# 1968: The Story of the Tet Offensive – One of the Vietnam War's most pivotal moments

Thursday 1 February 2018, by BUZZANCO Robert (Date first published: 30 January 2018).

**Fifty years ago today, the Tet Offensive exposed the US military and the global economic order it oversaw.**

Contents



At the end of January, the media will commemorate the fifty-year anniversary of one of the Vietnam War's most pivotal moments: the Tet Offensive.

On January 30, 1968, the combined forces of the Viet Cong, the People's Liberation Armed Forces in the South, and the People's Army of Vietnam from the North attacked virtually every important military and political center in the Republic of Vietnam, even invading the US embassy. Within sixty days, President Lyndon Johnson would reject the military's request for a troop surge, begin de-escalating the war, and withdraw from the 1968 presidential campaign. Even then, observers saw Tet as a turning point in the Vietnam era, and it has maintained near-mythic status ever since.

The consensus view still holds that Tet was a significant *American* military victory, derailed by political factors at home — especially in the media. Walter Cronkite came to symbolize this domestic opposition after he famously implored Johnson to negotiate a way out of the war during a February 27 Special Report.

While the Vietnamese did suffer huge losses in 1968 (particularly in the so-called Tet II and Tet III offensives later that year), the January 30 attack exposed grave American vulnerabilities, reinforcing the view that the military could not expect future success. People with more influence than Cronkite had been saying that for years.

For some time, senior officials had expressed their misgivings about the war. They pointed out that the government in South Vietnam lacked broad public support, that their enemy was more integrated into the local population, and that American soldiers were not well suited for fighting in Vietnam. As early as 1965, US Commander General William Westmoreland warned that sending in ground troops would "at best buy time": the military would need more and more reinforcements "until, like the French, we would be occupying an essentially hostile foreign country."

Marine Commandant Wallace Greene attacked the US strategy of attrition, comparing it to a "grindstone" that the enemy turned. The Communists, he warned, had enough manpower to keep the stone going even while suffering high casualty rates. Army Chief of Staff Harold K. Johnson thought likewise and commissioned a study, the so-called PROVN Study. It called for an end to the attrition strategy, the search-and-destroy operations, and the free-fire zones, recommending instead pacification and political warfare.

This anxiety already established, Tet hit the military hard. Despite public claims of success — Westmoreland had predicted "light at the end of the tunnel" in November 1967 — the offensive reinforced many of the top brass's bleakest views. At the outset, Westmoreland reported, "from a realistic point of view, we must accept the fact that the enemy has dealt [South Vietnam] a severe blow." It brought the war to the people, inflicting heavy casualties and damage, and disrupted the economy. President Johnson, alarmed by the official reports, media criticism, and the largest casualty counts yet, dispatched Chairman of the Joint Chiefs of Staff Earle Wheeler to Saigon at the end of February to assess the situation.

Wheeler's report, presented to the president the same day Cronkite's televised special aired, called the media unduly alarmist but nevertheless admitted to the grave problems facing the United States. Liberation forces could continue its attacks, but the southern army had lost about one quarter of its strength. Tet had badly undermined the pacification program, and Nguyen Van Thieu's government was dealing with desertions, refugees, and reconstruction. "In short," Wheeler concluded, "it was a very near thing." Harold K. Johnson did not resort to euphemism. "We suffered a loss," he cabled Westmoreland, "there can be no doubt about it."

Wheeler nonetheless requested another 206,000 troops for Vietnam alongside the activation of 280,000 reservists, an escalation Johnson would surely reject.

Clearly, later claims that Tet was a great American victory are false; American leaders did not have time to let the dust settle in order to form a different analysis, and their enemy's losses from the subsequent "mini-Tets" had not yet taken place. With a barrage of candid and often bleak reports pelting Washington from Saigon, policymakers could do little more than cut their losses.

And so they did. In early March, Clark Clifford, Robert McNamara's replacement at the Pentagon, reassessed the war; Johnson's informal advisers, the so-called Wise Men, finally urged de-escalation, and the president lamented that "everybody is recommending surrender."

On March 31, he capitulated, announcing a partial halt to bombing and his withdrawal from the presidential campaign. The conflict continued, and certain elements, like the air war and expansion into Cambodia and Laos, intensified. But it was clear that the United States had to end the ground war, and quickly.

By early 1971, under the Nixon administration's post-Tet "Vietnamization" doctrine, less than 150,000 troops remained in country. Politically motivated analyses notwithstanding, it became obvious the United States had lost the Vietnam War.

But another factor pushed along the recognition that disengagement had to begin. It took place not on the battlefields, but in banking houses.

## Wall Street's Consensus

Most studies of Vietnam have neglected the war's economic consequences, but the impact of a huge financial commitment to Indochina was always a pressing issue, and never more so than during Tet 1968. While the American ruling class was committed to the nation's post–World War II imperial mission, it also understood the limits of economic hegemony and recognized the toll the Vietnam War was taking on the United States' long-term global project.

Throughout the 1960s, American officials confronted a serious balance-of-payments (BOP) deficit, an ever-increasing gap between the number of US dollars going abroad — as investment, tourism, and of course military spending — and the money coming in. This deficit grew dramatically as involvement in Vietnam expanded. It heated up an already roaring domestic economy but eventually led to a run on American gold reserves.

In 1944, the United States had created the Bretton Woods system, establishing the dollar as an international currency fully convertible and backed by gold. The intimate relationship between BOP deficits and the gold supply was vital to American economic stability. As early as 1960, outgoing President Dwight Eisenhower stressed the "grave situation with regard to the outflow of gold" and feared "no one really understands what to do about it."

