

~~SECRET/SENSITIVE~~

16 October 1972

MEMORANDUM FOR: Mr. Thomas H. Karamessines
Deputy Director for Plans

SUBJECT : "Psywar Currency" Leaflets

1. As you are aware, North Vietnam has been loudly complaining about alleged allied counterfeiting operations. The attached 6 October comment from the Vietnam National Bank is a symptomatic illustration of these complaints.

2. What Hanoi is actually complaining about is a series of three leaflets currently being dropped over North Vietnam. These leaflets are basically a rerun of a similar leaflet dropped in the 1966-67 period. Each of the current leaflets has on one side a Vietnamese text that reads:

"The Party is spending your money on a hopeless war. As the war goes on there will be less and less to buy. The war is ruining your country. Your savings will be worthless."

And on the other side there is a text that reads:

"Beware of another money reform. You may lose all your wealth, the fruit of your sweat and tears."

On one of these leaflets, the text is appended to a facsimile of a five Dong note; on another a facsimile of a two Dong note; and on the third a facsimile of a one Dong note.

3. The proposal that the U.S. Government develop these leaflets originated within the NSC Staff. JCS-CINCPAC were tasked with implementing the operation. CIA was aware of all facets of the development and insertion of the leaflets, but the Agency was not operationally involved. [REDACTED]

[REDACTED] The insertion of the leaflets is the task of the 7th Air Force/SAC, and involves the use of drones, C-130s and B-52s.

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4. The leaflets are not counterfeit, nor do they impose serious attempts to reproduce currency passable as genuine. A Hanoi press article has admitted that this is the case in saying that "the U.S. counterfeit bank notes have unsophisticated features any attentive person can detect." The leaflets can, however, be trimmed and the facsimile portions thereof stuck in with a stack of genuine notes in a manner that might enable the leaflet to be used in transactions if the ultimate recipient is not too alert. The objective of this leaflet operation is clearly not one of trying to upset North Vietnam's economy, but one of placing additional stresses and burdens on the DRV administrative-security services.

5. The Director is fully aware of this activity, which was specifically endorsed by the NSC which has repeatedly urged on the implementation of the project. The Director does not consider this a "counterfeit operation" within the ambit of his responsibilities, nor do we.

6. For your information, I have attached one specimen sample of each of the three leaflets being used together with one exemplar of a bonafide note for each demonstration in question. Would you please pass these attachments along to Mr. Nelson after you have examined them. I would appreciate it if he would then pass them along to Mr. Gottlieb. Unfortunately, we have only one exemplar for each leaflet, hence, I cannot send a sample package simultaneously to this memorandum's three recipients.

George A. Carver, Jr.
Special Assistant for Vietnamese Affairs

cc: C/FE
C/TSD

1 - for file ✓
1 - VAS Chrono

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BANK CHARGES U.S. COUNTERFEITING DRV CURRENCY

[REDACTED] HANOI VNA INTERNATIONAL SERVICE IN ENGLISH
[REDACTED]

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(Text) Hanoi VNA October 6 -- The Vietnam National Bank, in a statement issued here today, condemned the Nixon administration for counterfeiting banknotes and smuggling them into the DRV.

The statement said: "Since early April, the Nixon administration has made frenzied extermination air raids against many cities, provincial capitals and population centres, and against dykes, hydraulic works, schools and hospitals in the DRV. Recently, it has committed another crime, very dirty and despicable, against the Vietnamese people by smuggling counterfeit money into the DRV.

"The making and smuggling of counterfeit currency by the Nixon administration is a wicked and cowardly act designed to upset the financial and monetary system and the economic life of the DRV, and also to boost the psywar against the Vietnamese people.

"To avoid condemnation by progressive governments and people in the world, and to conceal its sinister design, the Nixon administration had defamatory statements printed in the margin of each counterfeit banknote. Perfidious as it is, the Nixon administration cannot cover up its contemptible crime in counterfeiting money and smuggling it into the DRV, which constitutes a gross encroachment on the sovereignty of the DRV, a cynical violation of international law, and shows its sinister inclination for crimes in pursuit of its objective to occupy Vietnam and enslave the Vietnamese people."

The statement went on to say that the people have timely seized the counterfeit money and handed them over to the authorities.

It declared: "The Vietnam National Bank energetically denounces and sternly condemns the Nixon administration for this criminal act, and calls on international organizations, economists and lawyers, and all other people in the world who have peace, freedom and justice at heart, to severely condemn and resolutely demand the Nixon administration to stop this criminal act at once."

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