:

Tab A - EXDIS 2277 and LIMDIS 2238.

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