By 1965–66 the war had visibly destabilized global economies. At home, the payments deficit grew as spending on the war approached $25 billion or more yearly. Gold reserves fell from $23 billion in 1957 to $16 billion in 1962 and remained in decline after that. Because foreign nations could not adjust their currencies — Bretton Woods demanded fixed rates pegged to the dollar — they had to pay higher prices for American goods thanks to US inflation. So central banks began cashing in their dollars for gold as a hedge, withdrawing $1.7 billion in 1965 alone.

The situation only worsened as US military budgets grew, and, by late 1967, there was a full-blown monetary crisis. The United Kingdom devalued the pound sterling, and European nations, especially France, began to call for an end to the US-dominated world economy. French President Charles de Gaulle warned of an "American takeover of our businesses" resulting from the "exportation of inflated dollars." At the same time, fourth-quarter BOP deficits rose to $7 billion, triple that year's rate. References to 1929 became common among the president's economic advisers.

When the Tet Offensive shocked the world, the international economy was experiencing a less well-known crisis. Deficits grew by over $300 million a week, and gold losses amounted to almost $600 million in the first weeks of March 1968 alone. If European banks continued to exchange dollars for gold, they would weaken the dollar and possibly ignite a series of currency devaluations, not unlike the Great Depression.

At that point, Wall Street turned against the war. Citibank president Walter Wriston said the odds on economic stabilization "would be greater if the Vietnamese war ended," a position echoed by Goldman Sachs economists.

Most acutely, Federal Reserve Chair William McChesney Martin, alarmed by the war's costs and fearing a repeat of 1929, complained:

*"I have been trying for the past two years to make the point on "guns and butter" and the cost of the Vietnam War, economically, without too much success but I think in due course the chickens will come home to roost."*

The Tet Offensive called US military power into question, and the gold-dollar crisis was undermining the basis of the nation's postwar economic growth.

Finally, the president stepped in to stop the bleeding. He temporarily froze gold transfers and, more importantly, began to slow down the war and military spending. As a first step, he rejected the reinforcement request, which would have cost another $25 billion. The United States could no longer afford the war, a painful reality to the White House in 1968 but one little examined since.

With the war now an economic albatross, military officials began a political offensive to make sure Johnson took the blame for future failure. They knew that their reinforcement demand would spark a political firestorm; the Army's Pacific Commander, General Dwight Beach, "had commented that it would shock" government officials. The White House had rejected Westmoreland's previous proposals for such escalation, and, on February 2, the president himself had told reporters that he saw no reason to expand troop levels beyond the 525,000 then deployed. Westmoreland and Wheeler made the request anyway.

Johnson worried that the Tet crisis would be politically devastating. He saw an empire beginning to show cracks, and he had to address the economic costs of war at home, the interests of Wall Street, and the stability of the Atlantic alliance alongside the battlefield conditions. At a meeting with his advisers, he charged that "all of you have counseled, advised, consulted and then — as usual — placed the monkey on my back again.… I do not like what I am smelling from those cables from Vietnam."

Johnson's outburst may have been disingenuous, but it was well founded. He rightly feared that the military would exploit White House divisions over the war. "I don't want them [military leaders] to ask for something, not get it, and have all the blame placed on me," Johnson worried aloud. As the war waned, this was precisely what happened.

Though he didn't expect such a massive reinforcement request, the president clearly understood the political implications of any future decisions regarding Vietnam. Ambassador to Saigon Ellsworth Bunker understood as well, having warned Westmoreland against asking for so many additional forces because reinforcement was now "politically impossible" even if Johnson wanted it.

No one in the military was surprised that the president rejected their request for more resources, but it enabled them to claim that they had to fight "with one hand tied behind their backs," building a narrative of military success derailed by political mischief.

## Who Really Pays?

The early months of 1968 have become the subject of intense scrutiny thanks to events in Vietnam and the political crisis at home. But the gold crisis was just as historically important, if not more so.

As Tet exposed the US military's limits, the rush to trade in dollars for gold showed the weakness of the American-led global economy. Americans heard reports about Vietnam every day, but information on the emerging global economic crisis was not nearly as widespread.

Studying major turning points in wars, like Tet, is essential, but neglecting the larger context and consequences creates historical misinterpretations and perpetuates liberal narratives about "winning all the battles but losing the war."

Wars spread beyond active participation and geography to affect untold numbers. Economic crises crush and kill people as brutally as any battle. The money spent fighting the war in Vietnam was diverted from research and development, investment, education, housing, and health care. Along with the oil shocks of the 1970s, the economic aftermath of the war motivated major pivots in, and the decline of, America's global economic role, leading to the eventual breakdown of Bretton Woods.

The story of Tet as a military victory but political defeat brought on by Walter Cronkite is an engaging one, but it's historically inaccurate and politically damaging. In Vietnam (and later in Afghanistan and Iraq), the poor suffered the most, both on the battlefield and amid economic crisis. They died fighting or were cast aside as the government axed social programs, cut taxes on the wealthy, and empowered banks and corporations.

Ultimately, this is the more telling, and damning, narrative about the Tet Offensive.

**Robert Buzzanco**

---

---

## P.S.

* Jacobin. 01.30.2018:
https://www.jacobinmag.com/2018/01/tet-offensive-vietnam-war-lyndon-johnson

* Robert Buzzanco is a scholar of twentieth-century US history and diplomatic history at the University of Houston.